



**CORVALLIS
CITY COUNCIL AGENDA**

**November 7, 2016
Executive Session at 5:30 pm
Regular Meeting at 6:30 pm
Public Hearing 7:30 pm – Construction Excise Tax
and Inclusionary Zoning**

**Downtown Fire Station
400 NW Harrison Boulevard**

*Note: The order of business may be
revised at the Mayor's discretion.*

EXECUTIVE SESSION

5:30 pm - Council will meet in Executive Session ORS 192.660(2)(i) (status of employment-related performance) (City Manager evaluation, continued)

COUNCIL ACTION

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. COMMUNITY COMMENTS – This is an opportunity for visitors to address the City Council on subjects not related to a public hearing before the Council. Each speaker is limited to three minutes unless otherwise granted by the Mayor. Community Comments will continue following any scheduled public hearings, if necessary. **Members of the community wishing to offer comment in advance on topics appearing on any City Council agenda are encouraged to use the public input form at www.corvallisoregon.gov/publicinput.**

V. CONSENT AGENDA – The following items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Council member (or a community member through a Council member) so requests, in which case the item will be removed from the Consent Agenda and considered separately. If any item involves a potential conflict of interest, Council members should so note before adoption of the Consent Agenda.

A. Reading of Minutes

1. City Council Meeting – October 17, 2016
2. City Council Work Session – October 18, 2016
3. For Information and Filing (Draft minutes may return if changes are made by the Board or Commission)
 - a. Airport Advisory Board – October 4, 2016

- b. Arts and Culture Advisory Board – September 21, 2016
- c. Bicycle and Pedestrian Advisory Board – October 7, 2016
- d. Downtown Parking Committee – October 4, 2016
- e. King Legacy Advisory Board – September 27, 2016
- f. Planning Commission – October 5 and 19, 2016
- g. Watershed Management Advisory Board – September 29, 2016

- B. Adoption of Updated Financial Policies *E-packet pgs 5-50*
- C. Approval of an Airport Industrial Park Lease for Grouphead Coffee, LLC *E-packet pgs 51-62*
- D. Approval of an Airport Industrial Park Lease for 1749 Airport Road, LLC *E-packet pgs 63-79*

VI. ITEMS REMOVED FROM CONSENT AGENDA

VII. UNFINISHED BUSINESS

- A. City Manager contract [direction] *E-packet pgs 80-86*
- B. Council Work Session Format Changes [direction] *E-packet pgs 87-94*
 - 1. Amendment of Council Policy 2.02, “Council Process”
 - 2. An ordinance relating to elimination of Standing Committees of the City Council, **to be read by the City Attorney with no motion by Council**
- C. Pastega Property Comprehensive Plan Map Amendment adoption of findings [direction] *E-packet pgs 95-122*
 - 1. A special ordinance relating to a Comprehensive Plan Amendment for the Pastega Property, **to be read by the City Attorney with no motion by Council**
 - 2. A special ordinance relating to an amendment to the official zoning map for the Pastega Property, **to be read by the City Attorney with no motion by Council**
- D. OSU-related Comprehensive Plan Amendment deliberations [direction] *E-packet pgs 123-134*

VIII. MAYOR, COUNCILOR, AND CITY MANAGER REPORTS

- A. Mayor's Reports [information]
- B. Councilor Reports [information]
 - 1. Task Force Updates - *Task Force minutes and meeting materials are available from the Archives link on the City's website.*
 - 2. City Council Three-Month Schedule *E-packet pg 4*
 - 3. Other Councilor Reports
- C. City Manager Reports [information]
 - 1. Legacy Streets *E-packet pg 135*
 - 2. Council Request: Downtown Parking *E-packet pg 136*

IX. PUBLIC HEARINGS – 7:30 pm

- A. Consideration of a Construction Excise Tax and Inclusionary Zoning [direction] *E-packet pgs 137-145*
1. An ordinance relating to a Construction Excise Tax for affordable housing, enacting new Municipal Code Chapter 8.16, “Affordable Housing Construction Excise Tax,” **to be read by the City Attorney with no motion by Council**
 2. A resolution setting the tax rate for a Construction Excise Tax as related to Municipal Code Section 8.16.040, “Imposition of Tax,” **to be read by the City Attorney with a motion by Council**

X. ADJOURNMENT

If you need special assistance to participate in this meeting, please contact the City Recorder at (541) 766-6901 (for TTY services, dial 7-1-1). Notification at least two business days prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting. (In compliance with the Americans with Disabilities Act, 28 CFR 35.102-35.104 ADA Title I and ORS 192.630(5)).

A Community That Honors Diversity

CITY COUNCIL THREE-MONTH SCHEDULE

11/2/16

Agenda items and dates are only proposed and likely to change

Yellow = regular meeting

Red = work session

<p>❖ Regular Council Meeting, Monday, November 7 * Executive Session: City Manager evaluation, continued * City Manager contract * OSU-Related Comprehensive Plan Amendment: deliberations (Comm Dev) * Housing Development Task Force: public hearing related to consideration of a Construction Excise Tax and Inclusionary Zoning; possible adoption (Comm Dev) * Council Work Session format policy and Municipal Code changes (City Manager) * Pastega Property Comprehensive Plan Amendment: findings (Comm Dev)</p> <p>❖ Council Work Session, Tuesday, November 8, 3:00-5:30 pm, MAMR ➤ <i>Historic Resources Commission applicant interview (3:00 pm)</i> ➤ <i>Planning Commission Annual Report</i> ➤ <i>Transportation System Plan Update (Public Works)</i> ➤ <i>Council Self-Evaluation</i></p> <p>❖ Regular Council Meeting, Monday, November 21 * Transportation Maintenance Fee Recommendation (Public Works) * Annual Utility Rate Review (Public Works) * CDBG/HOME: public hearing (Comm Dev) * Imagine Corvallis 2040: adoption of Vision and acceptance of other recommendations (Comm Dev) * OSU-Related Comprehensive Plan Amendment: findings (Comm Dev)</p> <p><u>Council Work Session, Tuesday, November 22, 3:30-5:30 pm, MAMR</u> NO MEETING</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="7">November 2016</th> </tr> <tr> <td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td>6</td><td style="background-color: yellow;">7</td><td style="background-color: red;">8</td><td>9</td><td>10</td><td style="border: 1px solid black; border-style: dashed;">11</td><td>12</td> </tr> <tr> <td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td> </tr> <tr> <td>20</td><td style="background-color: yellow;">21</td><td>22</td><td>23</td><td style="border: 1px solid black; border-style: dashed;">24</td><td style="border: 1px solid black; border-style: dashed;">25</td><td>26</td> </tr> <tr> <td>27</td><td>28</td><td>29</td><td>30</td><td></td><td></td><td></td> </tr> </table> <p>* November 11 – Veterans’ Day holiday * November 24, 25 - Thanksgiving holiday</p>	November 2016									1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30			
November 2016																																											
		1	2	3	4	5																																					
6	7	8	9	10	11	12																																					
13	14	15	16	17	18	19																																					
20	21	22	23	24	25	26																																					
27	28	29	30																																								
<p>❖ Regular Council Meeting, Monday, December 5 * Samaritan Health Services Land Use Request (Parks and Recreation) * Proposed Tree Planting Program (Parks and Recreation) * Acceptance of Comprehensive Annual Financial Report (Finance) * Water purchase agreement with City of Philomath (Public Works)</p> <p>❖ Council Work Session, Tuesday, December 6, 3:30-5:30 pm, MAMR ➤ <i>Historic Resources Commission Annual Report</i> ➤ <i>Council Priority Setting and Team Building Process Review (City Manager)</i> ➤ <i>Climate Action Plan: review of draft (Public Works)</i></p> <p>❖ Council Meeting, Monday, December 12 * Climate Action Plan: adoption and acceptance of other recommendations (Public Works)</p> <p>❖ Council Work Session, Tuesday, December 20, 3:30-5:30 pm, MAMR NO MEETING</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="7">December 2016</th> </tr> <tr> <td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td> </tr> <tr> <td>4</td><td style="background-color: yellow;">5</td><td style="background-color: red;">6</td><td>7</td><td>8</td><td>9</td><td>10</td> </tr> <tr> <td>11</td><td style="background-color: yellow;">12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td> </tr> <tr> <td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td> </tr> <tr> <td>25</td><td style="border: 1px solid black; border-style: dashed;">26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td> </tr> </table> <p>* December 26 - Christmas Day holiday (observed)</p>	December 2016											1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
December 2016																																											
				1	2	3																																					
4	5	6	7	8	9	10																																					
11	12	13	14	15	16	17																																					
18	19	20	21	22	23	24																																					
25	26	27	28	29	30	31																																					
<p>❖ Regular Council Meeting, Tuesday, January 3 * Swearing in of 2017-2018 City Council</p> <p>❖ Regular Council Meeting, Tuesday, January 17 * Library Advisory Board Annual Report * CDBG/Home Action Plan: public hearing</p> <p>❖ Council Work Session, Wednesday, January 18, TIME TBD, MAMR Schedule time as meeting - may not be work session; possible orientation date</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="7">January 2017</th> </tr> <tr> <td>1</td><td style="border: 1px solid black; border-style: dashed;">2</td><td style="background-color: yellow;">3</td><td>4</td><td>5</td><td>6</td><td>7</td> </tr> <tr> <td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td> </tr> <tr> <td>15</td><td style="border: 1px solid black; border-style: dashed;">16</td><td style="background-color: yellow;">17</td><td style="background-color: red;">18</td><td>19</td><td>20</td><td>21</td> </tr> <tr> <td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td> </tr> <tr> <td>29</td><td>30</td><td>31</td><td></td><td></td><td></td><td></td> </tr> </table> <p>* January 2 – New Year’s Day holiday (observed) * January 16 – MLK holiday</p>	January 2017							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
January 2017																																											
1	2	3	4	5	6	7																																					
8	9	10	11	12	13	14																																					
15	16	17	18	19	20	21																																					
22	23	24	25	26	27	28																																					
29	30	31																																									

TO: City Council for November 7, 2016, Council Meeting
FROM: Nancy Brewer, Finance Director NB
DATE: October 28, 2016
THROUGH: Mark W. Shepard, P.E., City Manager MWS
SUBJECT: Adoption of Updated Financial Policies



Action Requested:

Staff recommends Council adopt the updated financial policies attached to this report.

Discussion:

The City Council reviewed staff's recommended updates to the Financial Policies at the October 18, 2016 work session. No amendments to the policy language were requested, though it was pointed out that the policies all have different numbers and should each have the table of review at the end; the tables have been incorporated in this version.

Attachments:

Financial Policies 10.0 through 10.9

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10</p> <p>Financial Policies</p>	
--	--	--

Policy:

The City Council's Financial Policies serve to:

- ❖ protect the policy making ability of the City Council by ensuring that important policy decisions are not controlled by financial problems or emergencies.
 - ❖ enhance the policy making ability of the City Council by providing accurate information on program costs.
 - ❖ assist sound management of the City by providing accurate and timely information to the City Council and public on the City's financial condition.
 - ❖ provide sound principles, reports and analyses to guide the important decisions of the City Council and of management which have significant fiscal impact.
 - ❖ set forth operational principles which minimize the cost of government and financial risk, and safeguard the City's assets.
 - ❖ employ revenue policies which prevent undue or unbalanced reliance on certain revenues, which distribute the costs of municipal services fairly, and which provide adequate funds to operate desired programs.
 - ❖ provide adequate resources to operate and maintain essential public facilities and the City's infrastructure.
 - ❖ protect and enhance the City's credit rating and prevent default on any debt issue of the City.
 - ❖ ensure the legal use of all City funds through a sound system of administrative policies and internal controls.
-

Purpose:

To underscore the responsibility of the City of Corvallis to its residents for the long-term care of public funds, wise management of municipal finances, providing adequate funding for the services desired to achieve a sense of well-being and safety by the public, and maintaining the community's public facilities and infrastructure to enhance the long-term livability and economic vitality of Corvallis.

Scope:

Municipal financial operations have a wide variety of oversight or standard setting agencies, including multiple departments within both State and Federal governments, the Securities and Exchange Commission, and the Governmental Accounting Standards Board. The City of Corvallis manages public funds within all of these oversight agency requirements. These financial management policies, designed to ensure the fiscal stability of the City of Corvallis municipal corporation, provide guidance in financial management when oversight agencies are otherwise silent or to reiterate best practices that may be codified by another entity. The City Council's Financial Policies have been reviewed and updated each year since they were first adopted to ensure the policy direction is current.

	<p style="margin: 0;">City of Corvallis</p> <p style="margin: 0;">Financial Policies - Council Policy</p> <p style="margin: 0;">Policy # 10</p> <p style="margin: 0;">Financial Policies</p>	
--	--	--

Goals: To achieve and maintain the goals outlined in these policies, the Finance Department will conduct an annual analysis of projected financial condition and key financial indicators. This budget capacity analysis shall be used to inform the next budget development process.

It is the focus of this analysis to:

- A. identify the areas where the city is already reasonably strong in terms of protecting its financial condition;
- B. identify existing or emerging problems in revenue sources, management practices, infrastructure conditions, and future funding needs;
- C. forecast expenditures and revenues for the next three to seven years, with consideration given to such external factors as state and federal actions, the municipal bond market, management options being explored and used by other local governments; and
- D. review internal management actions taken during the last budget cycle.

Financial Policies 10.1 through 10.9 are attached and together define the complete Financial Policies of the City Council.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Replace "citizen" with "resident".

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.01</p> <p>Financial Policies – Fund Balance</p>	
--	--	--

Policy: This policy is designed to provide guidance for maintaining an ending fund balance that is adequate to manage risk while maximizing the services provided to community members.

The budgetary ending fund balance describes the net financial assets of governmental funds; in lay terms it represents the net revenues in excess of expenditures since the fund's inception. Actual fund balances for each fund shall be reported in the Comprehensive Annual Financial Report, issued as of June 30 of each fiscal year. Budgetary fund balances shall be reported in the annual budget, and shall be projected for each operating fund as part of the financial planning process to prepare the budget each year.

Purpose: Fund balance is used to provide stable resources for times when service levels might otherwise be impacted by taxes or fees that temporarily underperform, or to cover one-time unexpected expenditures. Maintaining a positive ending fund balance is a best financial management practice, and is important to maintain the City's credit rating, and to meet state law requirements for no deficit spending.

Scope: Budgetary fund balance is a critical component of the City's financial management policies. Large ending fund balance targets may be viewed as reducing resources that could be used to provide direct services to community members; small ending balances may be viewed as leaving the City open to too much risk from emergencies or temporary economic downturns and may result in downgrades to the City's credit rating that would increase the cost of borrowing. Residents' sense of well-being is enhanced when the City is able to provide a consistent level of service from year-to-year.

Guidelines: General Fund – Budgetary Fund Balance for Financial Planning Purposes

1. The City Council has established the fund balance reserve target for the General Fund to total three months of payroll expenses.
2. The City Council shall appropriate 10% of the target fund balance amount each fiscal year as a contingency to be used for unanticipated expenditures such as costs associated with a response to a disaster, or to meet unanticipated increases in service delivery costs. Use of the contingency is expected to be infrequent. The City Council must authorize expenditure of any contingencies via a resolution.
3. The City Manager will review the City's financial status each year and develop a budget process that is designed to meet Oregon Local Budget Law requirements, taking into account the City's projected financial status for the budget year, including:
 - a. the current budgetary fund balance;
 - b. cash flow requirements within the fund to support expenditures, including up to three months of payroll costs;

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.01</p> <p>Financial Policies – Fund Balance</p>	
--	--	--

- c. future capital needs;
 - d. significant revenue and expenditure trends;
 - e. susceptibility of the fund's operations to emergency or unanticipated expenditures;
 - f. credit worthiness and capacity to support debt service requirements and covenants;
 - g. legal or regulatory requirements affecting revenues, expenditures, and fund balances;
 - h. reliability of outside revenues; and
 - i. any other factors pertinent to the fund's operations.
4. Should the projected ending fund balance reserve for the budget year be lower than the City Council's target, the following strategy will be implemented:
- a. For times when the fund balance reserve is lower than the target as the result of structural/systemic changes, the fund balance shall be re-built over a period of no more than:
 - i. five years if the fund balance reserve is less than 50 percent of the target. The balance shall be re-built to achieve an ending fund balance of no less than 10 percent of the target in the first year; 25 percent in the second year; 45 percent in the third year; 70 percent in the fourth year; and 100 percent in the fifth year. This strategy is specifically designed to allow for consideration/development of a new revenue source prior to significant service reductions taking effect should the City Council wish to consider revenue alternatives.
 - ii. three years if the fund balance reserve is between 50 percent and 100 percent of the target. The balance shall be rebuilt to achieve an ending fund balance of no less than 60 percent at the end of the first year; 75 percent at the end of the second year, and 100% at the end of the third year.
 - b. For times when the fund balance reserve is lower than the target as the result of short-term poor experience (i.e., costs to respond to a natural disaster; use of contingencies for unanticipated expenditures), the City Manager shall recommend a strategy for re-building the fund balance reserve taking into account the following criteria:
 - i. the cause of the poor experience;
 - ii. the City's ability to control/change the causing factor;
 - iii. the impact to services to achieve an immediate re-build of fund balance;
 - iv. the likelihood the causing factor will end and revenues/expenditures will return to normal levels within one year; and
 - v. the likely amount of time required to re-build the fund balance if no additional changes in services/revenues occurred and/or one-year is not a viable time frame for proposed solutions.
5. Should the projected ending fund balance be above the target, the City Manager will make a recommendation to the City Council whether to reserve those monies above the target for:
- a. one time capital expenditures or reserves for future capital expenditures which do not significantly increase ongoing City costs;

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.01</p> <p>Financial Policies – Fund Balance</p>	
--	--	--

- b. undesignated assigned or committed balances for future basic operations;
- c. other one-time costs; and/or
- d. ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

Non-General Fund Appropriate Budgetary Fund Balance

1. Each operating fund shall have a positive budgetary ending fund balance for the budget year under discussion.
2. The Finance Director shall recommend the appropriate ending budgetary fund balance for each fund as part of the budget development process. The Finance Director shall take into account the same criteria considered for the General Fund, and add consideration of rate stability in the enterprise funds.
3. The minimum fund balance targets for funds other than the General Fund shall be no less than five percent of current revenue.

Non-General Fund Ending Budgetary Fund Balance Below Recommended

If the annual budget is recommended by the Budget Commission and accepted by the City Council to be adopted with a budgetary fund balance below either the minimum or the recommended ending budgetary fund balance in any fund, the budgetary ending fund balance for the then current fiscal year will be re-calculated as soon as the audit work for the prior fiscal year is complete. If at that point, the audited ending fund balance contributes to a budgetary fund balance which is lower than this policy would dictate, staff shall develop a plan for City Council consideration that addresses the shortfall.

Non-General Fund Ending Budgetary Fund Balance Above Recommended

In the event the ending budgetary fund balance is higher than either the minimum or recommended level, the difference may be used to fund the following activities:

1. one time capital expenditures or reserves for future capital expenditures which do not significantly increase ongoing City costs;
2. undesignated assigned or committed balances for future basic operations;
3. other one-time costs; and/or
4. ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

Review/Update:

The Finance Director will prepare this Council Policy review every year for City Council approval.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.01</p> <p>Financial Policies – Fund Balance</p>	
--	--	--

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Create Fund Balance Reserve equal to 3 months payroll and build over five years.
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to remove references to Administrative Services Committee, replace “citizen” with “community member” and remove redundant language.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.02</p> <p>Financial Policies – Revenue</p>	
--	---	--

Purpose: This policy provides direction in the management and oversight of existing revenue sources and for the development of new revenue sources.

Scope: A significant portion of the City's revenue comes from taxes, charges for service and fees. Some of these revenue sources are governed by the Oregon Constitution/Statutes, federal law, or regulations promulgated by a state, federal, or other agency; others are assessed solely through the City's home rule authority. Revenues are critical to the City's financial operations as they provide the resources necessary to provide services at the level the community desires.

The City Council also recognizes that the majority of the revenue received by the City comes from its own residents and the ability to pay increasing amounts may make Corvallis less livable, especially for low income residents. Revenue decisions are complex and must take into account a variety of factors. The Revenue Policies are designed to provide guidance to staff and the City Council as new revenue sources or rate increases for existing revenues are considered.

Guidelines: Revenue Diversity and Stability – The City will strive to maintain a diversified and stable revenue system to shelter the government from short term fluctuations in any one revenue source and ensure its ability to provide ongoing service. In particular, the City will seek alternatives to the property tax for general government services.

Restricted Revenues -- Restricted revenue shall only be used for the purposes legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated and accounted for as such.

Capital Improvement Funding -- Revenue for capital improvements shall be used to finance only those capital improvements identified in the funding plan (i.e., bond or grant funded projects) that are consistent with the capital improvement program and local government priorities, and where the operating and maintenance costs have been included in operating budget forecasts. Revenue restricted for specific purposes will be expended consistent with those restrictions.

One-time Revenue -- One-time revenue includes fund balances and grants or other sources which have a specific time limit and/or reason for expenditure. One-time revenue will be used for one-time expenses whenever possible; in some cases, one-time revenue may be used for costs the City would have incurred for a program or service, regardless of the receipt of the one-time revenue. If one-time revenue is considered for ongoing expenditures (such as adding staff) the Budget Commission or City Council will balance the need for the additional ongoing expenditures with the on-going ability to pay prior to approving the program.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.02</p> <p>Financial Policies – Revenue</p>	
--	---	--

Unpredictable Revenue -- Unpredictable revenue, which includes development related revenue such as Systems Development Charges (SDC), Public Improvement by Private Contractor fees, Development Review, Plan Review and Inspection Permit revenue, will be closely monitored through the year. Capital projects to be constructed with SDC monies will not be initiated until SDC revenue is available or another financing alternative is developed.

Revenue Monitoring -- Revenues will be monitored monthly for performance compared to both the annual budget and the anticipated timing of revenue receipts. Operations funded partially or wholly from unpredictable revenue will be monitored monthly and mitigating action will be taken if revenues are not received as expected.

Collections -- The City shall manage its revenue collections through a policy that actively pursues collection of all revenues owed to the City.

Charges for Services -- Fees and charges for service are assessed to specific users where the user pays all or a portion of the costs to provide the service. When assessed as a fee, the charge generally grants the payer permission or a license to do a specific activity (i.e., franchise fees authorize use of the public right-of-way; a liquor license fee authorizes the license holder to sell liquor). When assessed as a charge for service, the charge is for a specific service, directly used by the payer (i.e., admission at the swimming pool is only assessed to the person going swimming).

1. Fees and charges other than those identified elsewhere in City Council policy or via Corvallis Municipal Code will use the following criteria to determine the ratio of cost recovery:
 - a. Whether the person paying the fee can avoid it;
 - b. Whether the program supported by the fee is designed to benefit the entire community or only a small segment of the population;
 - c. Whether the fee is set high or low to incentivize something (i.e., change behavior);
 - d. Whether the fee should be earmarked for a specific use or should be treated as a general revenue available for operations;
 - e. Whether there are extenuating circumstances where the Council believes the fee should not cover all of the costs associated with the service; and
 - f. Whether the fee costs less to collect/administer than the revenue it brings in.
2. Fees and charges are reviewed annually, and are updated via Council action when necessary. A revenue manual listing all such fees and charges of the City shall be maintained by the Finance Department and updated concurrent with the review.
3. A fee shall be charged for any service that benefits limited interests within the community, except for basic, unavoidable human needs type services provided to persons with limited ability to pay.
4. Historically, the City Council has provided very limited tax and fee exemptions; rather, the City Council has elected to use General Fund monies to pay the

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.02</p> <p>Financial Policies – Revenue</p>	
--	---	--

fees/charges for non-profit entities that request exemptions when the cause matches the City's goals.

Systems Development Charges (SDC) – SDC rates are set via resolution and are designed to cover the costs of infrastructure necessary to provide services for future growth. The list of projects eligible for SDC funding shall be updated when facility plans are updated or amended, or when a project not listed in a facility plan is identified and will provide additional capacity to serve growth. The overall SDC program methodology and population service scenario shall be reviewed approximately every ten years.

PROPERTY TAXES

The City levies property taxes for operations and for general obligation debt service in compliance with the Oregon Constitution and Oregon Revised Statutes. The City has a permanent tax rate of \$5.1067 per \$1,000 of assessed value; the City may have a local option property tax levy for a limited period of time. Revenue for a local option levy will be accounted for according to the ballot language for the levy. Revenue from property taxes levied for general obligation debt service shall be for specific series of debt, levied and accounted for in accordance with state legal requirements. Revenue from the City's permanent tax rate shall be accounted for in the General Fund.

UTILITY FEES (WATER, WASTEWATER, STORM WATER)

- A. Utility Fee Basis -- Utility user charges for each of the three City utilities will be based on the total cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.
- B. Annual Rate Review -- Staff shall conduct an annual comprehensive rate review each fall for the Water, Wastewater and Storm Water funds for Council review. Rate increases will be targeted for implementation in February.
- C. Rate Adoption -- Utility rates will be adopted by ordinance or resolution and will be recorded in the Corvallis Municipal Code.
- D. Franchise Fees -- The City's Water, Wastewater, and Storm Water utilities will pay a franchise fee to the City's General Fund to compensate for the use of the public right-of-way. The franchise fee will be equal to 5% of the utility's gross monthly billed revenue.

PARKS AND RECREATION DEPARTMENT CHARGES

- A. Cost Recovery -- Charges shall be assessed in an equitable manner in accordance with the following schedule. Services that provide opportunities for populations with the fewest alternatives (youth, limited income, senior adults, and families) may be more heavily supported by grants, donations, or property taxes than



City of Corvallis

Financial Policies - Council Policy

Policy # 10.02

Financial Policies – Revenue



charges for service. Tier percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served will be taken into consideration.

- B. Charge Schedule -- the following lists represent all categories of services currently provided or those which may be provided in the future by the Parks & Recreation Department. The model is based upon the degree of benefit to the community or individual of the service provided, the values of the Corvallis community, and the vision and mission of the Parks & Recreation Department. This model and policy form the basis for setting fees and charges.
1. Tier 5 -- Revenue positive cost recovery (services targeted to recover a minimum of 200 percent of direct costs):
 - a. concession/vending
 - b. merchandise for resale
 - c. private/semi-private lesson
 - d. rentals – private/commercial
 - e. long-term leases
 - f. equipment rentals
 - g. trips
 - h. organized parties
 - i. drop-in childcare/babysitting
 - j. leased services – private/commercial
 - k. permitted services
 2. Tier 4 -- Totally fee supported with no tax investment (targeted to recover a minimum of 100 percent of direct costs; some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers):
 - a. classes and programs – intermediate/advanced
 - b. leased services – non-profit/governmental agency
 - c. preschool
 - d. social clubs
 3. Tier 3 -- Primarily fee supported with little or no tax investment (targeted to recover a minimum of 90 percent of direct costs; some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers):
 - a. health services, wellness clinics, and therapeutic recreation
 - b. classes and programs – beginning/multi-ability
 - c. tournaments and leagues
 - d. rentals – non-profit/governmental agency
 - e. specialized events/activities
 - f. camps/after school care
 - g. leased services – affiliates
 - h. work study/internship/community service program
 4. Tier 2 -- Partial tax investment with minimal to partial fee support (targeted to recover a minimum of 45 percent of direct costs; many of these services may be appropriate for use of alternative funding sources such as grants, donations and use of volunteers):
 - a. life/safety classes

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.02</p> <p>Financial Policies – Revenue</p>	
--	---	--

- b. rentals – affiliates
- c. supervised park/facility
- d. community-wide events
- e. volunteer program
- 5. Tier 1 -- Full tax investment with little or no fee support (targeted to recover zero percent of direct costs; some of these services may be appropriate for use of alternative funding sources such as grants, donations, and volunteers):
 - a. non-supervised park/facility
 - b. inclusionary services
 - c. support services
- C. Setting Fees -- The Parks & Recreation Department Director shall set fees for programs and services in compliance with the targets listed above. Fees shall be adjusted during the course of each year as needed to ensure the cost recovery targets are achieved. The following pricing strategies will be used by the Parks & Recreation Director in setting fees:
 - 1. Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. One consideration for establishing a market fee is determined by identifying all providers of identical service (i.e., private sector providers, other municipalities), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
 - 2. Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for service. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e., private sector providers, other municipalities), and setting a mid-point or lower fee.
 - 3. Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.
- D. Fee Review -- The Park and Recreation Department shall conduct an annual comprehensive review of cost recovery targets in compliance with these policy targets; this review will be forwarded to the Parks, Natural Areas and Recreation Advisory Board which will forward their comments to City Council.
- E. Use of Volunteers -- Through an aggressive volunteer recruitment and retention program, the Parks and Recreation Department shall seek to minimize the amount required for full tax investment by offsetting costs through volunteer support.
- F. Alternate Funding Sources -- Solicitation of funds through donations, fund raising events, non-traditional sources, and various other modes shall be encouraged by the Parks, Natural Areas and Recreation Advisory Board and other advisory committees. Funds collected for any special purpose shall be earmarked for that purpose.

AMBULANCE FEES

It is the intent of the City to provide responsive, efficient and self funded emergency medical services as the Benton County designated service provider to the Benton County Ambulance Service Area, including all residents of the City.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.02</p> <p>Financial Policies – Revenue</p>	
--	---	--

Rate Changes -- Staff shall review ambulance rates annually no later than February 28 to ensure the rates reflect changes in the direct costs of service. In reviewing rates, staff will consider the historic and projected costs of service, service demands, changes in fixed and variable costs, market rates, and changes in service requirements or mandates. The City shall notify Benton County of proposed fee increases or decreases in conjunction with the fee review.

1. Proposed rate changes will be submitted to the City Council no later than April 1 of each year. If no rate change is recommended, staff will note the fact in a Council Report.
2. The Council shall adopt rate adjustments by resolution. Following Council adoption, the new rates will go into effect July 1 of the next fiscal year.
3. Notification will be issued to the public 30 days prior to the July 1 deadline. Customers will be notified of rate changes via advertisements in the local newspaper.

Special Rate Reviews -- If, at any time during the fiscal year, estimated costs of service exceed available revenue, the City Manager may conduct a special rate review. In conducting such reviews, the City Manager would follow the above procedures. In this instance, rate adjustments could take place at any time within the fiscal year, with 30 days' public notice.

GRANTS

Grant Opportunities -- The City shall aggressively pursue grant opportunities; however, before applying for or accepting grants, the City will consider the current and future implications of accepting the monies.

Federal Funds -- Federal funds shall be actively sought by the City. The City will use these funds to further the applicable national program goal. Because federal funds are not a guaranteed revenue source and are intended for a specific purpose, they will not be relied upon as a source of capital improvement funds unless the federal grant is specifically for capital projects. Use of federal funds shall support City goals and services.

Grant Review -- In reviewing grants the department director and Finance Director shall evaluate each grant offer and make their recommendation to the City Manager after considering:

1. the amount of the matching funds required;
2. in kind services that are to be provided;
3. length of grant and consequential disposition of service (i.e., is the City obliged to continue the service after the grant has ended?); and,
4. the related expenditures including administration, record keeping, and auditing expenditures.

	<p style="margin: 0;">City of Corvallis</p> <p style="margin: 0;">Financial Policies - Council Policy</p> <p style="margin: 0;">Policy # 10.02</p> <p style="margin: 0;">Financial Policies – Revenue</p>	
--	---	--

Single Audit -- The annual audit by the City’s independent auditors will include all required audit procedures for grant compliance as specified in the federal government’s Office of Management and Budget OMB Circular A-133.

GIFTS, DONATIONS AND BEQUESTS

Use of Gifts, Donations & Bequests -- Gifts, donations and/or bequests given to, and accepted by, the City for the use of any of its departments or divisions shall be used solely for the purpose intended by the donor. Unrestricted gifts will be expended on the recommendation of the related advisory board.

Evaluation -- Gifts, donations, and bequests will be evaluated to determine what, if any, obligations are to be placed upon the City. Gifts, donations, and bequests will be considered as "over and above" basic City appropriations unless the gift, donation or bequest is for an already planned and budgeted service or program.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Consolidate property tax funds into one General Fund.
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to remove references to Administrative Services Committee, change “citizen” to “community member” and remove rate increase limits for utility rates.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.03</p> <p>Financial Policies – Expenditures</p>	
--	--	--

Purpose: To provide direction for developing the annual budget, monitoring the City’s financial status throughout the year, and ensuring that the City’s monies are expended to provide services to community members.

Scope: The City expends a significant amount of money each year to provide services that are important to resident’s sense of well being and safety and to improve the livability of the community. The largest portion of expenditures is for the operating costs of the organization. These costs include all of the salaries/wages and related benefits for City staff, along with materials, services and capital outlays necessary to perform the basic functions of the City. Additional costs associated with capital projects (infrastructure investments) and debt service are part of the annual budget, based on specific plans for both.

Guidelines: SUSTAINABLE BUDGET

The City develops a sustainable budget each year, where revenues equal or exceed expenditures. To achieve the sustainable budget, the City operates under the following guidelines:

- A. Pay-As-You-Go -- The City shall attempt to conduct its operations from existing or foreseeable revenue sources. Achieving pay as you go requires the following practices:
 1. current direct and indirect costs for operations and maintenance will be controlled and will be funded with current revenues,
 2. revenue and expenditure forecasts will be prepared annually for all operating funds prior to budget discussions, and
 3. significant one-time maintenance costs will be projected via long-term financial projections and monies will be set aside, where possible, to cash fund the costs.
- B. Cost Allocation Plan -- The Finance Director shall prepare a full cost allocation plan triennially to provide accurate, complete estimates of indirect service costs. The plan will be updated annually during budget development.
- C. Mandated Costs -- Costs attributable to mandates of other government agencies shall be included in the annual budget.

BUDGET BALANCE

The City Manager will prepare a budget for each fund each year where resources on a modified accrual basis either equal or exceed all expenditures in compliance with ORS 294.388.

- A. Resources available include all revenue anticipated in the budget year, including taxes, fees, charges for service, fines, intergovernmental payments, miscellaneous revenue, transfers, other financing sources, expendable reserves, and beginning fund balances.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.03</p> <p>Financial Policies – Expenditures</p>	
--	--	--

- B. Expenditures include all planned expenditures for operations, inter-fund transfers, capital budget, debt service, and contingencies.

BUDGET PERFORMANCE REPORTING

- A. Quarterly Reports -- The Finance Director shall submit a Quarterly Operating Report (QOR) to the Budget Commission within 45 days of the close of the fiscal quarter. The QOR will be published on the City's web site for public review. The QOR will be reviewed and accepted by the City Council on the Consent Agenda. At a minimum, the QOR will include income statements developed on the modified accrual (budgetary) basis for all operating funds of the City, and may include other pertinent information.
- B. Performance Indicators -- Where practical, the City shall develop and employ performance indicators that are tied to Council vision and goals, as well as management objectives, to be included in the budget. Status of the measures will be reported in each QOR.

MAINTENANCE, REPAIR & REPLACEMENT

- A. Master Plans -- The City shall maintain master plans for all major infrastructure systems. Master plans provide direction about system needs (such as pipe size and reservoir locations) for predicted population build out of the community. Infrastructure master plans are required for Parks, Transportation, Water Plant, Water Distribution system, Wastewater Plant, Wastewater Collection system, Storm Water system, and the Airport. The master plans shall be adopted by the City Council as amendments to the City's Comprehensive Plan.
- B. Master Plan Projects -- Projects identified via an infrastructure master plan will be scheduled based on the priority of the project as identified in the master plan and will be budgeted in the Capital Improvement Program (CIP) when resources are available to implement the project and the project will result in the acquisition of a new or addition to an existing capital asset; master plan projects that do not result in capital assets shall be included in the operating budget.
- C. Annual Inventory -- The City will conduct an inventory of all capital assets in conjunction with the annual audit. During the inventory, any excess wear and tear will be noted by staff and used to update replacement plans during the following budget preparation cycle.
- D. Equipment Replacement Plans -- Assets which are not part of a major infrastructure system or buildings and land, including vehicles, computers, and specialized equipment required for normal work (i.e., defibrillators, bullet proof vests), will be tracked by each department with replacement plans made for at least the financial planning period. These schedules will be updated annually in conjunction with the budget process.
- E. Stable Spending plans -- Every effort will be made to develop an equipment replacement schedule that results in a stable annual spending level. If spending levels cannot be stable and would result in a significant dollar amount variance year-over-year, staff will set aside in reserves an amount each year adequate to

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.03</p> <p>Financial Policies – Expenditures</p>	
--	--	--

fully fund the project in the future. If monies are not set aside in reserves due to financial shortfalls:

1. reserves will be re-built within three fiscal years to the level required to meet future replacement plans; or
 2. staff will develop a plan to borrow monies for critical equipment replacement.
- F. Equipment Replacement Budgeting -- Equipment to be replaced will be budgeted considering:
1. Age of the asset and its manufacturer's recommended useful life;
 2. Wear and tear on the asset;
 3. Environmental conditions which may shorten or lengthen the useful life of the asset;
 4. The cost/benefit to complete routine maintenance and delay replacement;
 5. Availability of service and/or parts; and
 6. The cost/benefit of early replacement with more efficient and/or less expensive technology.
- G. Facility Maintenance -- The facility maintenance schedule for major maintenance or replacement projects for all City-owned buildings will be updated annually. The primary goal of the plan is to complete maintenance projects prior to system failures that would cause a decrease in service levels to community members. Criteria for including projects are the same as those identified above in F.
- H. Maintenance Costs from the CIP -- Projects included in the proposed Capital Improvement Program (CIP) will identify the anticipated operating costs or savings associated with the project. Estimated operating costs from CIP projects will be included in all years of the financial plan for the appropriate fund prior to approval by the Budget Commission and City Council.

COMPENSATION

- A. Compensation -- The City's Charter requires the Council to set compensation for all employees. Additional guidance for compensation is included in ORS 243.650 to 243.782, known as the Public Employee Collective Bargaining Act (PECBA).
1. Total compensation, which includes the City's costs for wages and benefits as defined by PECBA, shall be used in making compensation comparisons in labor negotiations.
 2. When negotiating compensation, the City Council shall direct staff to:
 - a. work within the fiscal constraints of the City's economic ability to pay;
 - b. set reasonable limits on the cost to provide City services; and
 - c. work within the budgetary restrictions established by the City Council.
 3. Setting total compensation comparators shall be in compliance with PECBA.
 4. The City will target total compensation at +/- 5% of the mean of comparator cities to achieve external equity.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.03</p> <p>Financial Policies – Expenditures</p>	
--	--	--

- B. Compensation Budget -- total projected compensation shall be budgeted in compliance with approved bargaining unit agreements. Compensation for exempt employees shall be budgeted in compliance with the City Manager's recommendation for these positions. City Council approval of the budget each year shall constitute Council confirmation of the compensation levels.
- C. Changes in Full Time Equivalents (FTE) --Changes in the FTE shall be identified in the summary financial data in the Budget each year. This summary will include data by department, and a list of positions added, deleted, or approved but unbudgeted for the year.
- D. Vacant Positions -- The City shall not carry vacant budgeted positions for more than one fiscal year without the Department Director identifying a strategy for the position.

TRANSFERS

- A. General Fund Transfers -- To the maximum extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services. Amounts not needed to support such specific program or service expenditures shall be returned to the General Fund, unless Council directs the transfer to be used for other purposes.
- B. Transfer Reconciliation & Cash Flow -- Transfers for specific programs or projects, or to support special operations, should occur on the basis of cash flow needs of the program or service being supported. A reconciliation of actual transfers against budgeted transfers will be included in the year-end audit process.
- C. Advances -- Where it is necessary to make a one-time advance of General Fund monies to another fund, this action shall occur under the following conditions:
 1. The advance is reviewed, prior to the transfer of funds, by the City Council.
 2. All excess cash balances in the fund receiving the advance shall be invested for the benefit of the General Fund, if allowed by federal and state law and regulations, as long as the advance is outstanding.
 3. Should the borrowing fund accumulate an unexpected unrestricted balance, this excess shall be used first to repay the advance.
 4. If the receiving fund is subsequently closed, assets net of liabilities of the fund equaling the unpaid portion of the advance revert to the General Fund, if allowed by federal, state or local law.
 5. For short term cash deficits in funds other than the General Fund during the course of the year, short term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans, or where loan transactions would be too numerous and costly to be cost effective.

CONTINGENCIES

- A. Contingency Amount -- To meet emergency conditions, the budget shall provide for an appropriated contingency in each fund other than the General Fund of at least 2% of estimated annual operating revenues. All governmental and

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.03</p> <p>Financial Policies – Expenditures</p>	
--	--	--

enterprise funds shall maintain a contingency. The contingency shall be exclusive of all reserves.

- B. General Fund contingencies – Ten percent of the General Fund Fund Balance Reserve shall be appropriated each year as contingency. If used, the Fund Balance Reserve will be replenished as identified in Council Policy on Fund Balance (CP 10.01).
- C. Contingency Use -- Use of the contingency should be infrequent and for unanticipated expenditures such as costs associated with a response to a disaster, or to meet unanticipated increases in service delivery costs. The City Council must authorize expenditure of any contingencies via a resolution.
- D. Contingency in Excess of 2% -- The Finance Director may recommend a contingency in excess of 2% of current revenue in specific funds to address specific needs. When this occurs, the Finance Director will provide the Budget Commission and City Council with information regarding the reasons for the recommendation.
- E. Contingency Below 2% -- Where correction of a fund balance deficit causes the contingency to be budgeted below 2% of operating revenue, a gradual correction of the problem over several years is preferable to a one time jump in rates, or substantial decreases in other expenditure plans.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to remove references to Administrative Services Committee and add language about compensation.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.04</p> <p>Financial Policies – Accounting and Financial Reporting</p>	
---	--	---

Purpose: To provide Council leadership for the organization by stating the importance of a system of internal controls to be implemented and maintained to meet the goals of providing accurate and timely financial reports to the community and financial markets, and mitigate the risk of fraud.

Scope: Best practices state that the City Council must lead the organization’s commitment to excellence in financial management through the adoption of policies stating clear expectations. The City of Corvallis maintains a financial management system that ensures transactions are appropriately recorded, assets are managed for the benefit of the community, and risk of fraud or financial loss is identified and minimized through a set of internal controls designed to manage the risk. The financial markets and other interested parties rely on the City’s annual financial statements to ensure Corvallis bondholders the City’s financial condition will allow the City to continue to make all required debt payments and meet all covenants.

Guidelines: INTERNAL CONTROLS

- A. Internal Control System -- The City shall establish and maintain a process that is designed to provide reasonable assurance that the City is achieving the following objectives:
 1. effective and efficient operations,
 2. reliable and accurate financial information,
 3. compliance with applicable laws and regulations, and
 4. safeguard assets against unauthorized acquisition, use, or disposition.
- B. Annual Audit -- The City shall hire an independent external auditor to perform an annual audit of the financial statements, including tests of the internal controls. It is the City's objective that the financial statements receive an unmodified opinion, an opinion in which the auditor can state, without reservation, that the financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

FINANCIAL SYSTEM

- A. Purpose of the Financial System -- The financial system shall be used as the means of recording and reporting financial transactions in a way that will assist users in assessing the service efforts, costs and accomplishments of the City.
- B. Financial System Characteristics -- The City's accounting and reporting system shall demonstrate the following characteristics:
 1. reliability,
 2. accuracy,
 3. consistency,
 4. timeliness,
 5. efficiency,

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.04</p> <p>Financial Policies – Accounting and Financial Reporting</p>	
---	--	---

6. responsiveness,
 7. compliance with legal requirements, and
 8. conformance with GAAP.
- C. Funds -- The City shall establish and maintain only those funds that are necessary by law and for sound financial administration. The funds shall be structured in a manner consistent with GAAP, to maximize the City's ability to audit, measure and evaluate financial performance. The fund structure will be reviewed annually and the Finance Director will recommend changes to improve compliance with Council policies, financial planning, resource allocation and service delivery will be made to the City Manager at the beginning of the annual budget process. Adding, closing, or making significant changes to a fund shall be done by the City Council by adopting a resolution.

EXTERNAL FINANCIAL REPORTING

- A. Comprehensive Annual Financial Report (CAFR) -- The City shall annually prepare and publish, by December 31st of each year, a CAFR in conformity with generally accepted accounting principles. The CAFR shall include but not be limited to:
1. an explanation of the nature of the reporting entity,
 2. the extent of activities conducted by the City,
 3. comparison of actual activity to adopted budget,
 4. an explanation of the City's fiscal capacity,
 5. disclosure of short and long term liabilities of the City,
 6. capital assets reporting,
 7. cash policies and compliance reporting,
 8. accounting policies, controls and management responsibilities, and
 9. all other disclosures required by GAAP.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to current audit terminology

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.05</p> <p>Financial Policies – Capital Improvement Program (CIP)</p>	
--	---	--

Purpose: To maintain the City’s investment in infrastructure, this policy provides direction for the development and implementation of the annual CIP.

Scope: The City has a significant investment in the infrastructure necessary for the general public’s use. The infrastructure systems – streets, bikeways and sidewalks, water treatment plants and distribution system, wastewater treatment plants and collection system, storm water conveyance system, airport, parks, recreation facilities, open spaces, and municipal facilities – are important to the general well-being of the community. The City maintains and enhances the infrastructure systems by developing long-term plans to meet the service needs of the community and by securing the funding necessary to implement the plans. The CIP is developed to advise the community of the projects proposed over a five-year period to protect the public investment.

Guidelines: CAPITAL IMPROVEMENT PROGRAM

- A. Definition of a Capital Project -- A capital project must:
 1. cost more than \$25,000, and
 2. be a permanent addition to the capital assets of the City, and
 3. purchase land, or
 4. construct a new building, or
 5. remodel or add to an existing building, or
 6. construct/install public infrastructure, or
 7. replace existing infrastructure.
- B. Full Costs Included -- For any project which meets the definition of a capital project, all costs for the project, including design, land or right-of-way acquisition, appraisals, construction, construction management, furnishings, and legal or administrative costs will be included in the project budget.
- C. Five-year CIP -- A five-year Capital Improvement Program (CIP) shall be developed annually by staff. The plan will be presented to and reviewed by the Planning Commission for compliance with the Comprehensive Plan, reviewed by the Budget Commission for compliance with long-term financial plans, and approved by the City Council. This plan shall contain the planned capital improvements from all funds and departments of the City.
- D. Existing Assets -- A high priority shall be placed on repair or replacement of capital assets when such assets have deteriorated to the point of becoming hazardous, incur high maintenance costs, are negatively affecting property values, and/or are no longer functionally serving their intended purposes.
- E. Construction Standards -- Capital improvements constructed in the city shall be designed and built based on published construction standards which shall be periodically updated by the City Engineer. The construction standards will assure projects are built with an acceptable useful life and minimum maintenance costs.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.05</p> <p>Financial Policies – Capital Improvement Program (CIP)</p>	
--	---	--

CAPITAL IMPROVEMENT MAINTENANCE

Operating Budget Impacts -- Future operating budget impacts for maintenance of new capital facilities will be analyzed and estimates included in all years of the financial plans as part of considering a proposed capital project.

CAPITAL IMPROVEMENT FINANCING

- A. Appropriate Funding -- Within the limitation of existing law, various funding sources may be used for capital improvements. When capital projects are proposed, funding sources will be identified.
- B. Unspent Funds -- Upon completion of capital projects, the Finance Director shall certify any unspent funds from the project. The most restrictive project revenues shall be used first so that unused funds will have the fewest restrictions on future use. Unspent capital project funds, except bond funds, shall be returned to their original source. If there are unspent funds from a bond issue, those monies will be allocated according to stipulations in the bond indenture. In no case shall projects incur a funding deficit without the express approval of the City Council.
- C. Interest Earnings in the Capital Construction Fund (governmental fund) -- Interest earnings shall be allocated to each project based on the project's proportion of the cash balance in the fund. Projects which have a negative cash balance due to timing of reimbursements of grants or loans will not accrue interest revenue or an interest expense.
 1. Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.
 2. Interest earnings not otherwise limited will be considered the most restricted City funds in the project and will be spent first in compliance with section B on Unspent Funds.
- D. Interest Earnings in the Proprietary Fund Construction Components -- Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions. All non-restricted interest earnings will be accrued to the operating fund and will be available to spend on either operations or future capital projects.

Review/Update:

The Finance Director will prepare this Council Policy review every year for City Council approval.



City of Corvallis

Financial Policies - Council Policy

Policy # 10.05

Financial Policies – Capital Improvement Program (CIP)



Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to clarify language

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.06</p> <p>Financial Policies – Debt</p>	
--	--	--

Purpose: To proactively manage the City's existing and future debt issues in compliance with state and federal laws in order to maintain the City's capacity for future debt issues that may be required for infrastructure investment.

Scope: From time-to-time the City plans for a capital improvement project or a significant long-term operating expenditure (such as pension obligations) which is too expensive to finance with cash reserves or which needs to be completed before reserves can be developed. When this occurs, the City borrows monies. The City is conservative in its borrowing practices, and strives to maintain low debt-per-capita ratios when compared to similar sized cities.

Guidelines: USE OF DEBT FINANCING

A. Long-term Debt -- The City of Corvallis shall only use long-term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines for rate increases. Debt financing shall generally be limited to one-time capital improvement projects or to leverage a future significant cost the City must bear (such as pension obligations) and only under the following circumstances:

1. when the project's useful life is greater than or equal to the term of the financing;
2. when resources will be sufficient to service the debt; and,
3. when analysis demonstrates that the debt will smooth or reduce costs over multiple years or the project is expected to benefit the residents of Corvallis.

B. Use of Debt Financing -- Debt financing shall not be considered appropriate for:

1. Current operating and maintenance expenses (except for issuing short term instruments such as revenue anticipation notes or tax anticipation notes or interfund loans as per State law limitations); and
2. Any recurring purpose (except as indicated above).

C. Tax/Revenue/Bond Anticipation Notes -- Tax and revenue anticipation debt will be retired within the fiscal year issued, and bond anticipation notes will be retired no later than six months after securing permanent funding.

D. Short-term Debt -- Debt issued with a final maturity of one year or less from the time of issuance, which is outstanding at the end of the year, will not exceed 5% of net operating revenues (including tax anticipation notes but excluding bond anticipation notes.)

LIMITS ON DEBT ISSUANCE

A. Vote to Issue General Obligation Debt -- General obligation bonds require an affirmative vote prior to issuance. Constitutional limitations require a simple majority of votes for elections in May or November; for all other elections, a simple majority of registered voters must vote in the election, and of those voting a simple majority must vote affirmatively.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.06</p> <p>Financial Policies – Debt</p>	
--	--	--

- B. Statutory General Obligation Bond Debt Limits -- Oregon Revised Statutes chapters 287A limit the outstanding general obligation principal indebtedness of the City other than bonds issued for water, sanitary or storm sewers to 3% of the true cash value of the taxable property within the City.
- C. Council Imposed Debt Limits -- The annual general obligation debt service for long-term issues (greater than five years), where the debt service is paid from property tax sources, shall not exceed 15% of the combined operating and capital budgets in the Governmental funds.
- D. General Fund Backed Obligations/Bonds -- The outstanding principal debt for Limited Tax General Obligation Bonds (LTGO), Full-Faith and Credit Obligations/Bonds (FFC), non-self-supporting leases, and full faith and credit lease purchases, where the intended re-payment is not from utility rates, is limited to 1% of the true cash value of the taxable property in the City. Furthermore, annual debt payments for General Fund supported LTGO and FFC debt shall not exceed 5% of the combined operating and capital budgets in the Governmental Funds.
- E. Revenue Bonds -- Revenue secured debt obligations will be undertaken only after assessing the impact of the projected operating, maintenance, debt service and coverage requirements on user rates. The assessment will be shared with the City Council prior to issuing the debt.

DEBT ISSUANCE

- A. Timing of Debt Issuance -- The timing for each debt issue in association with the construction schedule will be carefully considered, using the following criteria:
 - 1. Projected cash flow requirements for the capital project;
 - 2. Cash reserves on hand to temporarily fund preliminary project expenses;
 - 3. Spend down schedules identified by the Internal Revenue Service (IRS) to meet arbitrage limitations; and
 - 4. Market conditions.
- B. Competitive Sale -- All bonds will be sold at competitive sale unless it is in the City's best interest to sell at a negotiated sale. The City reserves the right to reject any and all bids at a competitive sale and sell the bonds at a negotiated sale if it is in the best interest of the City of Corvallis to do so.
- C. Refunding Bonds -- Refunding or advanced refunding bonds may be authorized by the City Council providing the issuance complies with the rules adopted by the State Treasurer and outlined in Oregon Revised Statutes.
- D. Annual Debt Payment Limits -- To maintain the City's credit rating and expenditure flexibility, the annual debt service payments the City must make on net direct long term general obligation debt shall not exceed 10% of operating revenue. To achieve this goal, on a per issue basis, the City will structure its debt to pay no less than 33% of the principal on bonds sold during the first half of the repayment term.
- E. Overlapping Debt -- City staff shall endeavor to notify the City Council of the debt issuance plans of the City's overlapping taxing jurisdictions and the possible impact such debt plans may have on the City's debt capacity.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.06</p> <p>Financial Policies – Debt</p>	
--	--	--

- F. Investment of Bond Proceeds -- Receipt of bond proceeds will be timed to occur in conjunction with construction. However, in most cases bond proceeds will not be fully expended as soon as they are received. The City shall invest the proceeds from debt issuance in the legally authorized investment instruments for local governments in Oregon to maximize interest earnings available for the capital project. Prior to choosing an investment instrument, staff will take into consideration projected cash flow of the project and the likelihood that IRS spend down targets will be met or exceeded. The investment instrument(s) shall be chosen to maximize interest earnings and minimize any arbitrage penalties which may accrue within the established IRS regulations.

LEASING

Lease purchase financing shall be considered only when the useful life of the item is equal to or greater than the length of the lease, and a lease purchase is the most economical method of purchasing available. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased with cash or placed on an operating lease.

CREDIT RATINGS AND COMPLIANCE

- A. Reporting -- The City shall maintain good communication with bond rating agencies concerning its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.
- B. Compliance with Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) Rules -- The City will comply with all aspects of the SEC rule 15c2-12 pertaining to secondary market disclosure, and with MSRB regulations regarding maintaining disclosures and professional advisor relationships.
- C. Post Issuance Compliance – City staff will adhere to the Securities and Exchange Commission (SEC) or Municipal Securities Rulemaking Board (MSRB) rules for post-issuance compliance.

DEBT MANAGEMENT

- A. Debt Management Analysis – City Council will review staff's assessment of debt prior to any issuance. The assessment shall encompass a review of all debt of the City which draws on the same financial resources, including, but not limited to:
1. detail of the sources of funding for all debt;
 2. current and future debt capacity analysis;
 3. issues to be addressed for sound debt management;
 4. a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and
 5. reporting as to the City's compliance with its debt policies.
- B. Advisors/Counsel – For bonded debt, City staff will work with a contracted fee for service Municipal Advisor (MA) and Bond Counsel (BC) to ensure current

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.06</p> <p>Financial Policies – Debt</p>	
--	--	--

market knowledge is applied consistently for documentation facilitation, optimizing rates and issuance costs, and other related matters. Staff, the MA and BC must comply with this Debt Policy and post-Issuance compliance requirements. The MA may only act on a non-discretionary basis. Therefore, the MA must present debt recommendations and receive approval to execute such recommendations from the Finance Director, or designee, prior to transacting with other entities as related to City debt issuance.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Update
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to remove references to Administrative Services Committee, and strengthen language associated with secondary market disclosure

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.07</p> <p>Financial Policies – Risk Management</p>	
--	---	--

Purpose: These policies set forth the over-arching guidance for the City’s risk management program which is designed to identify risk of incidents where damage could occur to community members, employees, or the City’s infrastructure or assets. Anticipating, managing and mitigating these risks is critical to protecting the community’s assets and the organization’s financial position.

Scope: The City of Corvallis’ basic operations have certain risks associated with them, which could have a significant financial impact if the risks were not managed. Risk Management policies are designed to identify and assess the risks, influence variables that can be controlled to reduce risks, ensure that risk is transferred to others when appropriate, and provide insurance coverage to mitigate against losses. The Risk Management program is comprehensive and addresses risks to City employees through appropriate training, and risks to staff and the general public through proactive maintenance and insurance coverage as well as holding adequate reserves for uninsured losses and programs designed to reduce factors associated with claims.

Guidelines: RISK MANAGEMENT REPORT

- A. Annual Report -- Risk management staff shall prepare annually a Comprehensive Risk Management Report for City Council, including but not limited to:
 1. a summary of the past year's risk management claims,
 2. a summary of the insurance policies purchased by the City including coverage, deductibles and costs,
 3. identification and discussion of current and potential liability risks or activities that could impact City finances or operations,
 4. specific strategies to address the risks identified, and
 5. a summary of the past year’s safety and violence in the workplace activities/trainings.

- B. Quarterly Report – Risk management staff shall prepare quarterly a Risk Management Assessment report for the Executive Risk Management Team, including but not limited to:
 1. a summary of the prior quarter's risk management claims including workers’ compensation, tort liability and property claims,
 2. identification of current and potential liability risks or activities impacting the City's finances or operations, and
 3. discuss specific strategies to address the risks identified.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.07</p> <p>Financial Policies – Risk Management</p>	
--	---	--

RISK MANAGEMENT PROGRAM

- A. Program -- The City shall implement and maintain a Risk Management program designed to decrease exposure to risk. At a minimum, the program shall include:
 - 1. a safety program that emphasizes reducing risks through training and safe work habits,
 - 2. an annual examination of the City’s insurance program to evaluate how much risk including deductible, the City should assume, and
 - 3. other risk management activities, including review of all City contracts with respect to indemnification and insurance provisions.

RISK MANAGEMENT FUND

- A. Purpose -- The Risk Management Fund shall be used to provide for insurance coverage, uninsured losses in excess of deductible amounts, safety program expenses, and prudent reserves, contingencies and fund balances.
- B. Catastrophic Reserves -- The targeted balance for unappropriated catastrophic reserves shall be \$1,000,000 each year. Appropriated catastrophic reserves which are drawn down will be rebuilt within two years, or sooner if practical. Unappropriated catastrophic reserves which are drawn down below the recommended target will be re-built at the rate of a minimum of 33% of the deficit balance per year over three years, or sooner if practical.
- C. Unreserved Fund Balance Target -- The unreserved fund balance target for the Risk Management Fund shall be \$60,000. Should the ending fund balance drop below \$60,000 in any fiscal year, it will be re-built the following year. Ending unreserved balances in excess of \$60,000 will be used as a dividend to departments if the catastrophic reserves are fully funded or can be used as funding for additional expenditures in the safety program as directed by the City Manager and appropriated within the following budget year. If the excess is used as a dividend to departments, the funds will be returned to departments based on the prior year’s experience.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Update
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to add executive risk management team and increase contingency reserve.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

Purpose: To minimize risk associated with investing the City’s monies and ensure cash is available to meet expenditures, while maximizing earnings opportunities and minimizing idle funds. These policies provide direction for managing the City’s investments.

Scope: The City holds cash balances as part of its operations. The City invests balances in excess of daily needs in a variety of investment instruments as authorized by Oregon Revised Statutes on local government investments. Investing monies has inherent risks; these risks are managed through the application of appropriate risk assessments and diversification, and following prudent rules for investing governmental funds. These policies establish and provide guidelines for the safe and efficient management of City funds, and the purchase and sale of investment instruments.

These investment policies apply to all cash-related assets within the scope of the City’s audited financial statements and held directly by the City. Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to regulations established by the State of Oregon for public funds.

Guidelines: OBJECTIVES

The City’s investment objectives are listed below, and can be summarized as primarily concerned with safety, legality and liquidity, with a secondary objective of return:

- A. Safety: Preserve capital and protect investment principal by implementing diversification and risk management practices;
- B. Legality: Conform with federal, state and other legal requirements;
- C. Liquidity: Maintain sufficient liquidity to meet operating needs by managing cash flow requirements; and
- D. Return: Attain a market rate of return throughout budgetary and economic cycles by implementing an investment strategy.

- RESPONSIBILITY
- A. Governing Body – The City Council has a fiduciary responsibility for invested City funds. The City Council shall review this policy at least annually and shall receive monthly reports with sufficient detail to comply with ORS Chapter 294 requirements.
 - B. Delegation of Authority - The authority for investing City funds is vested with the City Manager, who, in turn, may designate the Finance Director as Treasurer to manage the day to day operations of the City’s investment portfolio, place purchase and sell orders with dealers and financial institutions, and prepare reports as required. The Finance Director may choose to use the services of a

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

professional investment advisor if he/she believes that is most beneficial to the organization.

- C. Investment Adviser -- The City may enter into contracts with third-party, fee only, investment advisory firms when such services are deemed to be beneficial to the City. The advisor must comply with this Investment Policy and the City Manager's Investment Administrative Procedures. The advisor may only act on a non-discretionary basis. Therefore, the advisor must present investment recommendations and receive approval to execute the recommendation from the Finance Director, or designee, prior to making buys or sells on behalf of the City. The following items are required minimum criteria for the approved Investment Advisors:
1. The Investment Advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon;
 2. All Investment Advisor firm representatives conducting investment transactions on behalf of the City must be registered representatives with Financial Industry Regulatory Authority (FINRA) and licensed to do business/trades in the state of Oregon;
 3. An engaged Investment Advisor must provide notification within 30 days of any formal investigation or disciplinary action initiated by Federal or State regulators.
 4. Investment Advisor services will be sought through the City's normal competitive procurement process.
- D. Governing Authority -- Funds of the City will be deposited and invested in accordance with statutes, ordinances, and policies governing the City of Corvallis and will be in compliance with the provisions of Oregon Revised Statutes (ORS) 294, and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the relevant provisions of the Internal Revenue Code in place at the time of investment.

STANDARDS OF CARE

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. Investment decisions shall be made within the objectives outlined in this investment policy.

The standard of prudence to be used by investment officials shall be the "prudent person," as described above, and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's performance, provided that deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.



City of Corvallis

Financial Policies - Council Policy

Policy # 10.08

Financial Policies – Investments



ADMINISTRATION AND OPERATIONS

A. Safekeeping and Collateralization

Safekeeping Custodial Bank: Investment securities purchased by the City will be delivered by book entry and held in a segregated account for the City's benefit by one financial institution designated as custodian. The purchase and sale of all securities will be on a delivery-versus-payment basis.

Collateralization of Re-Purchase Agreements: Re-purchase agreement collateral is limited in maturity to three years by ORS and should be priced according to the adopted policy of the Oregon Investment Council:

United States Treasury Securities	102%
United States Agency Discount and Coupon Securities	102%

The City further limits the allowable collateral to only US Treasury securities and US Agency securities. Mortgage Backed and other securities are not allowed. All re-purchase agreements require a master re-purchase contract with the approved broker dealers.

Collateralization of Certificates of Deposits and Bank Deposits: At a minimum, time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the state collateral pool for any excess over the amount insured by an agency of the United States government in accordance with ORS 295. All depositories must be on the State of Oregon's qualified list. Additional collateral may be required if staff deems increased collateral is beneficial to the protection of the monies under the City's management. The City will report annually to the Oregon State Treasury the financial institutions that are transacting business with the City as required by ORS.

B. Internal Controls

The Finance Director shall maintain a system of written internal controls, which shall be reviewed by the independent auditor, who shall provide an annual review to assure compliance with ORS and the City's policies and procedures. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. The internal controls will be updated at a minimum biennially or as necessitated by system changes.

QUALIFIED INSTITUTIONS

The City's Investment Advisor shall maintain a listing of authorized broker/dealers and financial institutions which are approved for investment purposes. Approval of Qualified Institutions can occur in one of the following two circumstances:

- A. Investment Advisor Approved List -- The Investment Advisor shall provide a list of brokers/dealers which the Advisor has vetted for meeting ORS and City standards for local government investments.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

- B. Financial Institution -- The State of Oregon Treasurer's Office maintains a list of financial institutions for deposits and certificates of deposits which are approved for local government investment purposes. Any financial institution on the Treasurer's list shall be acceptable for City investment purposes.

AUTHORIZED AND SUITABLE INVESTMENTS

A. Legal Investments

1. All investments of the City shall be made in accordance with Oregon Revised Statutes Chapter 294. Any revisions or extensions of this chapter of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted, and will be formally incorporated at the next annual update of this policy.

B. Suitable Investments (Specific Types)

US Treasury Obligations: Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS Section 294.035(3)(a)]

US Agency Obligations Primary: Senior debenture obligations of US federal agencies and instrumentalities or U.S. government sponsored enterprises (GSE) that have actively traded markets and provide a higher level of liquidity. These include: Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB).

US Agency Obligations Secondary: Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include, but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac)

Commercial Paper: Commercial Paper that is rated A1/P1 at the time of purchase. In the case where both rating agencies provide ratings on the corporation, the highest rating will be used.

Corporate Indebtedness: Corporate domestic bonds issued by a commercial, industrial, or financial institution registered with the Securities and Exchange Commission and not listed on the FFICU report¹. Corporate indebtedness must be rated on the settlement date AA- or better by S&P or Aa3 or better by Moody. In the case of a split rating, the highest rating of these two rating agencies will be used. All corporates must be dollar denominated and have US subsidiary operations.

Local Government Investment Pool: State Treasurer's local short-term investment fund up to the statutory limit per ORS Section 294.810.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

Certificates of Deposit: Certificates of deposit in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Bank Time Deposit/Savings Accounts: Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Municipal Debt: Lawfully issued debt obligations of the States of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by S&P or Aa3 or better by Moody's. In the case of a split rating, the highest rating of these two rating agencies will be used.

Bankers' Acceptances: A short-term credit investment created by a non-financial firm and guaranteed by a qualified financial institution whose long-term letter of credit rating is at least AA- by S&P or Aa3 by Moody's. For the purposes of this paragraph, "qualified financial institution" means: (i) A financial institution that is located and licensed to do banking business in the State of Oregon; or (ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon. [ORS 294.035(3)(h)]

C. Collateralization

Time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the state collateral pool for any excess over the amount insured by an agency of the United States government in accordance with ORS 295.018. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Finance Director deems increased collateral is beneficial to the protection of the monies under the City's management.

D. Investment Parameters

1. Investment Diversification

- a. The City will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. Diversification to avoid undue risk is achieved by varying the type of investment to ensure liquidity, investing in securities from several different financial institutions to reduce the chance of loss, and varying maturity length to ensure availability of funds to meet cash needs.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody's
US Treasury Obligations	100%	None	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	40%	N/A	N/A
US Agency Secondary Securities FICO, FARMER MAC etc.	10%	5%	Security must be rated	Security must be rated
Oregon Short Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A
Bank Time Deposits/Savings Accounts	25%	15%	Oregon Public Depository	Oregon Public Depository
Certificates of Deposit	10%	5%	Oregon Public Depository	Oregon Public Depository
Corporate Bonds	20%	5%	AA-	Aa3
Municipal Bonds (OR, CA, ID, WA)	10%	10%	AA-	Aa3
Commercial Paper	10%	5%	A1+	P1
Banker's Acceptance	25%	5%	A1+ AA-Underlying	P1 Aa3 Underlying

2. Investment Maturity
 - a. The City will not directly invest in securities maturing more than five (5) years from the date of purchase.
 - b. The maximum weighted maturity of the total portfolio shall not exceed 18 months. This maximum is established to limit the portfolio to excessive price change exposure.
 - c. Liquidity funds will be held in the LGIP or in money market instruments maturing one year and shorter.
 - d. Core investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between one day and five years and will be only invested in higher-quality and liquid securities that meet suitable investment criteria outlined above.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

e. Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Weighted Average Maturity	1.50
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

3. Competitive Selection and Pricing -- The City shall seek competitive pricing when buying or selling investments, and will buy or sell the offer that provides the optimal price for the risk of the term/instrument.
4. Securities shall generally be held until maturity with the following exceptions:
 - a. A security with declining credit may be sold early to minimize loss of principal.
 - b. A security exchange that would improve the quality, yield, or target duration in the portfolio.
 - c. Liquidity needs of the portfolio require that the security be sold.
 - d. As needed for Guideline Compliance (below).

PROHIBITED INVESTMENTS:

Oregon Revised Statutes allow several other investment types for municipalities that are not appropriate for the City's portfolio and are not included within the scope of these administrative procedures, including: general obligation securities of the states of Idaho and California, share accounts and saving accounts in credit unions for a deferred compensation plan, life insurance and annuity contracts with insurance companies for funding deferred compensation, and trusts for deferred compensation. The City prohibits:

- A. mortgage-backed securities;
- B. Securities lending; and
- C. Private Placement or "144A" Securities.

INVESTMENT OF PROCEEDS FROM DEBT ISSUANCE:

- A. Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this Policy. Bond proceeds shall be invested in accordance with the parameters of this Policy and the applicable bond covenants and tax laws.
- B. Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052. Investments of bond proceeds are typically not invested for re-sale and are maturity matched with outflows. Consequently, surplus funds within the scope of ORS 294.052 are not subject to this Policy's liquidity risk constraints.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.08</p> <p>Financial Policies – Investments</p>	
--	---	--

MONITORING: GUIDELINE MEASUREMENT AND ADHERENCE

- A. Monitoring -- The Finance Director shall routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments and will adjust the portfolio accordingly.
- B. Guideline Measurement -- Guideline measurements will be market value of the investments.
- C. Guideline Compliance
 1. If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this Policy, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
 2. Violations of portfolio guidelines as a result of transactions, actions to bring the portfolio back into compliance, and reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City Council.
 3. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.
- D. If a corporate bond is downgraded below corporate rating criteria established at purchase, the Finance Director will immediately notify the City Council of the downgrade and provide an analysis and the course of action taken at the next City Council meeting.

REPORTING REQUIREMENTS

- A. Annual Reports -- The Finance Director shall submit an annual statement certifying compliance with this Investment Policy to the City Council, noting compliance throughout the most recently completed fiscal year. This statement shall be filed as soon as practical, but no later than August 31 of each year.
- B. Quarterly Reports -- The quarterly operating report (QOR) will include a summary on the investment portfolio reflecting investment activity for each of the immediately preceding three months, using the objectives outlined above.
- C. Monthly Reports -- The Finance Director shall provide a Monthly Investment Report reviewing the compliance with this Investment Policy and providing data on investment instruments being held, as well as any narrative necessary for clarification. The Monthly Investment Report shall include summary information about all investments held in the City's portfolio as of the end of the month, and shall be issued and posted on the City's web site within 21 days after the end of the monthly reporting period.

Review/Update:

The Finance Director will prepare this Council Policy review every year for City Council approval.

	<p style="margin: 0;">City of Corvallis</p> <p style="margin: 0;">Financial Policies - Council Policy</p> <p style="margin: 0;">Policy # 10.08</p> <p style="margin: 0;">Financial Policies – Investments</p>	
--	---	--

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Update Investment Policy section for sunset of Investment Council
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Update Investment Policy section for fossil fuel companies' exclusion
28	N. Brewer	October 2016	Update to remove references to Administrative Services Committee and align investment types with State law.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

Definitions:

Accountability - The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.

Accrual Basis of Accounting - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Ad Valorem Tax - A tax based on the assessed value of taxable property.

AFSCME - American Federation of State, County, and Municipal Employees.

Annexation - The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation - Legal authorization granted by City Council to make expenditures and incur obligations.

Appropriation Resolution - The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

Assessed Value - The value set by the County assessor on real and personal taxable property as a basis for levying taxes.

Assessments - An amount levied against a property for improvements specifically benefiting that property.

Balanced Budget - A budget in which the resources are equal to or greater than the requirements in each/every fund.

Benefits - Employee benefits mandated by state and federal law, union contracts, and/or Council policy. The most common forms of benefits are pension plans, health and life insurance, vacation, sick and holiday leave, deferred compensation, disability insurance, and educational and incentive pay.

Bonds - A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements.

Budget - A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). Upon approval by the City Council, the appropriation resolution is the legal basis for expenditures in the budget year.

Budget Calendar - The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

Budgetary Control - The monitoring or oversight of expenditures against budget at the level of appropriation, which is by department within funds.

CAFR (Comprehensive Annual Financial Report) - Prepared at the close of each fiscal year (June 30) and published no later than December 31 of each year to show the actual audited condition of the City's funds and serve as the official public record of the City's financial status and activities.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

Capital Budget - A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget which includes both operating and capital outlays. The capital budget is based on the capital improvement program.

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over a fixed period of several future years, setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlay - Expenditures for operating equipment drawn from the operating budget. Capital outlay items normally include equipment that will last longer than one year and have an initial cost above \$5,000. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges.

Cash Basis of Accounting - A basis of accounting under which transactions are recognized only when cash changes hands.

CDBG - Community Development Block Grant.

Contingencies - An appropriation category to cover unforeseen events which occur during the budget year. City Council must authorize the use of any contingency appropriations.

Contractual Services - A professional service provided by an outside individual or agency in accordance with contractual specifications.

Cost Allocation - A costing of local government services to identify the full cost of municipal services.

Council Goals - Broad goals established by the City Council at the outset of each two-year term to guide the organization in its activities and focus.

CPOA - Corvallis Police Officers Association.

CR (Current Revenue) - Those revenues received within the present fiscal year.

CRCCA - Corvallis Regional Communications Center Association

Debt Service - The amount of principal and interest that a local government must pay each year on long-term debt plus the interest it must pay on direct short-term debt.

Deficit - (1) The excess of an entity's liabilities over its assets. (2) The excess of expenditures or expenses over revenues during a single accounting period.

DEQ - Department of Environmental Quality.

Depreciation - the systematic and rational distribution of the cost of a tangible capital asset (less salvage value) over its estimated useful life.

Direct Cost - A cost directly related to producing and/or providing related services. Direct costs consist chiefly of the identifiable expenses such as materials and supplies used to provide a service, the wages and salaries of personnel working to provide a

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

service, and facility costs. These expenses would not exist without the program or service.

EMS - Emergency Medical Services.

Enterprise Fund Accounting - Accounting used for self-sufficient government operations financed and operated in a manner similar to business enterprises, and for which preparation of an income statement is desirable.

EPA - Environmental Protection Agency

Equipment Replacement Schedule - A schedule of annual purchases to replace major equipment and vehicles that have met or exceeded their useful life to the City.

Expenditure - Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis.

Financial Audit - A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- ascertain whether financial statements fairly present financial position and results of operations,
- test whether transactions have been legally performed,
- identify areas for possible improvements in accounting practices and procedures,
- ascertain whether transactions have been recorded accurately and consistently, and
- ascertain the stewardship of officials responsible for governmental resources.

Financial Condition - The City's ability to pay all costs of doing business and to provide services at the level and quality that are required for the health, safety, and welfare of the community, and that its residents desire.

Financial Plans - A schedule that provides information about the expected future fiscal stability of City operations. The projections are for the operating funds of the City.

Financial Policies - Council policies established to govern the City's financial operations, and the associated Administrative policies and procedures used to implement Council direction.

Fixed or Mandated Costs - These include expenditures to which the government is legally committed (such as debt service and pension benefits), as well as expenditures imposed by higher levels of government (such as for wastewater treatment facilities).

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The difference between fund assets and fund liabilities of governmental and similar trust funds. The equivalent terminology within proprietary funds is Retained Earnings. When the term "Fund Balance" is used in reference to Proprietary Funds, it is normally referring to the estimated budgetary-basis amount available for

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

appropriations for budgeting purposes. The City of Corvallis uses the GASB definitions of Fund Balance for the CAFR and for all other financial reporting. For all financial planning purposes, the term Budgetary Fund Balance will be used and will include any portion of the fund balance that is available for appropriation. The portion of the fund balance that is not available for appropriation will be identified as a Reserved Balance. The GASB has defined fund balance segments as follows:

- A. Non-spendable: Amounts inherently non-spendable or that must remain intact according to legal or contractual restrictions.
- B. Restricted: Amounts constrained to specific purposes by externally enforceable legal restrictions, such as those provided by creditors, grantors, higher levels of government, through constitutional provisions, or by enabling legislation.
- C. Committed: Amounts constrained by the City Council via a resolution or ordinance.
- D. Assigned: Amounts the City intends to use for a specific purpose. The authority to assign resources lies with the City's Finance Director.
- E. Unassigned: Amounts that are not categorized into one of the aforementioned classifications; these resources may be used for anything.

GAAP - Generally Accepted Accounting Principles.

GASB - Governmental Accounting Standards Board

General Obligation Bonds - When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.

Governmental Funds - These funds subscribe to the modified accrual basis of accounting and include the following types:

- A. *General Fund* - The major source of revenue for this fund is taxes. There are no restrictions as to the purposes in which the revenues in this fund can be used
- B. *Special Revenue Funds* - The resources received by these funds are limited to a defined use, such as the Street Fund.
- C. *Debt Service Funds* - Funds used for paying principal and interest of debt on non-enterprise funds.
- D. *Capital Project Funds* - Resources from these funds are used for purchase or construction of long-term capital assets.
- E. *Permanent Funds* - The resources received by these funds are limited to a defined use and only earnings may be spent.

Grant - A contribution of assets by one entity to another. Grants are generally designated for a specific expenditure.

IAFF - International Association of Firefighters.

ICMA - International City/County Management Association.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

Indirect Cost - A cost incurred in the production and/or provision of related services that usually cannot be directly associated with any one particular good or service. Indirect costs encompass overhead including administrative costs such as wages of supervisory and administrative personnel, occupancy and maintenance of buildings, and utility costs. These costs would exist without the specific program or service.

Intergovernmental Revenue - Revenues received from another governmental entity.

Internal Service Charges (ISC) - Various, specific charges set to recover the cost of providing goods and/or services to particular funds or departments within the organization. Examples include administrative service charge, IT charge, and telephone charges.

Investment - Cash balances, securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, or base payments.

Liabilities - The sum of all amounts that are owed at the end of the fiscal year, including all accounts payable, accrued liabilities, and debt.

Long-Term Debt - Present obligations that are not payable within a year. Bonds payable, long-term notes payable, and lease obligations are examples of long-term debt.

Master Plan - A comprehensive plan, normally covering a five to ten-year period, developed to guide delivery of specific services, identify future needs and challenges, and identify future infrastructure needs.

Modified Accrual Basis of Accounting - The accrual basis of accounting adapted to the governmental fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

One-Time Revenue - Revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Also referred to as a non-recurring revenue.

OPERS - The Oregon Public Employee Retirement System, the State office that oversees the PERS and OPSRP retirement plans for public employees.

OPSRP - Oregon Public Service Retirement Program, the pension plan for employees hired after August 28, 2003.

Operating Budget - The appropriated budget supporting current operations. Most operations are found in the General, Special Revenue, Enterprise, and Internal Service Funds.

Operating Deficit - When current expenditures exceed current revenues.

Overlapping Debt - The net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community.

Pay-As-You-Go Basis - A term used to describe the financial policy of a government which finances all of its capital outlays and/or improvements from current revenues rather than by borrowing.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

Permanent Funds - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City's programs for the benefit of the City or its community members.

PERS - Public Employee Retirement System, the pension plan for employees hired before August 28, 2003.

Personnel Services - A category encompassing all salaries, benefits, and miscellaneous costs associated with employee expenditures.

Property Tax Levy - The tax levy combining the general operating levy and the debt service levy imposed by the City.

Proposed Budget - The financial and operating document submitted by the City Manager to the Budget Commission and the governing body for consideration.

Proprietary Funds - These funds subscribe to an accrual basis of accounting and include the following types of funds:

- A. *Enterprise Funds* - Account for distinct, self-sustaining activities that derive the major portion of their revenue from user fees.
- B. *Internal Service Funds* - Account for goods and/or services provided to other funds or departments within the organization.

Reserved Balance - For budgetary purposes, this is the amount of fund balance that is not available for appropriation except for the uses defined for the specific reserve.

Resolutions - A legal document adopted by the City Council that directs a course of action. In relationship to the budget, resolution refers to the document that levies taxes and sets legal appropriation levels.

Restricted Revenue - Legally earmarked for a specific use, as may be required by state law, bond covenants, or grant requirements.

Revenue - Monies received or anticipated by a local government from either tax or non-tax sources.

Revenue Estimates - A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

Revenue Shortfalls - Differences between revenue estimates and revenues actually received during the fiscal year.

Supplies and Services - A category of operating expenditures which include items such as contractual services, conference and training, charges for service, office supplies, and operating supplies.

System Development Charge (SDC) - A charge levied on new construction to help pay for additional expenses created by growth or to compensate for already existing capacity in key facilities and systems already in place which support the new development.

Transfer - Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

	<p>City of Corvallis</p> <p>Financial Policies - Council Policy</p> <p>Policy # 10.09</p> <p>Financial Policies -- Definitions</p>	
--	--	--

UAL/OAS – Unfunded actuarial liability or overfunded actuarial surplus; pertains to an OPERS employer rate increment to amortize the difference between benefits and contributions plus earnings.

Unfunded Liability - A liability that has been incurred during the current or a prior year, that does not have to be paid until a future year, and for which reserves have not been set aside. It is similar to long-term debt in that it represents a legal commitment to pay at some time in the future.

Review/Update: The Finance Director will prepare this Council Policy review every year for City Council approval.

Rev #	Name	Change Date	Character of Change
0		November 1989	Adopted
23	N. Brewer	February 2012	Review
24	N. Brewer	March 2013	Review
25	N. Brewer	April 2014	Review
26	J. Chenard	March 2015	Review
27	J. Chenard	June 2015	Review
28	N. Brewer	October 2016	Update to add terms.

TO: City Council for November 7, 2016, Council Meeting
FROM: Mary Steckel, Public Works Director *MS*
DATE: October 26, 2016
THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
SUBJECT: Grouphead Coffee, LLC Proposed Airport Industrial Park Lease



Action Requested:

Staff recommends Council's approval of the lease of the city-owned building at 480 SW Airport Avenue in the Corvallis Airport Industrial Park to Grouphead Coffee, LLC.

Discussion:

Grouphead Coffee, LLC is a coffee roasting operation. The building and its surrounding property (approximately 0.25 acres) was last leased by Western ATM, but has been vacant since 2011. In winter of 2014 water pipes burst and caused considerable damage to the interior of the building.

The City has received bids to repair and upgrade the building to meet the prospective tenant's needs. The City will be able to recoup the cost of the improvements during the life of this lease. Before this work can begin, the City needs to finalize the lease commitment with the business.

The lease has been reviewed by the Airport Advisory Board and the Airport Industrial Park Project Review Department Advisory Committee. Both recommend approval of the lease.

Budget Impact:

This lease will generate revenue for the Airport Fund of \$9,600 in the first year; then \$12,000 annually for the next four years of the lease.

Attachment:

Grouphead, LLC Draft Lease

FOR COUNTY RECORDING ONLY

AFTER RECORDING RETURN TO CITY OF CORVALLIS
ENGINEERING DIVISION, CITY HALL, EXT 5057

LAND LEASE AGREEMENT CORVALLIS AIRPORT INDUSTRIAL PARK

THIS LEASE, made this _____ day of _____ 2016 is by and between the City of Corvallis, an Oregon Municipal Corporation, hereinafter referred to as the City, and **Grouphead Coffee LLC**, hereinafter referred to as the Lessee.

1. PREMISES

The Corvallis Municipal Airport/Industrial Park is owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land leases and rent revenues are retained by the City for the exclusive operation of the Airport. The City, in consideration of the terms, covenants, and agreements herein contained on the part of the Lessee to be kept and performed, does hereby lease the City-owned building at 480 Airport Avenue and 0.25 acres, more or less, around the building at 480 SW Airport Avenue, Corvallis, OR located in the Corvallis Municipal Airport Industrial Park.

See attached Exhibit "A" legal description and Exhibit "B" site plan.

2. TERM

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of 5 years, beginning on the date a Certificate of Occupancy is issued. Thereafter, the term of this lease may be extended by mutual approval of both parties, for up to four (4) additional five (5) year periods. Lessee shall notify the City, in writing, at least sixty (60) days prior to the termination date of this lease, of its intent to exercise this option. The City shall not withhold its approval for the extension unreasonably. Legitimate reasons for the City to withhold its approval would include but not be limited to: failure of Lessee to provide insurance; failure of Lessee to make timely payment of rent; or City's determination of a better use of the property.

3. RENT

A. Rental Rate. Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning on the date of Certificate of Occupancy and continue on the first day of each month thereafter during the term of this lease. The monthly rate for the above-described land and building shall be \$800 per month for the first year, and \$1,000 per month for the subsequent 4 years. Rental payments are made payable to the City of Corvallis and are to be delivered in person or mailed to the City at the address given in Section 21 of this lease.

B. Rental Rate Adjustment. After the first 5 years the rental rate shall be increased annually utilizing the Year Ending December figure for the Consumer Price Index for All Urban Consumers, (CPI-U), West – B/C, with adjustments made the following July 1, commencing July 2023. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

C. Land Rental Rate Adjustment. Notwithstanding Section 3B above, every 5 years, beginning in 2022, the rate shall be adjusted per Council Policy 7.13, Municipal Airport and Airport Industrial Park Leases.

4. USE OF THE PROPERTY

A. Permitted Use. The property shall be used for any legal purpose permitted by applicable zoning laws, regulations and restrictions.

B. Conformance with Laws. Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof. Lessee also agrees to comply with the Airport Industrial Park Development Plan and all applicable City Master Plans as adopted by City Council.

C. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal purposes (as defined by City of Corvallis Municipal Code Chapter 5), or commit or permit anything which may constitute a menace or hazard to the safety of persons using the property, or which would tend to create a nuisance, or that interferes with the safe operation of aircraft using the Corvallis Municipal Airport.

D. Hazardous Materials. Lessee shall not store or handle on the premises or discharge onto the property any hazardous wastes or toxic substances, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, and as further defined by state law and the City's Sewer Regulations, Municipal Code Chapter 4.03 as amended, except upon prior written notification to the City and in strict compliance with rules and regulations of the United States and the State of Oregon and in conformance with the provisions of this lease. Any violation of this section may, at the City's option, cause this lease to be immediately terminated in accordance with the provisions of Section 17 of this lease.

Prior to beginning operations, Lessee shall allow the City to inspect the premises and approve its processes for storing and handling Hazardous Materials. Lessee shall at all times operate in accordance with City approved procedures, and shall maintain strict compliance with all federal, state, and local laws, ordinances, rules, and regulations regarding Hazardous Materials. Any violation of this section shall be grounds for termination of this lease as provided in Section 17, unless within ten (10) days of notification Lessee cures the violation or, if the violation is of such a nature that it cannot be remedied within ten (10) days, Lessee provides to City within (10) days satisfactory assurances, including financial assurances, that Lessee can and will correct the violation, and thereafter Lessee proceeds with reasonable diligence to do so. If the violation is caused by a discharge of a hazardous or toxic material or substance, the City shall have the right, at its option, to immediately take any action reasonably necessary to halt or remedy the discharge, at Lessee's sole expense.

E. Roads. Lessee shall be entitled to reasonable use for its purposes of the roads now existing and serving the leased property. The City may locate and relocate roads as desirable to

improve the Corvallis Municipal Airport and Industrial Park so long as reasonable and adjacent access is provided to Lessee on a continual basis.

F. Infrastructure Improvements. Lessee hereby irrevocably agrees to financially participate in the future improvements for public water, wastewater, storm drainage and transportation consistent with the South Corvallis Area Refinement Plan, Airport Master Plan, and Airport Industrial Park Development Plan. It is understood by Lessee that:

1. The cost of the improvements shall be born by the benefited property in accordance with state law, the Charter of the City of Corvallis and its ordinances and policies.
2. The City in its sole discretion may initiate the construction of all or part of the local improvements required, or may join all or part of Lessee's property with other property when creating a local improvement district.
3. Lessee and Lessee's heirs, assigns and successors in interest in the property shall be bound by this document which will run with the property and will be recorded by the City in the deed records of Benton County.
4. Lessee declares that the public improvements herein sought will directly benefit the described property.
5. Lessee shall not challenge the formation of a local improvement district and assessment of Lessee's leased property by City and in any proceedings therein will acknowledge this declaration if requested to do so by City.
6. In construing this section of the agreement singular words include the plural.

5. WATER, SEWER, AND DRAINAGE SYSTEMS

A. Water, Drainage, and Domestic Waste. The City agrees to provide the use and benefits of the public water, sewer, and drainage systems as they now exist or may be later modified. Conditions for the use of these systems shall be the same as the conditions and regulations applying within the corporate limits of the City of Corvallis, including any assessments or charges for any expansion or intensification of Lessee's use of the property.

B. Utility Bills. Water, sewer, and drainage charges shall be paid by the Lessee in addition to the basic monthly rental and at the same rates applicable within the corporate limits of the City of Corvallis. The Lessee shall promptly pay all water, sewer, and drainage charges, and all other utility charges, for the premises as they come due.

C. Prohibited Discharges. Discharge of industrial waste, as that term is defined in the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), into the sanitary sewer system, drainage system, surface ponds or ditches, or elsewhere is specifically prohibited, except as permitted by a valid Industrial Wastewater Discharge Permit in strict accordance with the Sewer Use Ordinance and applicable state and federal laws. Violation of any provision contained in City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), may cause this lease to be immediately terminated in accordance with the provisions of Section 17 of this lease.

D. General Information Survey. As a condition of entering into this lease, the Lessee shall submit to the City a completed, signed General Information Survey, in accordance with the industrial waste provisions of the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter). The survey shall be submitted to the City at the time that this lease is signed.

E. Discharge Response Procedures. In the event of any discharge or spill of noxious or hazardous material into the environment, sewer system, or drainage system, Lessee shall immediately notify the Oregon Department of Environmental Quality and the City. The City and any appropriate state or federal agency shall have the right to inspect the premises immediately to determine if the discharge or spill constitutes a violation of any local, state, or federal laws, rules, or regulations. If a violation exists, the City shall notify the Lessee of the specific violations and Lessee shall immediately cease all activities and use of the property until the violations are remedied, all at the Lessee's sole cost and expense and without expense whatsoever to the City.

F. South Corvallis Drainage Master Plan. Lessee hereby agrees to comply with the requirements of the "South Corvallis Drainage Master Plan", approved by the City Council during February 1997. Future improvements within the Industrial Park in compliance with the approved drainage plan may include parcel assessments or charges. Conditions and regulations for any assessment or charges shall be similar to those conditions or regulations applying within the corporate limits of the City of Corvallis.

6. DEVELOPMENT STANDARDS

This agreement is made subject to the terms and conditions as referenced in the Airport Industrial Park Development Plan. In addition, compliance with all Corvallis development regulations is required relative to the City's Land Development Code (LDC). Where not otherwise specified by the Airport Handbook, the County's zoning provisions shall apply. Enforcement of development provisions is the responsibility of the City's Development Services Division and Airport Industrial Park Project Review Department Advisory Committee.

7. ALTERATIONS AND IMPROVEMENTS

A. Right to Construct. The Lessee, at its own expense, may construct tenant improvements on the leased property, subject to Lessee's compliance with all applicable city, county, and state laws and regulations and issuance of necessary building permits. Lessee shall notify City of any planned improvements and if City doesn't object within ten (10) business days, Lessee may proceed.

B. Ownership of Improvements. Any improvements constructed by the Lessee on the leased property during the term of this lease shall belong to the Lessee and may be removed by the Lessee at will. Lessee shall have the right to enter the premises during the thirty-day period following termination of this lease to remove any of its property or other improvements, on the leased premises. If, after thirty days after termination of the lease, any of said property remains on the premises, the City may retain the property, or, at its option, remove the property at the Lessee's expense.

8. ENTRY ON PROPERTY

A. Right to Inspect. The City shall have the right to enter the property at any reasonable time or times to examine the condition of the premises or Lessee's compliance with the terms of this lease.

B. Access. The City retains the right to enter the leased premises at any reasonable time or times to repair or modify City buildings and/or utilities located upon the property or to conduct repairs or other work on the property, provided such repairs or modifications shall be scheduled with Lessee to minimize any disruption to Lessee's business operations.

9. ASSIGNMENT AND SUBLETTING

The Lessee shall not assign or sublease this lease without the prior written consent of the City; provided, however, that the City shall not unreasonably withhold such consent. Lessee shall have the right to sublet space within any building on the leased premises to others, subject to the following conditions:

1) No sublease shall relieve Lessee from primary liability for any of its obligations under this lease, and Lessee shall continue to remain primarily liable for payment of rent and for performance and observance of its other obligations and agreements under this lease.

2) Every sublease shall require the sub-lessee to comply with and observe all obligations of the Lessee under this lease, with the exception of the obligation to pay rent to the City.

10. LIENS

The Lessee shall promptly pay for any material and labor used to improve the leased property and shall keep the leased property free of any liens or encumbrances.

11. INSURANCE

A. Coverage Requirements. The Lessee shall purchase and maintain commercial liability insurance coverage. The limit of liability shall be no less than \$500,000 for any claims arising from a single accident or occurrence. In addition, if the insurance policy contains an annual aggregate limit, the aggregate shall not be less than \$1,000,000. The policy shall name the City of Corvallis, its officers, agents, and employees as an additional insured.

B. Certificate of Insurance. At the time that this lease is signed, the Lessee shall provide to the City a certificate of insurance complying with the requirements of this section and indicating that insurer will provide the City with 30 days notice prior to cancellation. A current certificate shall be maintained at all times during the term of this lease.

12. HOLD HARMLESS

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, invitees and employees harmless from any claims, demands, losses, actions, or expenses, including attorney fees, to which the City may be subject by reason of any property damage or personal injury arising or alleged to arise from the acts or omissions of the Lessee, its agents, or its employees, or in connection with the use, occupancy, or condition of the

property. Likewise, the City shall at all times indemnify, protect, defend and hold Lessee, its officers, agents, assignees, invitees and employees harmless from any claims, demands, actions or expenses, including attorney fees, to which Lessee may be subject by reason of any property damage or personal injury arising or alleged to arise from the actions or omissions of, or entry onto the leased premises by, the City, its officers, agents, invitees or employees, or in connection with the repair, maintenance modification or other work the City may undertake that in any way relates to or affects the leased premises, including without limitation, the work, repair and modification provided for under Section 8B of this lease.

B. Environmental Protection. The Lessee shall be liable for and shall hold the City harmless from, all costs, fines, assessments, and other liabilities arising from Lessee's use of the premises during this and all prior leases for this site resulting in the need for environmental cleanup under state or federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post-cleanup monitoring arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, as presently constituted or hereafter amended.

City shall defend and hold the Lessee harmless from all costs, expenses, fines, assessments, attorney or other fees and other liabilities arising from the use of the premises by any persons or entities prior to the execution of this lease, except for any contamination caused by the Lessee during the initial term of this lease or any prior leases as a result of the Lessee's activities resulting in the need for environmental clean-up under City, State, Federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post clean-up monitoring including but not limited to liability arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9674, as presently constituted or hereafter amended.

13. NONDISCRIMINATION

The Lessee agrees that no person shall be excluded from the use of the premises based on age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income. Such discrimination poses a threat to the health, safety and general welfare of the citizens of Corvallis and menaces the institutions and foundation of our community.

14. CONDITIONS ON PROPERTY BY THE UNITED STATES OF AMERICA

This agreement is made subject to the terms and conditions and restrictions of transfer recorded in Book 121, Page 40 and Book 125, Page 239, deed records of Benton County, Oregon, as modified by the Instrument of Release recorded in Book 182, Page 238 of said deed records.

15. WAIVER OF BREACH

A waiver by the City of a breach of any term, covenant, or condition of this lease by the Lessee shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition of the lease.

16. DEFAULT

A. Declaration of Default. Except as otherwise provided in this lease, the City shall have the right to declare this lease terminated and to enter the property and take possession upon either of the following events:

1. Rent and Other Payments. If the monthly rent or any other payment obligation provided hereunder to the City, including but not limited to property taxes and utility bills, remains unpaid for a period of sixty (60) days after it is due, un-protested and payable, if not corrected after ten (10) days written notice by the City to Lessee; or
2. Other Obligations. If any other default is made in this lease and is not corrected after thirty (30) days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the thirty (30) day period, the Lessee shall not be deemed in default if the Lessee proceeds with reasonable diligence and good faith to effect correction of the default.

B. Court Action. It is understood that either party shall have the right to institute any proceeding at law or in equity against the other party for violating or threatening to violate any provision of this lease. Proceedings may be initiated against the violating party for a restraining injunction or for damages or for both. In no case shall a waiver by either party of the right to seek relief under this provision constitute a waiver of any other or further violation.

17. TERMINATION

A. Immediate Termination. Where a specific violation of this lease gives the City the option to terminate this lease immediately, this lease shall be terminated upon written notification to the Lessee.

B. Termination Upon 30 Days Default. In the event of any other default under Section 17 of this lease, the lease may be terminated at the option of the City upon written notification to the Lessee as provided herein.

C. Surrender Upon Termination. Upon termination or the expiration of the term of the lease, the Lessee will quit and surrender the property to the City in as good order and condition as it was at the time the Lessee first entered and took possession of the property under this or a prior lease, usual wear and damage by the elements excepted.

D. Restoration of Property. Upon termination or expiration of this lease or Lessee's vacating the premises for any reason, the Lessee shall, at its own expense, remove and properly dispose of all tanks, structures, and other facilities containing waste products, toxic, hazardous, or otherwise, which exist on the leased property or beneath its surface and did not pre-exist the commencement of this lease. Lessee shall comply with all applicable state and federal requirements regarding the safe removal and proper disposal of said facilities containing waste products. If the Lessee fails to comply or does not fully comply with this requirement, the Lessee agrees that the City may cause the waste products and facilities to be removed and properly disposed of, and further Lessee agrees to pay the cost thereof with interest at the legal rate from the date of expenditure.

E. Holding Over. No holding over upon expiration of this lease shall be construed as a renewal thereof. Any holding over by the Lessee after the expiration of the term of this lease or any extension thereof shall be as a tenant from month to month only and not otherwise, and the exercise of rights provided under Section 7B shall not be deemed a holding over.

18. RECORDING FEES

The lease will be recorded with the Benton County Assessor's Office and the Lessee shall be responsible for paying all associated fees.

19. ATTORNEY FEES

If any suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to damages and costs, such sum as the trial court or appellate court, as the case may be, may adjudge reasonable as attorney fees.

20. NOTICE

When any notice or anything in writing is required or permitted to be given under this lease, the notice shall be deemed given when actually delivered or 48 hours after deposited in United States mail, with proper postage affixed, directed to the following address:

City

City of Corvallis
Public Works Department
Attention: Airport Manager
P.O. Box 1083
1245 NE 3rd St.
Corvallis, Oregon 97339-1083
541-766-6916

Lessee

Grouphead Coffee, LLC
Attention: Daniel Richard Bruner
1320 NW 27th Street
Corvallis, OR 97330

IN WITNESS WHEREOF, the parties hereto have executed this lease the date and year first written below.

DATED this _____ day of _____, 2016. DANIEL RICHARD BRUNER, OWNER
GROUPHEAD COFFEE, LLC

STATE OF OREGON)
) ss.
COUNTY OF BENTON)

Personally appeared the above-named Daniel Richard Bruner, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of **Grouphead Coffee, LLC**. Before me this _____ day of _____, 2016.

NOTARY PUBLIC FOR OREGON
My Commission Expires _____

ACCEPTED BY:
CITY OF CORVALLIS, OREGON

STATE OF OREGON)
) ss.
County of Benton)

By: _____
Mark W. Shepard, CITY MANAGER

Personally appeared the above-named Mark W. Shepard, who acknowledged he is the City Manager of CORVALLIS and he accepted the foregoing instrument on behalf of the City of CORVALLIS by authority of its City Council. Before me this _____ day of _____, 2016.

NOTARY PUBLIC FOR OREGON
My Commission Expires _____

Approved as to form:

City Attorney Date

Lease Parcel
Exhibit "A"

A Parcel of Land , Located in the South East 1/4 of Section 22, Township 12 South, Range 5 West, Willamette Meridian, Benton County, Oregon.

Beginning at a 5/8" iron rod on the East line of the Southern Pacific Transportation Company's railroad right-of-way (a 60 foot right-of-way) at the intersection of the north right-of-way of Airport road (C.R. 25280) (a 60 foot right of way) said iron rod being North 0° 05' East a distance of 1205.49 feet, and 2,609 feet East from the Southeast corner of the Alfred Rinehart D.L.C. No.73, Located in T12S, R5W, W.M., Benton County, Oregon; thence North 89°52'00" East a distance of 355.92 feet along the North right-of-way of said Airport Road to The **True Point of Beginning**; thence North 89°52'00" East along said North right-of-way a distance of 50.24 feet to a point; thence North 00°09'59" East a distance of 137.87 feet to a point; thence North 89°54'13" West a distance of 50.24 feet to a point; thence South 00°09'59" West a distance of 138.08 feet to the **Point of Beginning**; containing 6932 square feet more or less.

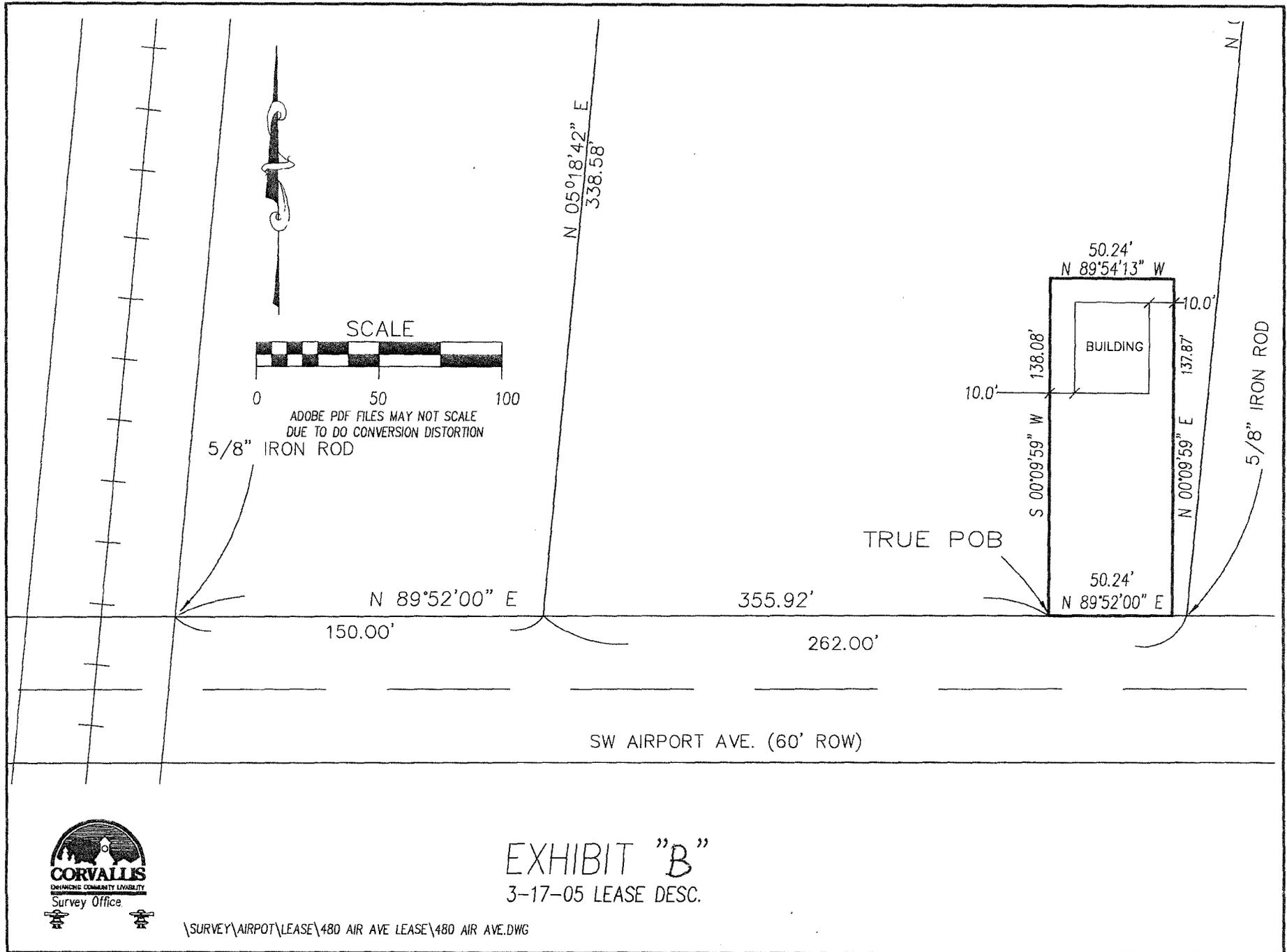


EXHIBIT "B"
 3-17-05 LEASE DESC.

\\SURVEY\AIRPOT\LEASE\480 AIR AVE LEASE\480 AIR AVE.DWG

TO: City Council for November 7, 2016, Council Meeting
FROM: Mary Steckel, Public Works Director
DATE: October 27, 2016
THROUGH: Mark W. Shepard, P.E., City Manager
SUBJECT: 1749 Airport Road, LLC Proposed Airport Industrial Park Lease



Action Requested:

Staff recommends Council's approval of the lease of the property at 1749 SW Airport Avenue in the Corvallis Airport Industrial Park to 1749 Airport Road, LLC.

Discussion:

PharmPods (www.pharmPods.com), a modular agricultural production company, has formed a Limited Liability Corporation to develop a project at this site. They have been in business since 2011 and currently have cultivators in eleven states and two Canadian provinces. They hope to purchase the building owned by Sarepta (formerly AVI-Biopharma) and lease it to a cannabis cultivation company, Doctors Orders Group.

Although cannabis is legal for recreational and medicinal uses in Oregon, it is not legal at the federal level. Staff and the City Attorney have researched the matter and discussed it with the Federal Aviation Administration, to determine if the proposed use puts our federal funding at risk. Staff modeled portions of the language in the attached lease on a similar lease in Washington state and believes this language mitigates the risk for the City. The LLC would like to move forward with the purchase of the building, and needs this lease approved to do so.

The lease has been reviewed by the Airport Advisory Board and the Airport Industrial Park Project Review Department Advisory Committee. Both recommend approval of the lease.

Budget Impact:

This lease will generate \$16,875.14 revenue annually for the Airport Fund. The lease rate is indexed to the Consumer Price Index and will also be adjusted every five years per Council Policy 7.13, Municipal Airport and Industrial Park Leases.

Attachment:

1749 Airport Road LLC Draft Lease

FOR COUNTY RECORDING ONLY

AFTER RECORDING RETURN TO CITY OF CORVALLIS
ENGINEERING DIVISION, CITY HALL, EXT 5057

LAND LEASE AGREEMENT CORVALLIS AIRPORT INDUSTRIAL PARK

THIS LEASE, made this ____ day of _____ 2016 is by and between the City of Corvallis, an Oregon Municipal Corporation, hereinafter referred to as the City, and 1749 Airport Road, LLC, hereinafter referred to as the Lessee.

1. PREMISES

The Corvallis Municipal Airport/Industrial Park is public land owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land leases and rent revenues are retained by the City for the exclusive operation of the Airport. The City, in consideration of the terms, covenants, and agreements herein contained on the part of the Lessee to be kept and performed, does hereby lease 2.98 acres, more or less, the following property located in the Corvallis Municipal Airport Industrial Park:

See attached Exhibit "A" legal description and Exhibit "B" site plan.

2. TERM

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of 40 years, beginning on _____, 2016 and ending _____, 2056. Thereafter, the term of this lease may be extended by mutual approval of both parties, for up to two (2) ten (10) year periods. Lessee shall notify the City, in writing, at least sixty (60) days prior to the termination date of this lease, of its intent to exercise this option. The City shall not withhold its approval for the extension unreasonably. Legitimate reasons for the City to withhold its approval would include but not be limited to; failure of Lessee to provide insurance; failure of Lessee to make timely payment of rent; or City's determination of a better use of the property. At the end of the second ten (10) year extension period, City and Lessee may negotiate a new lease agreement.

3. RENT

A. Rental Rate. Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning November 1, 2016 and continue on the first day of each month thereafter during the term of this lease. The monthly rate for the above-described land shall be determined as follows: \$ 5,662.80 per acre x 2.98 acre = \$16,875.14 as an annual base rent. Annual base rate/12 = \$1,406.26 as a monthly rent payment. Rental payments are made payable to the City of

Corvallis and are to be delivered in person or mailed to the City at the address given in Section 21 of this lease.

B. Rental Rate Adjustment. The rental rate shall be increased annually utilizing the Year Ending December figure for the Consumer Price Index for All Urban Consumers, (CPI-U), West – B/C, with adjustments made the following July 1, commencing July 2018. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

C. Land Rental Rate Adjustment. Notwithstanding 3B above, every fifth year beginning in 2017, the land lease rate will be adjusted per Council Policy 7.13, Municipal Airport and Airport Industrial Park Leases.

D. Extended Term. If this lease is extended as provided in Section 2 of this lease, the rate shall be adjusted annually on the basis described in Section 3B above.

4. USE OF THE PROPERTY

A. Permitted Use. The property shall be used for any legal purpose permitted by applicable zoning laws, regulations and restrictions.

B. Conformance with Laws. Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof, except as stated in sub sections B.1 through B.3, below. Lessee also agrees to comply with all applicable City Master Plans as adopted by City Council. The Lessee agrees it has conducted comprehensive due diligence and in signing this lease assumes all risks and full responsibility for resolving any conflict with or between applicable laws and regulations at the municipal, state, and federal level affecting the use of the premises and Lessee's investment, expectations, business activities, purposes and intention. Specifically related to Lessee's business activities, purposes and intentions for the use of the premises, Lessee agrees it will use the premises only for the following purposes and in the following manner:

1. The production/growing of cannabis (marijuana) pursuant to and as provided for under the regulations and requirements of Oregon State Law and under those conditions and in the manner regulated and enforced by the Oregon State Liquor Control Commission. No retail sale of any product may occur on the leased premises or any Airport property, except as an ancillary use as provided in the Airport Industrial Park Development Plan.
2. The processing of cannabis (marijuana) pursuant to and as provided for under the regulations and requirements of Oregon State Law and under those conditions and in the manner regulated and enforced by the Oregon State Liquor Control Commission. No retail sale of any product may occur on the leased premises or any Airport property except as an ancillary use as provided in the Airport Industrial Park Development Plan.
3. Notwithstanding the above, due to the nature of the uses and the purposes of this lease as identified in subsection B.1 and B.2. above, and the unique and distinguishable odors and smells resulting from the growing and/or processing or disposal of marijuana and marijuana byproducts the Lessee shall insure that no odors shall impact or affect the public, other tenants, or others utilizing the Airport Industrial Park and surrounding properties as employees, licensees, invitees, or guests. This shall include but not limited to filtration systems and ongoing testing to ensure that no smells or odors impact or affect others identified herein. Lessee acknowledges that the odor of producing or processing

cannabis/marijuana may not be offensive or noticeable to individuals but accepts these requirements based on the potential for the smell/odors to permeate other tenants and individuals and their leased space or products and the potential legal or business consequences to them due to such. The Lessor shall further have the discretion and authority to require additional testing and filtration modifications, even if more restrictive than Oregon State Liquor Control Commission requirements or other state or federal rules or regulations in this area.

C. Regulatory Control. If Lessee or Sub-lessee has not received all of the required and appropriate marijuana production and/or processing licenses from the Oregon State Liquor Control Commission or any other regulatory agency requiring such in the State of Oregon within thirty (30) days of the signing of the lease, either Lessee or Lessor may terminate this lease effective on the delivery of written notice of termination to Lessor in which event the expiration date of this lease shall be the date of the delivery of such notice and all provisions regarding termination shall apply as of such date.

D. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal purposes (as defined by City of Corvallis Municipal Code Chapter 5 and the laws and regulations of the State of Oregon), or commit or permit anything which may constitute a menace or hazard to the safety of persons using the property, or which would tend to create a nuisance, or that interferes with the safe operation of aircraft using the Corvallis Municipal Airport. Odors as identified in subsection B.3., above, are nuisances for purposes of this lease.

E. Hazardous Materials. Lessee shall not store or handle on the premises or discharge onto the property any hazardous wastes or toxic substances, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, and as further defined by state law and the City's Sewer Regulations, Municipal Code Chapter 4.03 as amended, except upon prior written notification to the City and in strict compliance with rules and regulations of the United States and the State of Oregon and in conformance with the provisions of this lease. Any violation of this section may, at the City's option, cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

Prior to beginning operations, Lessee shall allow the City to inspect the premises and approve its processes for storing and handling Hazardous Materials. Lessee shall at all times operate in accordance with City approved procedures, and shall maintain strict compliance with all federal, state, and local laws, ordinances, rules, and regulations regarding Hazardous Materials. Any violation of this section shall be grounds for termination of this lease as provided in Section 18, unless within ten (10) days of notification Lessee cures the violation or, if the violation is of such a nature that it cannot be remedied within ten (10) days, Lessee provides to City within (10) days satisfactory assurances, including financial assurances, that Lessee can and will correct the violation, and thereafter Lessee proceeds with reasonable diligence to do so. If the violation is caused by a discharge of a hazardous or toxic material or substance, the City shall have the right, at its option, to immediately take any action reasonably necessary to halt or remedy the discharge, at Lessee's sole expense.

F. Roads. Lessee shall be entitled to reasonable use for its purposes of the roads now existing and serving the leased property. The City may locate and relocate roads as desirable to improve the Corvallis Municipal Airport and Industrial Park so long as reasonable and adjacent access is provided to Lessee on a continual basis.

G. Infrastructure Improvements. Lessee hereby irrevocably agrees to financially participate in the future improvements for public water, wastewater, storm drainage and transportation consistent with the South Corvallis Area Refinement Plan, Airport Master Plan, and Airport Industrial Park Development Plan. It is understood by Lessee that:

1. The cost of the improvements shall be born by the benefited property in accordance with state law, the Charter of the City of Corvallis and its ordinances and policies.
2. The City in its sole discretion may initiate the construction of all or part of the local improvements required, or may join all or part of Lessee's property with other property when creating a local improvement district.
3. Lessee and Lessee's heirs, assigns and successors in interest in the property shall be bound by this document which will run with the property and will be recorded by the City in the deed records of Benton County.
4. Lessee declares that the public improvements herein sought will directly benefit the described property.
5. Lessee shall not challenge the formation of a local improvement district and assessment of Lessee's leased property by City and in any proceedings therein will acknowledge this declaration if requested to do so by City.
6. In construing this section of the agreement singular words include the plural.

5. WATER, SEWER, AND DRAINAGE SYSTEMS

A. Water, Drainage, and Domestic Waste. The City agrees to provide the use and benefits of the public water, sewer, and drainage systems as they now exist or may be later modified. Conditions for the use of these systems shall be the same as the conditions and regulations applying within the corporate limits of the City of Corvallis, including any assessments or charges for any expansion or intensification of Lessee's use of the property.

B. Utility Bills. Water, sewer, and drainage charges shall be paid by the Lessee in addition to the basic monthly rental and at the same rates applicable within the corporate limits of the City of Corvallis. The Lessee shall promptly pay all water, sewer, and drainage charges, and all other utility charges, for the premises as they come due.

C. Prohibited Discharges. Discharge of industrial waste, as that term is defined in the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), into the sanitary sewer system, drainage system, surface ponds or ditches, or elsewhere is specifically prohibited, except as permitted by a valid Industrial Wastewater Discharge Permit in strict accordance with the Sewer Use Ordinance and applicable state and federal laws. Violation of any provision contained in City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), may cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

D. General Information Survey. As a condition of entering into this lease, the Lessee shall submit to the City a completed, signed General Information Survey, in accordance with the industrial waste provisions of the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter). The survey shall be submitted to the City at the time that this lease is signed.

E. Discharge Response Procedures. In the event of any discharge or spill of noxious or hazardous material into the environment, sewer system, or drainage system, Lessee shall immediately notify the Oregon Department of Environmental Quality and the City. The City and any appropriate state or federal agency shall have the right to inspect the premises immediately to determine if the discharge or spill constitutes a violation of any local, state, or federal laws, rules, or regulations. If a violation exists, the City shall notify the Lessee of the specific violations and Lessee shall immediately cease all activities and use of the property until the violations are remedied, all at the Lessee's sole cost and expense and without expense whatsoever to the City.

F. South Corvallis Drainage Master Plan. Lessee hereby agrees to comply with the requirements of the "South Corvallis Drainage Master Plan", approved by the City Council during February 1997. Future improvements within the Industrial Park in compliance with the approved drainage plan may include parcel assessments or charges. Conditions and regulations for any assessment or charges shall be similar to those conditions or regulations applying within the corporate limits of the City of Corvallis.

6. DEVELOPMENT STANDARDS

This agreement is made subject to the terms and conditions as referenced in the Airport Industrial Park Development Plan. In addition, compliance with all Corvallis development regulations is required relative to the City's Land Development Code (LDC). Where not otherwise specified by the Airport Industrial Park Development Plan, the County's zoning provisions shall apply. Review and enforcement of development provisions is the responsibility of the City's Development Services Division and Airport Industrial Park Project Review Department Advisory Committee.

7. ALTERATIONS AND IMPROVEMENTS

A. Right to Construct. The Lessee, at its own expense, may construct structural improvements on the leased property, subject to Lessee's compliance with all applicable city, county, and state laws and regulations and issuance of necessary building permits.

B. Ownership of Improvements. Any building improvements constructed by the Lessee on the leased property during the term of this lease shall belong to the Lessee and may be removed by the Lessee at will. Lessee shall have the right to enter the premises during the thirty-day period following termination of this lease to remove any of its property, including buildings or other improvements, on the leased premises. If, after thirty days after termination of the lease, any of said property remains on the premises, the City may retain the property, or, at its option, remove the property at the Lessee's expense.

8. ENTRY ON PROPERTY

A. Right to Inspect. The City shall have the right to enter the property at any reasonable time or times to examine the condition of the premises or Lessee's compliance with the terms of this lease.

B. Access. The City retains the right to enter the leased premises at any reasonable time or times to repair or modify City buildings and/or utilities located upon the property or to conduct repairs or other work on the property, provided such repairs or modifications shall be scheduled with Lessee to minimize any disruption to Lessee's business operations.

9. ASSIGNMENT AND SUBLETTING

The Lessee shall not assign or sublease this lease without the prior written consent of the City; provided, however, that the City shall not unreasonably withhold such consent. Lessee shall have the right to sublet space within any building on the leased premises to others, subject to the following conditions:

1) No sublease shall relieve Lessee from primary liability for any of its obligations under this lease, and Lessee shall continue to remain primarily liable for payment of rent and for performance and observance of its other obligations and agreements under this lease.

2) Every sublease shall require the sublessee to comply with and observe all obligations of the Lessee under this lease, with the exception of the obligation to pay rent to the City. All specific terms regarding the use of the premises must be included in any approved sublease or assignment.

The sale of any building(s) constructed on the leased premises during the term of this agreement will require a new land lease agreement between the City and the purchaser upon the same terms, rent schedule and conditions in this agreement. This policy is intended to maintain and continue the City's interest in supporting the operations of the Airport and Airport Industrial Park, and assigning responsibility for risks, including environmental protection and cleanup within the Airport Industrial Park.

10. LIENS

The Lessee shall promptly pay for any material and labor used to improve the leased property and shall keep the leased property free of any liens or encumbrances.

11. TAXES

The Lessee shall promptly pay all personal and real property taxes levied upon the leased premises during the tax year that they become due. Lessee shall not permit a lien to be placed on the leased property.

12. INSURANCE

A. Coverage Requirements. The Lessee shall purchase and maintain commercial liability insurance coverage. The limit of liability shall be no less than \$500,000 for any claims arising

from a single accident or occurrence. In addition, if the insurance policy contains an annual aggregate limit, the aggregate shall not be less than \$1,000,000. The policy shall name the City of Corvallis, its officers, agents, and employees as an additional insured.

B. Certificate of Insurance. At the time that this lease is signed, the Lessee shall provide to the City a certificate of insurance complying with the requirements of this section and indicating that insurer will provide the City with 30 days notice prior to cancellation. A current certificate shall be maintained at all times during the term of this lease.

13. HOLD HARMLESS

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, invitees and employees harmless from any claims, demands, losses, actions, or expenses, including attorney fees, to which the City may be subject by reason of any property damage or personal injury arising or alleged to arise from the acts or omissions of the Lessee, its agents, or its employees, or in connection with the use, occupancy, or condition of the property. Likewise, the City shall at all times indemnify, protect, defend and hold Lessee, its officers, agents, assignees, invitees and employees harmless from any claims, demands, actions or expenses, including attorney fees, to which Lessee may be subject by reason of any property damage or personal injury arising or alleged to arise from the actions or omissions of, or entry onto the leased premises by, the City, its officers, agents, invitees or employees, or in connection with the repair, maintenance modification or other work the City may undertake that in any way relates to or affects the leased premises, including without limitation, the work, repair and modification provided for under Section 8B of this lease.

B. Environmental Protection. The Lessee shall be liable for and shall hold the City harmless from, all costs, fines, assessments, and other liabilities arising from Lessee's use of the premises during this and all prior leases for this site resulting in the need for environmental cleanup under state or federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post-cleanup monitoring arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, as presently constituted or hereafter amended.

City shall defend and hold the Lessee harmless from all costs, expenses, fines, assessments, attorney or other fees and other liabilities arising from the use of the premises by any persons or entities prior to the execution of this lease, except for any contamination caused by the Lessee during the initial term of this lease or any prior leases as a result of the Lessee's activities resulting in the need for environmental clean-up under City, State, Federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post clean-up monitoring including but not limited to liability arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9674, as presently constituted or hereafter amended.

14. NONDISCRIMINATION

The Lessee agrees that no person shall be excluded from the use of the premises based on age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income. Such discrimination poses a threat to the health, safety

and general welfare of the citizens of Corvallis and menaces the institutions and foundation of our community.

15. CONDITIONS ON PROPERTY BY THE UNITED STATES OF AMERICA

This agreement is made subject to the terms and conditions and restrictions of transfer recorded in Book 121, Page 40 and Book 125, Page 239, deed records of Benton County, Oregon, as modified by the Instrument of Release recorded in Book 182, Page 238 of said deed records.

16. WAIVER OF BREACH

A waiver by the City of a breach of any term, covenant, or condition of this lease by the Lessee shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition of the lease.

17. DEFAULT

A. Declaration of Default. Except as otherwise provided in this lease, the City shall have the right to declare this lease terminated and to enter the property and take possession upon either of the following events:

1. Rent and Other Payments. If the monthly rent or any other payment obligation provided hereunder to the City, including but not limited to property taxes and utility bills, remains unpaid for a period of sixty (60) days after it is due, un-protested and payable, if not corrected after ten (10) days written notice by the City to Lessee; or

2. Other Obligations. If any other default is made in this lease and is not corrected after thirty (30) days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the thirty (30) day period, the Lessee shall not be deemed in default if the Lessee proceeds with reasonable diligence and good faith to effect correction of the default.

B. Court Action. It is understood that either party shall have the right to institute any proceeding at law or in equity against the other party for violating or threatening to violate any provision of this lease. Proceedings may be initiated against the violating party for a restraining injunction or for damages or for both. In no case shall a waiver by either party of the right to seek relief under this provision constitute a waiver of any other or further violation.

C. Violation of Federal Law. If Lessor is informed by the United States Government or its agencies, including, but not limited to, the Department of Justice, Drug Enforcement Agency (DEA) the Federal Aviation Administration (FAA), the Department of Defense, or the United States Army that the production and/or processing of marijuana through this lease violates federal law, policies, or rules or regulations and/or places federal grants, loans, or programs at risk, Lessor may terminate this lease. Termination shall be effective upon the delivery of written notice to Lessee in which event the expiration date of this lease shall be the date of delivery to such notice and all provisions regarding termination shall apply as of this date. Both parties acknowledge and appreciate that this termination provides extremely limited notice but is required to insure the compliance of the City of Corvallis with federal authority.

18. TERMINATION

A. Immediate Termination. Where a specific violation of this lease gives the City the option to terminate this lease immediately, this lease shall be terminated upon written notification to the Lessee.

B. Termination Upon 30 Days Default. In the event of any other default under Section 17 of this lease, the lease may be terminated at the option of the City upon written notification to the Lessee as provided herein.

C. Surrender Upon Termination. Upon termination or the expiration of the term of the lease, the Lessee will quit and surrender the property to the City in as good order and condition as it was at the time the Lessee first entered and took possession of the property under this or a prior lease, usual wear and damage by the elements excepted.

D. Restoration of Property. Upon termination or expiration of this lease or Lessee's vacating the premises for any reason, the Lessee shall, at its own expense, remove and properly dispose of all tanks, structures, and other facilities containing waste products, toxic, hazardous, or otherwise, as well as cannabis and materials related to the growing of cannabis, which exist on the leased property or beneath its surface and did not pre-exist the commencement of this lease. Lessee shall comply with all applicable state and federal requirements regarding the safe removal and proper disposal of said facilities containing waste products and cannabis-related items. If the Lessee fails to comply or does not fully comply with this requirement, the Lessee agrees that the City may cause the waste products and facilities to be removed and properly disposed of, and further Lessee agrees to pay the cost thereof with interest at the legal rate from the date of expenditure.

E. Holding Over. No holding over upon expiration of this lease shall be construed as a renewal thereof. Any holding over by the Lessee after the expiration of the term of this lease or any extension thereof shall be as a tenant from month to month only and not otherwise, and the exercise of rights provided under Section 7B shall not be deemed a holding over.

19. RECORDING FEES

The lease will be recorded with the Benton County Assessor's Office and the Lessee shall be responsible for paying all associated fees.

20. ATTORNEY FEES

If any suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to damages and costs, such sum as the trial court or appellate court, as the case may be, may adjudge reasonable as attorney fees.

21. NOTICE

When any notice or anything in writing is required or permitted to be given under this lease, the notice shall be deemed given when actually delivered or 48 hours after deposited in United States mail, with proper postage affixed, directed to the following address:

City

City of Corvallis
Public Works Department
Attention: Airport Manager
P.O. Box 1083
1245 NE 3rd St.
Corvallis, Oregon 97339-1083
541-766-6916

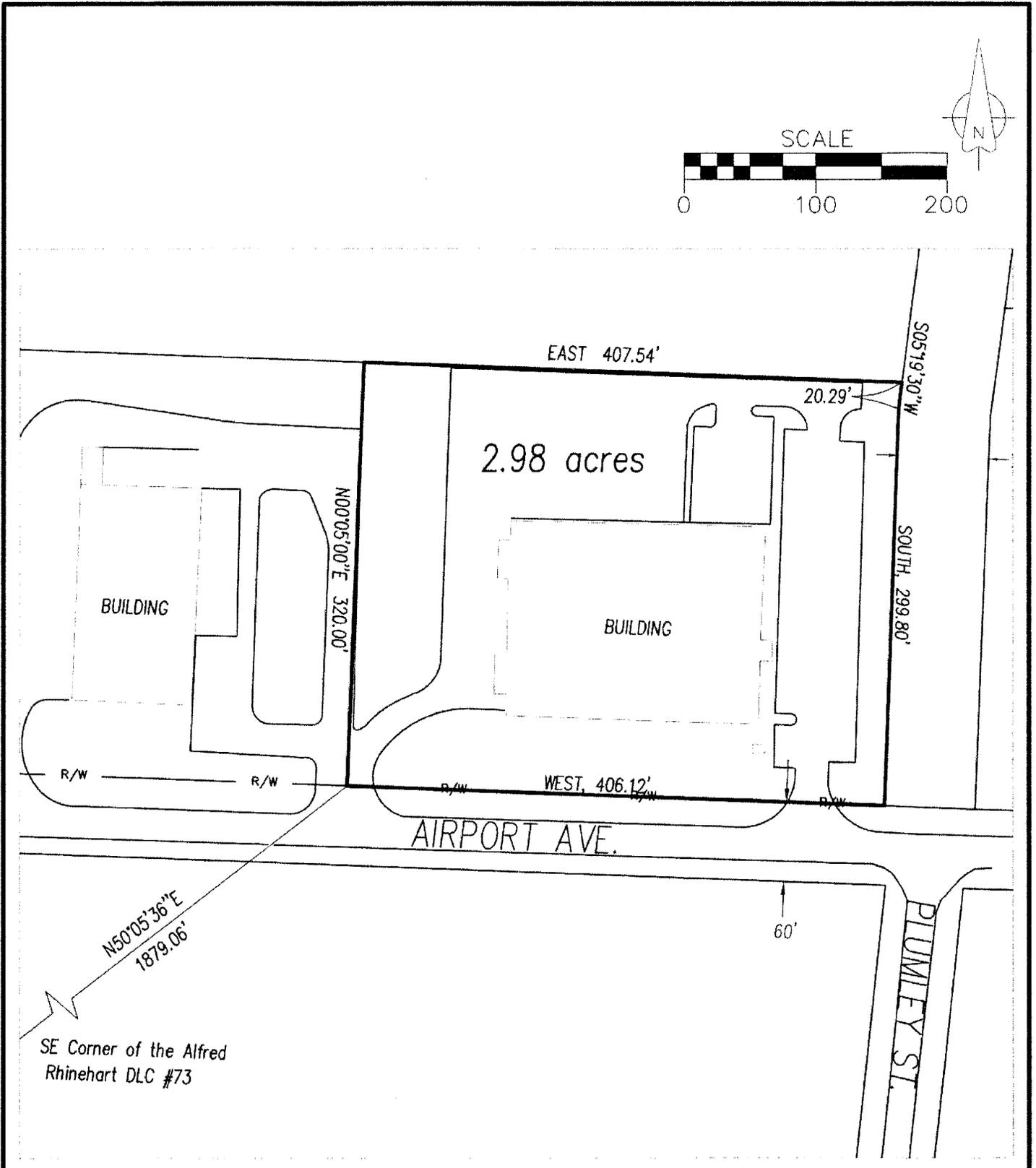
Lessee

1749 Airport Road, LLC
Attention: Sandra Sears
13660 Via Varra #412
Broomfield, Colorado 80020

EXHIBIT "A"

1749 Airport Road LLC

Beginning at a point on the North right-of-way of Southwest Airport Avenue, a 60-foot right-of-way, said point being North 50°05'36" East a distance of 1,879.06 feet from the Southeast corner of the Alfred Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence North 00°05'00" East a distance of 320.00 feet; thence North 90°00'00" East a distance of 407.54 feet; thence South 05°19'30" West a distance of 20.29 feet; thence South 00°00'00" West a distance of 299.80 feet to a point on the North right-of-way of Southwest Airport Avenue; thence North 90°00'00" West along said North right-of-way line a distance of 406.12 feet to the point of beginning, all in Benton County, Oregon.



DESIGNED
 DRAWN CR3
 CHECKED
 DATE SEPT. 2016
 SCALE: as shown

CORVALLIS INDUSTRIAL PARK
 1749 Airport Road LLC.
 EXHIBIT "B" MAP

CORVALLIS
 ENGINEERING, GEOLOGY & SURVEYING
 Survey Office

AGREEMENT

Introduction

This Agreement, made and entered into this 30th day of March, 2015, by and between the City of Corvallis, Oregon, a municipal corporation (hereinafter called "City"), and Mark W. Shepard (hereinafter called "Employee"), an individual who has the education, training, and experience in local government management required for a City Manager, and who, as a member of ICMA, is subject to the ICMA Code of Ethics. Both Parties agree as follows:

Section 1: Term

Term. The appointment of employee to the position of City Manager is effective as of May 1, 2015. This agreement shall be for an indefinite term.

- A. Nothing in the Agreement shall grant the Employee any property rights in his position nor shall it prevent, limit, or otherwise interfere with the right of the City to terminate the serves of the Employee at any time, with or without cause, subject to the provisions of this agreement pertaining to Termination and Severance Pay.
- B. The Employee may resign any time, subject to the requirement that he provide not less than sixty (60) days' written notice to the City.
- C. The Employee agrees, except as specifically authorized by the City Council, to remain in the exclusive employ of the City and not to become employed by any other employer until the effective date of any termination or resignation. The term "employed" shall not be construed to include occasional teaching, writing, or consulting work, which does not interfere with the Employee's ability to effectively discharge his assigned duties. Further, the Employee shall not engage in any outside employment, consulting, or retainer agreement without the prior written consent of the City Council. Such consent shall be at the sole discretion of the City Council. The Employee agrees that any outside business activities shall be performed without the use of any City resources and shall not interfere with the Employee's duties and employment with the City. The Employee further agrees that any outside activity shall be consistent with the requirements of Oregon's government ethics laws, the City Charter, the Corvallis Municipal Code and the City's human resources policies.

Section 2: Duties and Authority

- A. City agrees to employ Employee as City Manager to perform the functions and duties specified in Section 23 of the Corvallis City Charter and by the Municipal Code of the City of Corvallis and to perform other legally permissible and proper duties and functions.

- B. Employee agrees to diligently and loyally perform the functions and duties of a City Manager as specified in Section 23 of the Corvallis City Charter and by the Municipal Code of the City of Corvallis and to perform all other legally permissible and proper duties and functions.
- C. The terms of this Agreement are subject to negotiations as part of the annual performance review process.

Section 3: Compensation

- A. Base Salary: City agrees to pay Employee an annual base salary of \$150,000, payable in installments at the same time that the other management employees of the City are paid.
 - 1. Upon completion of the Local Government Management Certificate Program or an advanced degree in Public or Local Government Management, City agrees to increase Employee's annual base salary by \$5000, payable in the same installments.
- B. Consideration shall be given on an annual basis, as part of the annual performance review process, to increases in compensation.
- C. Effective every July 1st, Employee shall receive an annual cost of living adjustment equivalent, by percentage, to that offered to all other City exempt employees.

Section 4: Health, Disability, and Life Insurance Benefits

- A. City agrees to provide to Employee the same medical insurance plan(s) under the same terms and conditions as is provided for exempt employees.
- B. City agrees to pay the amount of premium due for term life insurance in the amount of three (3) times the Employee's annual base salary, including all increases in the base salary during the life of this Agreement up to a limit of \$450,000. The Employee shall name the beneficiary of the life insurance policy.
- C. City agrees to put into force and to make required premium payments for long-term disability coverage for the Employee, consistent with that provided to all other exempt employees.

Section 5: Vacation and Sick Leave

Employee shall accrue Vacation Leave at the rate of 16.67 hours per month. Employee shall accrue Sick Leave at the rate of 8 hours per month. Employee shall be credited with 24 hours of accrued vacation and 80 hours of accrued sick leave as an incentive to enter into employment with the City. Employee has a scheduled trip out of the country in June 2015, and will be allowed fifteen days unpaid leave to accommodate that schedule, otherwise, scheduling and use of vacation or leave shall be consistent with City policy.

- A. Vacation accrual shall be capped at 240 hours (30 days). Sick leave accrual shall be capped at the limit established for other exempt employees.
- B. Employee shall be entitled to annual cash out of accrued vacation time in an amount equivalent to that established for other exempt employees and as described in the City of Corvallis Employee Handbook.
- C. Other leaves and paid time off shall be consistent with that provided to other exempt employees.
- D. In the event the Employee's employment is terminated involuntarily or voluntarily with the required advance written notice to the City Council, the Employee shall be compensated for all accrued vacation time up to 240 hours.

Section 6: Automobile

During the term of this agreement and in addition to other salary and benefits herein provided, City agrees to reimburse Employee for the use of his personal automobile, for City purposes, at the current I.R.S. Standard Mileage Rate.

Section 7: Retirement

City agrees to enroll the Employee into the Oregon Public Employee Retirement System (PERS) and to make all the appropriate contributions on the Employee's behalf, both the City and Employee share.

- A. In addition to the City's payment to PERS, City agrees to contribute an amount equal to 6% of the base salary (\$9000) in deferred compensation payable in monthly installments to the to the City's Section 457 deferred compensation plan; upon 18 months of satisfactory employment, this amount shall increase to 8% of Employee's base salary. Employee may make voluntary contributions to the plan in addition to this benefit, if permitted and allowed by the plan and IRS rules, in addition to this benefit.

Section 8: General Business Expenses

- A. City agrees to pay for professional dues and subscriptions of Employee necessary for continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for the Employee's continued professional participation, growth, and advancement and for the good of the City. City agrees to pay for continuing education and licensing costs for Employee to maintain his Oregon Professional Engineer status.
- B. City agrees to pay for travel and subsistence expenses for Employee for professional and official travel, meetings, and/or short courses, institutes, and seminars to adequately continue the professional development of Employee and to pursue necessary official functions for City, including, but not limited to, the ICMA Annual Conference, the state league of municipalities,

and such other national, regional, state, and local governmental groups and committees in which Employee serves as a member and consistent with City travel policies and the approved budget.

- C. City recognizes that certain expenses of a non-personal but job-related nature are incurred by Employee and agrees to reimburse or to pay said general expenses in accordance with City policies and the approved budget.
- D. City shall provide a cell phone stipend to Employee, consistent with the policy in place for other exempt employees (currently \$45 per month for full data services).

Section 9: Termination

- A. **Termination for Cause.** Employee shall be deemed to be terminated for cause in any of the following events:
 - 1. If he is convicted of a felony or any Class A Misdemeanor involving dishonesty; or
 - 2. He willfully fails to comply with the lawful direction of the City Council; or
 - 3. He willfully fails to carry out any duty posed upon him by the City Charter.
 - 4. An action or failure to act shall be deemed willful only if, following written notice and a reasonable opportunity to comply, the Employee continues the prohibited conduct or fails to engage in the required conduct.
 - 5. In the event that the Employee is terminated for cause, he shall not be entitled to the severance benefits as set forth herein.
- B. **Events which constitute termination.**

For purposes of this Agreement, termination shall occur when any of the following takes place:

- 1. The majority of the governing body votes to terminate the Employee at a duly authorized public meeting.
- 2. City, citizens, or legislature acts to amend any provisions of the City Charter or Municipal Code pertaining to the role, powers, duties, authority, or responsibilities of the Employee's position that substantially changes the form of government.
- 3. City reduces the base salary, compensation, or any other financial benefit of the Employee, unless it is applied in no greater percentage than the average reduction of all department heads. This provision exists for the benefit of Employee and may be waived by Employee.
- 4. Employee resigns following an offer to accept resignation, whether formal or informal, by the City as representative of the desire of a majority of the governing body that the Employee resigns (as of the date of the suggestion or offer).

Section 10: Severance

If the Employee is terminated for cause, or if the Employee resigns upon an offer to accept resignation, but would otherwise be terminated for cause, the City is not obligated to pay severance under this section. If the Employee is terminated, not "for cause" the City shall provide a severance payment equal to six months' salary at the current rate of pay until Employee has received a satisfactory evaluation reviewing Employee's first six months of employment as City Manager. Upon receiving a satisfactory evaluation at the completion of Employee's first six months of employment, if Employee is terminated the City shall provide a severance payment equal to nine months' salary at the current rate of pay. Severance shall be paid in a lump sum unless otherwise agreed to by the City and the Employee. Employee shall also be compensated for accrued vacation time up to 240 hours. For a period of six months following termination or until Employee begins full-time employment elsewhere, whichever is sooner, or as otherwise required by law, City shall pay the cost to continue the following benefits:

- A. Employee's current health insurance for the employee and all dependents as provided in Section 4.A., as long as Employee continues to pay any current co-pays for such premiums.

Section 11: Resignation

In the event that the Employee voluntarily resigns his position with the City, the Employee shall provide a minimum of 60 days' notice, unless the parties agree otherwise.

- A. If Employee fails to provide the minimum notice set out above, Employee shall surrender any accrued vacation or sick leave as liquidated damages to the City.

Section 12: Performance Evaluation

City shall at the first six months of employment, and annually in October thereafter, review the performance of the Employee, subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by the City and Employee. The process at a minimum shall include the opportunity for both parties to: 1) prepare a written evaluation, 2) meet and discuss the evaluation, and 3) present a written summary of the evaluation results. The final written evaluation should be completed and delivered to the Employee within 30 days of the evaluation meeting.

Section 13: Hours of Work

The Parties recognize that in addition to normal full time office hours, the Employee must devote a great deal of time outside the normal office hours to business for the City. Employee shall be allowed to establish a reasonable work schedule, but is expected to diligently and loyally perform and complete the duties of a City Manager anticipated under this agreement, the Charter and Municipal Code.

Section 14: Indemnification

As required under Federal, State, or local law, City shall defend, save harmless, and indemnify Employee against any tort, professional liability claim, or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as City Manager or resulting from the exercise of judgment or discretion in connection with the performance of program duties or responsibilities, unless the act or omission involved willful or wanton conduct. Employee recognizes that City shall have the right to compromise and, unless the Employee is a party to the suit which Employee shall have a veto authority over the settlement, settle any claim or suit, unless said compromise or settlement is of a personal nature to Employee. Further, City agrees to pay all reasonable litigation expenses of Employee throughout the pendency of any litigation to which the Employee is a party, witness, or advisor to the City. Such expense payments shall continue beyond Employee's service to the City as long as litigation is pending. Further, City agrees to pay Employee reasonable consulting fees and travel expenses when Employee serves as a witness, advisor, or consultant to City regarding pending litigation beyond Employee's service to the City as long as litigation is pending.

Section 15: Bonding

City shall bear the full cost of any fidelity or other bonds required of the Employee.

Section 16: Other Terms and Conditions of Employment

- A. Employee agrees to remain in the exclusive employ of the City and not to become employed or engaged by others until a termination date is effected as hereinafter provided.
- B. The City, only upon agreement with Employee, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of the Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the City Charter, or any other law.

Section 17: Notices

Notice pursuant to this Agreement shall be given by depositing in the custody of the United States Postal Service, postage pre-paid, addressed as follows:

1. CITY: City Recorder and Mayor, City of Corvallis, PO Box 1083, Corvallis, OR 97339-1083
2. EMPLOYEE: Mark W. Shepard, 1514 SW Birdie Drive Corvallis, OR 97333. Employee shall notify the City of any change of mailing address.

Alternatively, notice required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 18: General Provisions

- A. Integration. This Agreement sets forth and establishes the entire understanding between the City and the Employee relating to the employment of the Employee by the City. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties, by mutual written agreement, may amend any provision of this Agreement during the life of the Agreement. Such amendments shall be incorporated and made a part of this Agreement.
- B. Binding Effect. This Agreement shall be binding on the City and the Employee, as well as their heirs, assigns executors, personal representatives, and successors in interest.
- C. Effective Date. This Agreement and the appointment of Employee as City Manager shall become effective on May 1, 2015.
- D. Severability. The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect, as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.

Signed:



 Employee



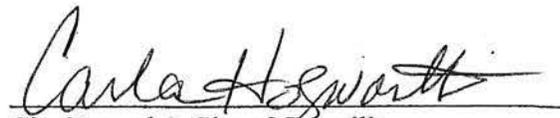
 Mayor
 City of Corvallis

Approved as to form:

Attest:



 City Attorney



 City Recorder, City of Corvallis

TO: City Council for November 7, 2016, Council Meeting
FROM: Mark W. Shepard, P.E., City Manager *MWS*
DATE: October 25, 2016
SUBJECT: Council Work Sessions



Action Requested:

Staff recommends Council:

1. Adopt the attached Ordinance that will remove the language in the Municipal Code regarding the use of Council Standing Committees.
2. Adopt the amended Council Policy 2.02, removing the language regarding Council Standing Committees.

Discussion:

In February of this year, Council moved to Council Work Sessions in place of Council Standing Committees on a trial basis. The change was initiated in an effort to make the Council work more transparent to the entire Council and community, to allow Councilors to participate on issues in their initial stages, and to improve efficiencies. At the October 14, 2016, Council Work Session, the Council directed staff to bring forward proposed Ordinance and Council Policy changes that would move the Council toward the use of Council Work Sessions on a permanent operating basis.

Adoption of the attached Ordinance and Council Policy language changes will establish the use of Council Work Sessions in place of Standing Committees. Staff will continue to publish the Council's working three-month calendar in each Council packet. Staff will also work to make the calendar easily accessible directly from the City's web page. This will help allow community members to see what major work items the Council anticipates working on in the coming months.

Budget Impact:

The use of the work session model reduces administrative staff resources required to support the work of Council.

MWS:prj

Attachments:

Ordinance
Council Policy

ORDINANCE 2016-__

AN ORDINANCE RELATING TO ELIMINATION OF STANDING COMMITTEES OF THE CITY COUNCIL

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Municipal Code Section 1.16.339 is hereby amended as fully set out in Exhibit A to this Ordinance, which is attached and incorporated as part of this ordinance.

Section 2. Municipal Code Section 1.19.020.040 is hereby repealed as fully set out in Exhibit A to this Ordinance, which is attached and incorporated as part of this ordinance.

Section 3. Municipal Code Section 5.07.150 is hereby repealed as fully set out in Exhibit A to this Ordinance, which is attached and incorporated as part of this ordinance.

Section 4. No other provision in the municipal code is amended by this ordinance.

PASSED by the City Council this __ day of November, 2016

APPROVED by the Mayor this ___ day of November, 2016

EFFECTIVE this ___ day of November, 2016

Mayor

ATTEST:

City Recorder

Strikeout Version of Exhibit A

ORDINANCE 2016-__**EXHIBIT A****Section 1.16.339 Community Relations Advisory Board (also known as the Community Relations Advisory Group)**

4) The Community Relations Advisory Board is established by the City of Corvallis and Oregon State University for the purpose of growing and sustaining community engagement and neighborhood livability efforts. The advisory group will:

- a) consider community livability issues and opportunities in the nearby campus neighborhoods and, by working with city, university, community residents, neighborhood organizations, OSU students, community businesses and non-profit organizations, will recommend strategies to improve and sustain livability;
- b) establish measures of livability and monitor the progress of work undertaken to implement neighborhood livability policies; and
- c) routinely inform the **Council** ~~Human Services Committee~~ of progress related to achieving these recommendations, as well as the broad activities of the city and the university related to improved community relations.

(Ord 2016-__ § 1, 11/7/16; Ord. 2016-02, § 1, 02/01/2016; Ord. 2014-21 § 1, 12/15/2014)

~~Section 1.19.020.040 — Standing Committees~~

~~At the first regular Council meeting of each calendar year, or as soon as possible thereafter, the Mayor shall organize Council into three standing committees. The jurisdiction of each committee shall be established by Council policy. In addition to the three standing committees, Council may establish any other committees of Council as may be necessary or appropriate.~~

(Ord 2016-__ § 2, 11/7/16; Ord. 83-82 § 14, 1983)

~~Section 5.07.150 — Review by City Council~~

~~The City Council Human Services Committee shall conduct a review of the effectiveness of this Chapter 12 months after its initial effective date, inviting public comment and testimony. The Human Services Committee shall report on the effectiveness of this Chapter and bring Any recommended amendments to this Chapter shall be reviewed by the City Council as a whole.~~

(Ord 2016-__ § 3, 11/7/16; Ord. 2008-22 § 1, 12/15/2008)

	<p>City of Corvallis City Council Policy – Council Procedures Policy # 2.02 Council Process</p>	
---	--	---

Policy: It is the policy of the City Council to ensure full, complete, and orderly participation at all public meetings and to ensure participation is fair and succinct for all concerned.

Purpose: To establish a policy regarding Council's public hearings and rules of order, **Advisory Board and Commission Annual Reports, and Task Force Close Out Reports.** ~~and standing committees.~~

Scope: This policy applies to the Mayor and City Councilors

Guidelines: **Public Hearings**

As each public hearing item is announced, a specific time limit may be established by the Mayor. The Mayor shall determine the number of speakers and allocate the time accordingly. The time limit may vary according to the complexity and/or controversial nature of the hearing matter, but equal time will be provided to both proponents and opponents. The time limit will not include answers to questions or staff reports. Rebuttal time will be allocated if requested.

If, as the public hearing develops, more time is necessary, by majority vote of the Council, the time limit for both sides may be extended.

Should either the original or extended time limit expire and parties have not had an opportunity to speak, the hearing may be continued until the next regular Council meeting, and the process may be repeated for the continued hearing at that meeting.

Copies of this Council Policy shall be made available to the general public.

Standing Committees

~~Formation~~

~~There shall be three standing committees with three City Councilors serving on each Committee:~~

- ~~Administrative Services Committee;~~
- ~~Human Services Committee; and~~
- ~~Urban Services Committee.~~

~~Areas of Responsibility~~

- ~~a. Administrative Services Committee~~

~~General Areas of Policy Review and Oversight~~

~~Cable TV issues
Financial policies
Fiscal impact review
Capital Improvement Program fiscal strategy
Risk management/litigation issues
Personnel/labor relations issues
Council appointee evaluation
Legal administration
Budget strategies
Franchise renewal/rates
Audit services
Associated advisory board recommendations
Utility rates
Intergovernmental agreements
Economic development~~

~~Associated Boards and Commissions~~

~~City: _____ Budget Commission
Economic Development Advisory Board

External: _____ Economic Vitality Partnership
Oregon Cascades West Council of Governments
Willamette Criminal Justice Council
Appropriate Economic Development funded agencies~~

~~b. Human Services Committee~~

~~General Areas of Policy Review and Oversight~~

~~Internet issues
Social services
Park master plan
Law enforcement issues
Open space
Library service issues
Intergovernmental agreements
Recreation service issues
Library master plan
Arts and cultural issues
Housing issues
Associated advisory board recommendations~~

~~Associated Boards and Commissions~~

~~City: _____ Arts and Culture Advisory Board
Community Involvement and Diversity Advisory Board
Community Police Review Advisory Board
Community Relations Advisory Group
Housing and Community Development Advisory Board
Library Advisory Board
King Legacy Advisory Board~~

~~Parks, Natural Areas, and Recreation Advisory Board~~

~~External: — Art Center Board of Directors
Community Alliance for Diversity
Community Policing Forum
Visit Corvallis
Madison Avenue Task Force
Majestic Theatre
United Way of Benton and Lincoln Counties~~

~~c. Urban Services Committee~~

~~General Areas of Policy Review and Oversight~~

~~Annexations
Board of Appeals
Planning Commission recommendations
Watershed issues
Airport development
Structural Code enforcement
Hazardous materials
Water quality
Street construction/maintenance
Fire master plan
Capital Improvement Program
Facility/systems planning
Infrastructure issues
Intergovernmental agreements
Associated advisory board recommendations~~

~~Associated Boards and Commissions~~

~~City: — Airport Advisory Board
Bicycle and Pedestrian Advisory Board
Downtown Advisory Board
Historic Resources Commission
Planning Commission
Watershed Management Advisory Board~~

~~External: — Benton County Solid Waste Advisory Board
Willamette Neighborhood Housing Services
Downtown Corvallis Association
Traffic Committee, OSU
Transit Committee, Linn-Benton~~

Advisory Board, Commission, and Task Force Annual Reports

- a. Each Advisory Board and Commission shall complete an annual report once each year, providing information included as Attachment A to this Council Policy.
 1. The **Prior Year Report** sections (Activities and Work Completed and Activities and Work in Progress) are to address the significant

recommendations, actions, reports, projects, or major issues the Board or Commission worked on in the past year.

2. The **Next Year Proposed Work Plan** sections are to note a list of tasks, projects and/or goals and address pertinent information such as the expected timeline and the expected results for the proposed work plan.
 3. The prior year **Resources** section is to provide the corresponding Standing Committee with feedback about whether the Advisory Board or Commission felt there has been adequate staff, volunteer, and financial resources to complete the work and why.
 4. The needed for the next year **Resources** section should identify whether the Advisory Board or Commission believes that different resources (time, volunteers, financial) will be needed to complete the work identified in the **Next Year Proposed Work Plan** section. If additional resources are needed, the Advisory Board or Commission should identify what is proposed.
- b. Each *ad hoc* task force shall file a report at the end of its work, following the format included as Attachment A (and summarized above) to this Council Policy, except that the future work plans section will not require any information.

Review/Update: The City Recorder will prepare this Council Policy for review every five years for Council approval.

Rev #	Name	Change Date	Character of Change
0		10-07-1991	Adopted
1		11-04-1996	Amended
2		03-05-2001	Amended
3		10-15-2003	Amended
4		12-18-2006	Amended
5		11-07-2011	Amended
6		07-07-2014	Amended
7	Brewer	11-17-2014	Amended
8	Brewer	12-15-2014	Amended
9	Altmann Hughes	10-19-2015	Amended
10	Holzworth	11-07-2016	Amended

Annual Report of the



[Month Day, Year of CC work session meeting date to review]

Members:

Staff:

Council Liaison:

Purpose/Mission summary (*Paste Municipal Code Section below and remove this note*):

Prior Year Report:

Activities and work completed:

Activities and work in progress:

Next Year Proposed Work Plan:

Regular activities and work (ongoing or annual):

Special activities and work for the year:

Resources:

Prior Year:

Needed for the next year:

Feedback about the Annual Report Process:

TO: City Council for November 7, 2016, Council Meeting
 FROM: Paul Bilotta, Community Development Director *PB*
 DATE: November 1, 2016
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 SUBJECT: Pastega (CPA14-3 / ZDC14-5) – Adoption of Formal Findings and Ordinances



Action Requested:

Staff recommends Council review the draft Ordinances, Formal Findings and Conclusions, and Notice of Disposition related to the Planning Commission's approval of a Zone Change and the City Council's preliminary approval of a Comprehensive Plan Amendment for the Pastega property.

Discussion:

On December 29, 2014, Planning Division staff accepted the subject application for a Comprehensive Plan Amendment to change the map designation of a portion of the Pastega property from General Industrial (GI) to Low Density Residential (LDR). On July 6, 2016, the Planning Commission conducted a public hearing, deliberated, and recommended the City Council approve the Comprehensive Plan Amendment. The Planning Commission also approved a Zone Change for the subject property, contingent on City Council approval of the related Comprehensive Plan Amendment.

On September 6, 2016, the City Council conducted a public hearing. On September 19, 2016, the City Council deliberated and decided to approve the request, subject to adoption of Formal Findings and Conclusions.

The applicant has provided staff with a draft set of Formal Findings and Conclusions for the Comprehensive Plan Map Amendment, which have been edited by Planning staff and the City Attorney's office to the form in Attachment CC-A, Exhibit A for City Council review.

Recommendation:

The following motions are recommended to adopt the enclosed Ordinance, Formal Findings and Conclusions for the Pastega Comprehensive Plan Amendment (CPA14-3), and Ordinance for the Pastega Zone Change (ZDC14-5).

Motion: I move to adopt the attached Ordinance and Formal Findings and Conclusions in support of the City Council's decision to approve the Pastega Comprehensive Plan Amendment (CPA14-3).

Motion: I move to adopt the attached Ordinance in support of the Planning Commission's decision to approve the related zone change request (ZDC14-5).

Budget Impact:

None

Attachments:

- Attachment CC-A. A Special Ordinance Relating to a Comprehensive Plan Map Amendment Concerning the Pastega Property (including Exhibit A: Draft Formal Findings and Conclusions, and Exhibit B: Comprehensive Plan Map Amendment Legal Description)

- Attachment CC-B. A Special Ordinance Relating to a Zone District Change Concerning the Pastega Property (including Exhibit A: Official Zoning Map Amendment Legal Description)

- Attachment CC-C. Draft Notice of Disposition (excluding attachments)

ORDINANCE 2016-___

A SPECIAL ORDINANCE RELATING TO A COMPREHENSIVE PLAN MAP AMENDMENT FOR THE PASTEGA PROPERTY

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Findings. The findings in Exhibit A attached to this Ordinance are incorporated by this reference.

Section 2. The Comprehensive Plan Map is amended and the subject 5.14 acres is designated Low Density Residential, as demonstrated in Exhibit B to this Ordinance, which is attached and incorporated as part of this ordinance.

Section 3. No other provision in the Comprehensive Plan is amended by this ordinance.

PASSED by the City Council this _____ day of November, 2016

APPROVED by the Mayor this _____ day of November, 2016

EFFECTIVE this _____ day of _____ 2016

Mayor

ATTEST:

City Recorder

ORDINANCE 2016-___

**BEFORE THE CITY COUNCIL
OF THE CITY CORVALLIS
FINDINGS – PASTEGA PROPERTIES
COMPREHENSIVE PLAN AMENDMENT**

In the matter of a City Council decision to)
approve a Comprehensive Plan)
Amendment) **CPA14-3**
)
)

PREAMBLE

This matter before the Corvallis City Council is a decision regarding a Comprehensive Plan Amendment that re-designates 5.14 acres of the subject site from General Industrial to Residential – Low Density. Adoption of the Comprehensive Plan Amendment affects the concurrent rezoning of the corresponding 5.14 acres from General Industrial to Low Density Residential (RS-6). However, the findings presented below are made solely in support of the City Council’s decision on the subject Comprehensive Plan Amendment.

The subject site has frontage along NE Walnut Boulevard, NE Belvue Street, and State Highway 99W. It is noted as Tax Lots 1500 and 1600 on Benton County Assessor’s Map 11-5-24CC. A two-story office building and radio antenna tower occupy portions of Tax Lot 1500; however, the majority of it is undeveloped. Tax Lot 1600 is developed with a single-story office building and associated garage/warehouse structure. The site is essentially flat, with no notable topography. None of the natural resources or natural hazards regulated by the City of Corvallis Land Development Code (“LDC”) are found within the boundaries of the site. Existing uses within the immediate vicinity include multifamily, two-story apartments to the north; a manufactured home park and an assisted living center to the east; a distribution warehouse and commercial roofing business to the west; and a private storage unit facility to the south.

The Corvallis Planning Commission conducted a hearing on the above-referenced Comprehensive Plan Amendment on July 6, 2016. At that public hearing, the Planning Commission deliberated and voted to recommend that the City Council approve the Comprehensive Plan Amendment. Contingent on City Council approval, the Planning Commission approved a zone change request. A notice of that decision was signed on July, 2016, (Order # 2016-035). No appeals were received by the City of Corvallis during the subsequent 12-day appeal period, which ended on July 19, 2016. Upon the City Council’s final decision (including any appeals) the zone change decision will become final.

The City Council held a duly advertised *de novo* public hearing on the Comprehensive Plan Amendment application on September 6, 2016, at which the public hearing and written record were closed. On September 19, 2016, the City Council deliberated and, after consideration of all

the testimony and evidence in the record, the City Council voted to approve the subject Comprehensive Plan Amendment.

Applicable Criteria

All applicable legal criteria governing review of this application are identified in the public notices for the July 6, 2016, and September 6, 2016, public hearings; the Staff Report to the Planning Commission, dated July 6, 2016; the minutes of the Planning Commission hearing and deliberations dated July 6, 2016; the staff memo to the City Council dated August 26, 2016; the staff memo to the City Council dated September 13, 2016; the staff memo to the City Council dated September 19, 2016; and the minutes of the City Council hearing and deliberations dated September 6 and September 19, 2016, respectively.

FINDINGS AND CONCLUSIONS RELATED TO THE PASTEGA PROPERTIES COMPREHENSIVE PLAN AMENDMENT (CPA14-3)

1. The City Council accepts and adopts those findings made in the Staff Report to the Planning Commission, dated July 6, 2016, that support approval of the Comprehensive Plan Amendment. The City Council adopts as findings those portions of the Minutes of the Planning Commission meeting, dated July 6, 2016, that demonstrate support for approving the Comprehensive Plan Amendment. The City Council accepts and adopts those findings made in the August 26, 2016, staff memorandum to the City Council, that support approving the Comprehensive Plan Amendment. The City Council adopts as findings those portions of the staff memo to the City Council dated September 13, 2016. The City Council adopts as findings those portions of the staff memo to the City Council dated September 19, 2016. The City Council also adopts as findings those portions of the Minutes of the City Council meetings dated September 6 and September 19, 2016, that demonstrate support for approving the Comprehensive Plan Amendment. The City Council specifically accepts and adopts as findings the rationale given during deliberations at the September 19, 2016, meeting by Council Members expressing their support for approving the Comprehensive Plan Amendment. In particular, the City Council adopts findings made during the September 19, 2016, deliberations by Councilors Bull, Hann, Beilstein, and Brauner in support of approving the subject Comprehensive Plan Amendment. All of the above-referenced documents shall be referred to in these findings as the "Incorporated Findings." The findings below, (the "supplemental findings"), supplement and elaborate the findings contained in the materials noted above, all of which are incorporated herein, by reference. When there is a conflict between the supplemental findings and the Incorporated Findings, the supplemental findings shall prevail.
2. The City Council notes that the record contains all information needed to evaluate the Comprehensive Plan Amendment decision for compliance with the relevant criteria.
3. To approve a Comprehensive Plan Amendment, Land Development Code ("LDC") Section 2.1.30.06 requires the proposal be consistent with the applicable provisions of the Corvallis Comprehensive Plans ("CCP"), LDC, and other policies and standards adopted

by the City Council. The Incorporated Findings list all of the applicable approval criteria, and demonstrate compliance with these approval criteria. These supplemental findings elaborate upon and clarify the Incorporated Findings. These supplemental findings, like the Incorporated Findings, are grouped into eight categories, which facilitate a comprehensive and cohesive review of the applicable criteria. The categories include Public Need, Advantages and Disadvantages, Desirability, Land Use and Compatibility, Natural Resources and Natural Hazards, Circulation, Public Facilities and Services, and Oregon Administrative Rule (“OAR”) 660-009. The issue categories are identified with Roman numeral and findings are assigned chronological numbers.

I. Public Need

Applicable Criteria: CCP 1.2.5, 3.2.1, 8.2.2, 8.2.4, 8.9.1, 9.3.3, 9.4.1, 9.4.7, 9.5.1, 11.8.3, 14.3.1, 14.3.6; LDC Section 2.1.30.03.b.1

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant’s responses to the applicable criteria are found on Exhibits PC A-10 through PC A-17 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable Comprehensive Plan Policies are presented on pages 12 through 14 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on pages 12 through 14 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies.
3. The City Council notes that, at the time the application was submitted, the subject property was designated as General Industrial the Comprehensive Plan Map and General Industrial on the Zoning Map, as shown on Exhibits PC A-59 and PC A-61 of the August 26, 2016, staff memorandum to Council.
4. The City Council notes that the applicant requested re-designation of the subject properties from General Industrial to Residential – Low Density on the Corvallis Comprehensive Plan Map. The Council notes that the Residential – Low Density designation is implemented by four zones, among which is the RS-6 zone. The Council notes that the applicant proposed to apply RS-6 zone to the 5.14 acres of the subject property through a concurrent Zone Change application. The Council notes that the Corvallis Planning Commission voted to approve the subject Zone Change, contingent upon approval by the Council of the subject Comprehensive Plan Amendment.

Attachment CC-A
Exhibit A

5. The City Council notes that the need for developable land within the City Limits between 1998 and 2020 is projected by the 1998 Buildable Lands Inventory (“BLI”).
6. The City Council notes that the available supply of vacant developable land within the City Limits is informally documented in the Corvallis Land Development Information Report (“LDIR”), the most recent edition of which was published in 2014. The Council notes that the LDIR is not a formal Council-adopted document.
7. The Council finds that increasing the supply of unconstrained vacant Residential – Low Density land within the city limits is consistent with Comprehensive Plan Policies 8.2.2, 8.2.4, 9.4.1, 9.5.1, as it will increase the potential for satisfying a greater portion of the demand for housing through development of dwellings that are comparatively less expensive to construct.
8. Accordingly, the City Council finds that approving the subject Comprehensive Plan Amendment will help meet the public need for additional vacant Residential – Low Density land within the city limits.
9. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable Comprehensive Plan Policies and LDC criteria identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

II. Advantages and Disadvantages

Applicable Criteria: CCP 1.2.5, 3.2.1, 8.2.2, 8.2.4, 8.9.1, 9.2.5, 9.3.3, 9.4.1, 9.5.1, 11.8.3, 14.3.1; LDC Section 2.1.30.03.b.2

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant’s responses to the applicable criteria are found on Exhibits PC A-17 through PC A-19 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable Comprehensive Plan Policies and LDC Sections are presented on page 14 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on page 14 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in

Attachment CC-A
Exhibit A

part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies and LDC criteria.

3. The City Council notes that while there may be several properties citywide that could help satisfy the projected demand for vacant developable Residential - Low Density land, the subject site presents locational advantages. The Council notes that its immediate proximity to NW 9th Street, NE Walnut Boulevard, and State Highway 99W, which provide convenient bicycle, pedestrian, and vehicular connectivity to a wide variety of commercial properties and major employers located in north Corvallis. The Council notes that Route 1 of the Corvallis Transit System utilizes the segment of NE Walnut Boulevard fronting the site. The Council finds these factors combine to present an opportunity to provide needed housing in an area close to major employment and commercial centers, thus decreasing the distance to these locations and encouraging travel via alternate modes of transportation such as walking, biking, or transit.
4. The Council notes that developing the site consistent with the RS-6 zone would be reflective of and compatible with the established pattern of residential development near the site, and would encourage residential neighborhoods with a mixture of densities, as envisioned by Comprehensive Plan Policies 9.2.5 and 9.3.3.
5. The Council notes that no additional off-site street improvements will be necessary to serve the site, which will reduce development costs and enhance the potential for delivering housing options that are affordable. The Council also notes that all necessary public utilities are immediately adjacent to the site, which will also help limit development costs when compared to other “greenfield” sites that may not be adjacent to public utilities. The Council therefore finds that re-designating a portion of the site to Residential – Low Density will enable efficient, cost-effective use of this urbanized land, and defer the need to annex or develop similarly designated, but underserved acreage elsewhere within the Corvallis Urban Fringe to meet the demand for housing. The Council finds this approach to meeting demand for housing is supported by policies in the Comprehensive Plan that encourage a compact urban form, which, over time, decreases the total cost of supporting development by optimizing the extension of public streets and utilities (see Comprehensive Plan Policies 3.2.1 and 14.3.1).
6. The City Council notes that a potential disadvantage of re-designating the site for residential development may be a reduction in new employment opportunities associated with industrial development in this area of Corvallis. However, the Council finds there will remain sufficient General Industrial land both citywide and in NE Corvallis to satisfy demand through 2020.
7. Related to the availability of sufficient industrial land, the City Council also notes that while the site has frontage along an existing rail line maintained and operated by Portland & Western Railroad, it is not currently served. The possibility of

Attachment CC-A
Exhibit A

constructing a new rail siding at the site is dependent on multiple factors, including: the type of use developed at the site; the type and size of commodities manufactured at or distributed to and from the site; the level of shipping service desired by the business; coordination with other regional rail carriers; and site design considerations regarding how the siding would extend into the property. Determining the desirability and feasibility of providing the site with rail service will first require exploring all these considerations. Regardless, the property has been designated for industrial use for at least four decades (see 1975, Corvallis Zoning Map), during which time the possibility of rail service has not encouraged its development with any industrial use, let alone a use requiring rail service. From this perspective, the Council finds that re-designating the site to help meet a clear demand for new housing in Corvallis does not meaningfully detract from the goal of retaining rail service within the community, and, therefore, is consistent with Comprehensive Plan Policy 11.8.3.

8. Accordingly, the City Council finds the potential advantages of approving the subject Comprehensive Plan Amendment outweigh the potential disadvantages.
9. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable Comprehensive Plan Policies and criteria from LDC Section 2.1.30.03.b.2, as identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

III. Desirability

Applicable Criteria: CCP 1.2.5, 3.2.1, 8.2.2, 8.2.4, 9.4.1, 9.4.7, 9.4.9, 9.5.1, 14.3.6. LDC Section 2.1.30.03.b.3

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant's responses to the applicable criteria cited above are found on Exhibits PC A-19 through PC A-20 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable Comprehensive Plan Policies are presented on pages 14 through 15 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on pages 14 through 15 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies and LDC criteria.

Attachment CC-A
Exhibit A

3. The Council notes that the applicant presented an analysis documenting a limited supply of vacant Low Density acreage within the city limits that is free from natural features constraints. The Council notes that such properties have the greatest potential for delivering housing that is more affordable due to the resultant decrease in development costs. The Council notes that the approximately 87 acres of vacant, unconstrained Low Density land that exist within the city limits would be expected to deliver roughly 278 dwelling units if developed at an average density of 3.2 units per gross acre. While the total amount of all vacant Low Density acreage currently within the city limits (506 acres) could deliver expected residential development, only 17 percent of the vacant acreage is capable of being developed with dwellings at prices not likely to be inflated by the costs associated with natural features constraints. The potential for this acreage to deliver 604 dwellings is significantly less than the housing demand identified through the August 2014 Corvallis Housing Survey, which captured roughly 3,000 of the almost 18,000 households that commute to work in Corvallis each weekday from other communities in the region. The Council notes that almost 20 percent of those surveyed (roughly 600 households) would rather live in Corvallis than the community where they now reside, and cited housing cost as the primary barrier. The City Council finds that responding to the demand for more affordable housing in Corvallis may require an increase in vacant residential acreage, particularly land that can be developed efficiently and without cost increases related to natural features constraints.
4. The City Council notes that responding to the demand for additional housing can be accomplished in three ways; through annexation of additional acreage already designated for residential development, by re-designating land for residential development already within the city limits, or a combination of those two approaches. The Council notes that, annexation of land often requires the extension of city services, which can substantially increase the cost of development. The Council notes that those costs are ultimately passed to home buyers. The subject site has frontage along a major arterial and has access to public and private utilities necessary to facilitate its development, and will not require the extension of public infrastructure beyond that needed to provide transportation and utility service within the boundaries of the site. The City Council finds that, in comparison to annexing properties for residential development, re-designating land for residential use that is already within the city limits and served by necessary streets and utilities represents a comparative cost savings.
5. The City Council notes that annexation of land also requires the extension of city services, which can substantially increase the cost of development. Those costs are ultimately passed to home buyers. In comparison, re-designating land within the city limits for residential use that is already served by necessary streets and utilities represents a comparative cost savings. The Council notes that, in the case of the subject site, there are the added advantages gained by its location, as discussed in Finding III.4 above, and the fact that the current supply of vacant

Attachment CC-A
Exhibit A

General Industrial land within the city limits is more than adequate to absorb the development potential lost by re-designating the site for residential development. Therefore, the Council finds that it is desirable to satisfy the Comprehensive Plan policies cited above, which encourage efficient utilization of urbanized property and diverse neighborhoods with a mixture of affordable dwellings, by re-designating the subject site as Residential – Low Density.

6. Based on the Supplemental Findings III.3 through III.5, the City Council finds that the subject Comprehensive Plan Amendment is a desirable means of meeting the public need for more vacant Residential – Low Density acreage within the city limits.
7. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable criteria from LDC Section 2.1.30.06.b.3 and Comprehensive Plan Policies identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

IV. Land Use and Compatibility

Applicable Criteria (CCP and LDC): CCP 3.2.1, 3.2.4, 3.2.7, 7.4.4, and 8.9.3. LDC 2.1.30.06.c, 2.2.10, Table 2.2-1

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant's responses to the applicable criteria cited above are found on Exhibits PC A-21 through PC A-24 of the July 6, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable LDC Sections are presented on pages 15 through 27 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the July 6, 2016, staff memorandum to the City Council presented on pages 15 through 27 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable LDC criteria.
3. The City Council notes that the site would be rezoned to Low Density Residential (RS-6) as a result of approving the subject Comprehensive Plan Amendment. In comparison to the other residential zones surrounding the site, additional non-residential uses are permitted in the RS-12 and RS-20 zones, including Religious Assembly and Social Services. The RS-12 and RS-20 zones also allows the establishment of new Lodging – Bed and Breakfast uses. In general terms, the

Attachment CC-A
Exhibit A

Council notes that the intensity of these civic and commercial uses is compatible with the range of residential and civic uses permitted in the RS-6 zone. The Social Services use type typically includes governmental or non-profit organizations that provide counseling, medical services, or other services related to the health and welfare of the community's population. To the extent these uses provide a range of services similar to those that might occur with the Group Residential/Group Care use allowed in the RS-9 zone, compatibility conflicts are not anticipated. Churches and schools are regularly placed near residential neighborhoods, and there are several locations in Corvallis where this is already the case with respect to Low Density zoning. The use dynamics of a church are similar to those of a fraternal organization, in that both result in periodic communal gatherings involving indoor and/or outdoor activities. The Council finds that such uses are not expected to result in compatibility conflicts with the range of uses allowed in the RS-6 zone.

4. The City Council notes that while the RS-9 and RS-6 zones allow the same types of residential uses and dwellings, a broader range is allowed in the RS-12, and RS-20 zones when compared to the RS-6 zone. These include an unlimited number of units that may be attached (i.e., Townhouse – Attached) and all forms of multifamily dwellings, such as triplexes, four-plexes, and apartments. These higher intensity residential uses do have the potential for causing compatibility conflicts because of the potential mass and scale of the associated dwellings when compared to those that would typically occur in the RS-6 zone. However, the Council notes that the area of RS-12 zoning adjacent to the site is separated from it by a Local street (NE Jack London Street), which provides a 50-foot buffer from existing development. The Council also notes that the RS-12 property is currently developed with a single story Group Residential use that would not present any compatibility issues with the uses permitted in the RS-6 zone. For similar reasons, the area of RS-20 zoning immediately north of the site is not likely to cause compatibility issues either. These properties are currently developed with two-story apartment buildings of similar mass and scale to the dwellings that would be expected in the RS-6 zone. Although these RS-20 properties could be redeveloped at some point in the future with taller structures, the associated development standards require building height transition when the RS-20 zone abuts the RS-6 zone. Based on these considerations, the Council finds that the re-designating the subject site as Residential – Low Density and RS-6 is compatible with existing residential development within immediate proximity of the site.
5. The City Council notes that existing development located on the General Industrial properties abutting and adjacent to the site include a bottled beverage distribution warehouse, a commercial roofing business, a private storage facility business, and an operations/office building for a regional solid waste business. Given the spectrum of industrial, commercial, and civic uses allowed in the General Industrial zone, the Council notes that these existing uses are relatively innocuous. With the exception of the distribution warehouse, each of these properties is separated from the site by a distance of 50 to 85 feet as a result of

Attachment CC-A
Exhibit A

public streets that are adjacent to the site. The Council finds this established development pattern will help mitigate potential compatibility conflicts related to building mass, noise, lighting, and odors that may originate from the general industrial properties.

6. The City Council notes that development in the General Industrial zone must be setback from public streets by specified minimum distances; which, in the case of the subject properties, would result in a 25-foot setback along NE Belvue Street and a 50-foot setback along NE Walnut Boulevard. Thus, the Council notes that development on these properties would be at least 75 feet from the subject site if they were to redevelop in the future. Setback standards for the General Industrial zone also require a 100-foot setback from any residential property line. Landscaping screening measures are also required on the general industrial side of the shared boundary. These standards would apply to the properties immediately west and south of the subject site. Currently, general industrial buildings are located as close as 70 feet to the site's west property line. However, because the western portion of the site that is zoned PD(MUE) will provide at least 130 feet of separation between the west boundary of the site and the portion of it proposed for residential use, the adjacent GI properties to the west will not be impacted by the 100-foot residential setback. A similar condition would result with respect to the GI properties to the south, as the 100-foot residential setback would be completely contained by either public right-of-way for NE Walnut Boulevard or the 50-foot setback required along Arterial streets for GI properties. Thus, the Council finds that re-designating the site to Residential – Low Density will not constrain future development or redevelopment that may occur on adjacent General Industrial properties.
7. The City Council notes that compatibility between the RS-6 and MUE zones will be ensured as a result of several factors. Internal to the site, the RS-6 and PD(MUE) zones would abut one another for its entire length. Extension of at least one new Local street into the site will be necessary in order to satisfy setback, building orientation, and lot frontage standards of the RS-6 and MUE zones. A logical configuration for this street would be to align it with the zoning boundary between the RS-6 and MUE zones, thus creating a buffer between development that occurs in each zone. Additionally, a 25-foot building setback is also required in the MUE zone when any portion of a property abuts a residential zone (LDC Section 3.27.40.02.a), as illustrated on Exhibit PC-A-294 of the August 26, 2016, memo to the City Council. Landscaping is required within this setback area to create a visual buffer between uses allowed in the MUE zone and the abutting residential zone. Also, the maximum allowed building height in the MUE zone must be reduced or “stepped down” to not exceed the height of adjacent residential structures by more than one story (LDC Section 3.27.50.09.a). Maximum building heights allowed in the RS-6 and MUE zones are 30 and 45 feet, respectively. Architectural design standards that apply in the MUE zone when a site is adjacent to a residential zone require a combination of pitched roofs, articulated roof and building elevations, varied exterior siding materials to ensure compatibility with residential uses (LDC Section 3.27.50.09.b). Thus,

Attachment CC-A
Exhibit A

development occurring in the proposed RS-6 and MUE portions of the site will be separated by at least 25 feet, or, in all other cases, by at least the width of a Local street. In all cases, buildings constructed in the MUE zone will be generally compatible with residential dwellings in the RS-6 zone given their architectural similarity. Further, given that the MUE portion of the site will be subject to a Planned Development Overlay, it will be possible to institute additional measures in order to ensure compatibility between the two zones. Based on these considerations, the Council finds that development occurring on portions of the site zoned RS-6 and MUE will be compatible with one another.

8. The City Council notes that some public testimony raised concerns about potential adverse impacts on existing industrial uses and businesses within the immediate vicinity of the site that may result from perceived compatibility conflicts with residential development. In particular, the testimony raised concerns about noise and odors related to those existing businesses, and the possibility for future residents who may live at the subject site to force closure or relocation of the existing businesses as a result of complaints about noise and odors. In responding to those concerns, the Council notes that the 5.14-acre portion of the site to be re-designated as Residential – Low Density and zone RS-6 is between 115 and 295 feet from the nearest property developed with industrial uses. All portions of the subject site within this distance are zoned Mixed Use Employment (MUE) with a Planned Development Overlay, which, when developed, will provide a buffer between the nearest industrial uses and residential development occurring within the 5.14-acre portion of the site that will be re-designated as Residential – Low Density and zoned RS-6. The Council finds that the separation and buffering between the nearest industrial uses and portions of the subject site that will be re-designated as Residential – Low Density and zoned RS-6 is sufficient to adequately mitigate potential compatibility conflicts related to noise and odors, as evidenced by findings in support of approving the subject Comprehensive Plan Amendment that were made by the Council at its September 19, 2016, deliberations.
9. Based on the Supplemental Findings IV.3 through IV.8, the City Council finds that the subject Comprehensive Plan Amendment is consistent with the compatibility criteria listed in Comprehensive Plan Policies 3.2.1, 3.2.4, 3.2.7, 7.4.4, and 8.9.3, and LDC Section 2.1.30.06.c.
10. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal is consistent with the applicable criteria from LDC Sections 2.1.30.06.c, 2.2.10 and Comprehensive Plan Policies identified in the July 6, 2016, Planning Commission staff report and the August 26, 2016, memorandum to the City Council.

V. Natural Resources and Natural Hazards

Applicable Criteria (CCP and LDC): CCP 3.2.7, 4.2.2, 4.11.1, 4.11.8. LDC 2.1.30.06.c

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant's responses to the applicable criteria cited above are found on Exhibits PC-A-24 through PC-A-25 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable Comprehensive Plan Policies and LDC Sections are presented on page 27 of the July 6, 2016, Planning Commission staff report as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on page 27 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable LDC criteria.
3. The City Council notes that, as shown on Exhibit PC-A-63, none of the Natural Resources and Natural Hazards regulated by the LDC are located within the boundary of the site. However, there are several isolated trees located along the east property boundary, as well as a few isolated trees near its north end, as shown on Exhibit PC-A-58 of the August 26, 2016, staff memorandum. If any of these trees satisfies the definition of a "Significant Tree," per standards in the LDC, preservation would be required to the extent practicable when the site is developed. Standards from LDC Chapters 4.2 and 4.12 would be used to help determine whether preservation is practicable. These standards apply to all zones; thus the Council finds rezoning the site will not affect preservation of trees located at the site.
4. The City Council notes that, in addition to potentially "significant" trees, the City of Corvallis Local Wetland Inventory Map notes the potential presence of wetlands near the center of the site, as shown on Exhibit PC-A-292 of the August 26, 2016 staff memorandum. If present, these wetlands would be subject to regulations enforced by the Oregon Department of State Lands (i.e., jurisdictional wetlands), but would not be subject to the regulations contained in LDC Chapter 4.13. A wetland delineation will be required as part of the development process to confirm the extent of wetlands that may be present. If wetlands are documented on the site, compliance with state "removal/fill" regulations would be required – regardless of the site's zoning. These standards apply to all zones; thus the Council finds that rezoning the site will not affect preservation of trees located at the site.

Attachment CC-A
Exhibit A

5. Based on the Supplemental Findings V.3 through V.4, the City Council finds that the subject Comprehensive Plan Amendment is consistent with the applicable compatibility criteria listed in Comprehensive Plan Policy 3.2.7 that address preservation and protection of significant natural features.
6. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable criteria from LDC Sections 2.1.30.06.c and Comprehensive Plan Policies identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

VI. Circulation

Applicable Criteria (CCP and LDC): CCP 3.2.7, 10.2.9, 10.2.11, 10.2.12, 11.2.1, and 11.2.2. LDC 2.1.30.06.c. Transportation Planning Rule (OAR 660-012-0060).

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant's responses to the applicable criteria cited above are found on Exhibits PC A-25 through PC A-28 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable Comprehensive Plan Policies and LDC Sections are presented on pages 17 through 23 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on pages 17 through 23 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies and LDC criteria.
3. The City Council notes that standards contained within Chapter 4.0 of the LDC implement the Comprehensive Plan policies cited above. When new development occurs, these standards must be satisfied by extending the necessary public utilities (i.e., water, storm sewer, and sanitary lines) into and through the site; constructing the necessary public access (i.e., streets and sidewalks), and creating a block pattern bounded by streets that facilitates pedestrian oriented neighborhoods. This set of standards will continue to apply to the site regardless of its Comprehensive Plan designation, so re-designating a portion of it to Residential – Low Density and RS-6 would not conflict with Comprehensive Plan Policies 10.2.9, 10.2.11, 10.2.12, 11.2.1, and 11.2.2.

Attachment CC-A
Exhibit A

4. The City Council notes that developing the site consistent with the Residential – Low Density designation will require extension of a new Local street network into and through the site in order to comply with the access and block perimeter standards contained in LDC Chapter 4.0. Doing so would also facilitate a more efficient development pattern, and provide opportunities for new street connections with abutting properties. The Council notes that street network improvements will also include the improvement of NE Belvue Street and NE Jack London Street consistent with standards for a Local street, as well as improvement of NE Walnut Boulevard consistent with standards for an Arterial street. The Council notes that if dedication of additional right-of-way is necessary for completion of street improvements, such dedication will also be addressed through the development review process, regardless of the site’s zoning designation. The City Council finds development standards contained in the LDC, particularly those in Chapter 4.0, ensure consistency with the Comprehensive Plan Policies cited above, because those standards require the extension of a public transportation network consistent with the Corvallis Transportation Master Plan and other applicable standards from the LDC.
5. The City Council notes that the applicant submitted a trip generation analysis that compared the potential difference in traffic resulting from development of the site consistent with densities allowed in the Residential – Low Density designation and RS-6 zone with and uses allowed in the General Industrial zone, (Exhibits PC-A-65 through PC-A-169). The Council notes the analysis demonstrates a comparative reduction in trip generation potential associated with the Residential – Low Density and RS-6 zoning designations that does not exceed the potential associated with the General Industrial zone. Therefore, the City Council finds that the subject Comprehensive Plan Amendment will not require mitigation in response to either the Statewide Transportation Planning Rule or City of Corvallis Transportation Master Plan.
6. Based on the Supplemental Findings VI.3 through VI.5, the City Council finds that the subject Comprehensive Plan Amendment is consistent with the applicable criteria from LDC Section 2.1.30.06.c, Comprehensive Plan Policies 3.2.7, 10.2.9, 10.2.11, 10.2.12, 11.2.1 and 11.2.2, as well as the Transportation Planning Rule.
7. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable criteria from LDC Sections 2.1.30.06.c, Comprehensive Plan Policies, and the Transportation Planning Rule identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

VII. Public Facilities and Services

Applicable Criteria (CCP and LDC): CCP 3.2.7, 10.2.9, 10.2.11, 10.2.12. LDC 2.1.30.06.c

Attachment CC-A
Exhibit A

1. The City Council notes that the applicant responded to the applicable criteria as part of a complete application submitted for the Comprehensive Plan Amendment. The Council notes that the applicant's responses to the applicable criteria cited above are found on Exhibits PC A-26 of the August 26, 2016, staff memorandum to Council.
2. The City Council notes that findings in response to the applicable LDC Sections are presented on pages 23 through 25 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on pages 23 through 25 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies and LDC criteria.
3. The City Council notes that public sanitary sewer, water, and storm sewer lines are currently located within immediate proximity of the site, as shown on Exhibit PC A-64 of the August 26, 2016, staff memorandum to Council. Based on available GIS data from the City of Corvallis, these lines are eight to eighteen inches in diameter, which should provide adequate capacity for accommodating development of 5.14 acres of the site at densities allowed in the Residential – Low Density designation and RS-6 zone. If any of these lines was found to not have sufficient capacity through the development review process, the standards contained in LDC Chapter 4.0 require them to be re-sized accordingly. However, it should be noted the applicant has submitted a detailed analysis of the existing capacity of public utilities fronting and crossing through the site. The study demonstrates these lines are sufficiently sized to facilitate development of the site consistent with standards of the RS-6 zone, (Exhibit PC-A-170 through PC-A-284 of the August 26, 2016 staff memorandum). A summary of the maximum and peak demand flows for water, sanitary sewer, and storm sewer modeled for the GI and RS-6 zones is provided on Exhibit PC-A-26. The analysis submitted by the applicant demonstrates existing utility lines adjacent to the site have sufficient capacity to facilitate its development pursuant with the Residential – Low Density designation and RS-6 zone. Regardless of the site's land use designation, public utility system improvements identified through the Corvallis Wastewater Utilities Master Plan, Corvallis Stormwater Master Plan, and Corvallis Water System Distribution Facilities Master Plan will be required when the specified thresholds are reached. Hence, the City Council finds the subject proposal is consistent with Comprehensive Plan Policies 10.2.9, 10.2.11, and 10.2.12.
4. Based on the Supplemental Findings VII.3, the City Council finds the subject Comprehensive Plan Amendment is consistent with the applicable compatibility criteria listed in Comprehensive Plan Policies 3.2.7, 10.2.9, 10.2.11, and 10.2.12.

5. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable criteria from LDC Sections 2.1.30.06.c and Comprehensive Plan Policies identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

VIII. Oregon Administrative Rule (“OAR”) 660-009-0010(4)

Applicable Criteria: OAR 660-009-0010(4)

1. The City Council notes that findings in response to the applicable Comprehensive Plan Policies are presented on pages 29 through 30 of the July 6, 2016, Planning Commission staff report, as presented to the City Council with the August 26, 2016, staff memorandum to Council as Exhibit CC-C. The Council adopts the Incorporated Findings, including (but not limited to) the findings and conclusions in the August 26, 2016, staff memorandum to the City Council presented on pages 29 through 30 of the July 6, 2016, Planning Commission staff report. The Council finds that the Council is persuaded by the subject findings because, in part, the findings demonstrate how the proposal is consistent with the applicable Comprehensive Plan Policies.
2. The City Council notes that the City’s 1998 BLI represents the City’s most recent adopted economic opportunities analysis. Comprehensive Plan Map amendments made in 1998 implemented changes to meet the projected land use needs identified in the BLI. The BLI considered four Comprehensive Plan Map designations to be industrial: General Industrial, Intensive Industrial, Light Industrial, and Research Technology Center. The BLI indicated that 152 gross acres of land with these designations would be needed to accommodate development within the City limits through 2020. The most recent Land Development Inventory Report (LDIR) indicates there are currently approximately 572 acres of vacant land within City limits among these four designations. Most of this vacant industrial land (491 acres) is designated for General Industrial. When natural features constraints are considered, the total unconstrained vacant industrial land totals approximately 489 acres. Approval of the requested Comprehensive Plan Amendment would remove 5.14 acres of General Industrial land from the city-wide inventory and leave approximately 567 vacant acres of industrial land, approximately 484 acres of which would be unconstrained by natural features. These totals are well in excess of the 152 acres the BLI projected would be necessary through 2020.
3. Based on the Supplemental Finding VIII.2, the City Council finds the subject Comprehensive Plan Amendment is consistent with the applicable criteria from OAR 660-009-0010(4).

Attachment CC-A
Exhibit A

4. As discussed in the Incorporated Findings and the supplemental findings, the Council finds that the Council is persuaded by the subject findings because the findings, in part, demonstrate how the proposal, is consistent with the applicable criteria from OAR 660-009-0010(4) identified in the July 6, 2016, Planning Commission staff report, and the August 26, 2016, memorandum to the City Council.

SUMMARY CONCLUSION

As the body charged with making a final decision on Comprehensive Plan Amendments, the City Council, having reviewed the record associated with the Comprehensive Plan Amendment application, considered evidence supporting and opposing the application and finds the proposal adequately addresses the review criteria and is found to be consistent with the City's Comprehensive Plan, applicable sections of the LDC, and other applicable approval criteria. Therefore, the Comprehensive Plan Amendment (CPA14-3) is APPROVED.

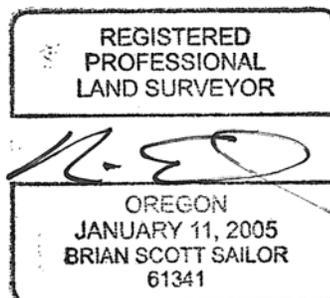
Dated: _____

Biff Traber, MAYOR

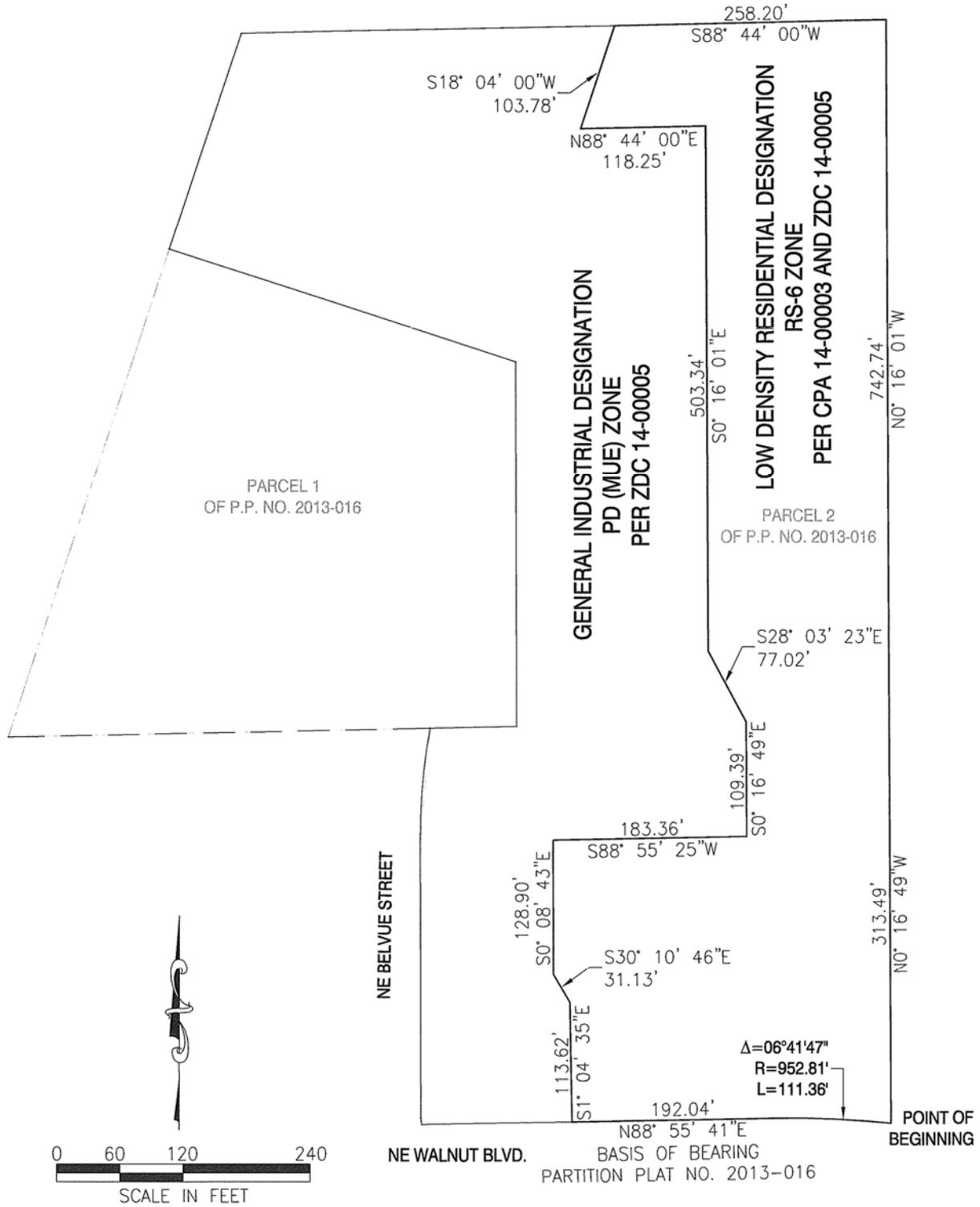
ORDINANCE 2016-___**EXHIBIT B****COMPREHENSIVE PLAN MAP AMENDMENT LEGAL DESCRIPTION**

BEGINNING AT THE SOUTHEAST CORNER OF PARCEL 2 OF PARTITION PLAT NO. 2013-016, A PARTITION PLAT OF RECORD LOCATED IN THE SW 1/4 OF SECTION 24 OF TOWNSHIP 11 SOUTH, RANGE 5 WEST OF THE WILLAMETTE MERIDIAN, CITY OF CORVALLIS, BENTON COUNTY, OREGON; THENCE ALONG THE EAST LINE OF SAID PARCEL 2 NORTH 00°16'49" WEST 313.49 FEET; THENCE CONTINUING ALONG SAID EAST LINE NORTH 00°16'01" WEST 742.74 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 2; THENCE ALONG THE NORTH LINE OF SAID PARCEL 2 SOUTH 88°44'00" WEST 258.20 FEET; THENCE SOUTH 18°04'00" WEST 103.78 FEET; THENCE NORTH 88°44'00" EAST 118.25 FEET; THENCE SOUTH 00°16'01" EAST 503.34 FEET; THENCE SOUTH 28°03'23" EAST 77.02 FEET; THENCE SOUTH 00°16'49" EAST 109.39 FEET; THENCE SOUTH 88°55'25" WEST 183.36 FEET; THENCE SOUTH 00°08'43" EAST 128.90 FEET; THENCE SOUTH 30°10'46" EAST 31.13 FEET; THENCE SOUTH 01°04'35" EAST 113.62 FEET TO THE SOUTH LINE OF SAID PARCEL 2, ALSO BEING ON THE NORTH RIGHT OF WAY LINE OF NE WALNUT BOULEVARD; THENCE ALONG SAID NORTH RIGHT OF WAY LINE NORTH 88°55'41" EAST 192.04 FEET; THENCE CONTINUING ALONG SAID NORTH RIGHT OF WAY LINE ALONG THE ARC OF A 952.81 FOOT RADIUS CURVE TO THE RIGHT 111.36 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 87°40'16" EAST 111.29 FEET) TO THE POINT OF BEGINNING.

ABOVE DESCRIBED AREA CONTAINS 5.14 ACRES, MORE OR LESS. THE BASIS OF BEARINGS FOR THE ABOVE DESCRIBED AREA IS FROM SAID PARTITION PLAT 2013-016.



COMPREHENSIVE PLAN MAP AMENDMENT ILLUSTRATIVE DESCRIPTION



ORDINANCE 2016-___

A SPECIAL ORDINANCE RELATING TO AN AMENDMENT TO THE OFFICIAL ZONING MAP FOR THE PASTEGA PROPERTY

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Legislative finding. By Order 2016-055, the Planning Commission approved a Zone Change, contingent on City Council approval of a related Comprehensive Plan Amendment. By Ordinance 2016-___, the City Council approved the related Comprehensive Plan Amendment application. The Planning Commission decision on the Zone Change is now final and requires enactment by ordinance.

Section 2. The Official Zoning Map is amended to designate the eastern 5.14-acre portion of the affected property as RS-6 (Low Density Residential) and to designate the remaining western 6.00-acre portion of the affected property as PD(MUE) (Mixed Used Employment with a Non-Residential Planned Development Overlay), as illustrated in Exhibit A to this Ordinance, which is attached and incorporated.

Section 3. No other portion of the Official Zoning Map is amended by this ordinance.

PASSED by the City Council this _____ day of November 2016

APPROVED by the Mayor this _____ day of November 2016

EFFECTIVE this _____ day of _____ 2016

Mayor

ATTEST:

City Recorder

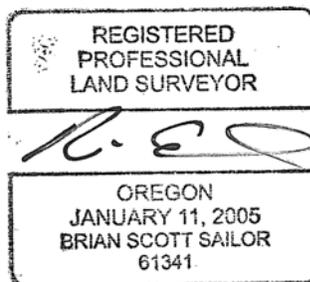
ORDINANCE 2016-___

EXHIBIT A

**OFFICIAL ZONING MAP AMENDMENT LEGAL DESCRIPTION
(PROPERTY DESIGNATED WITH PD(MUE) ZONE)**

BEGINNING AT THE INITIAL POINT WHICH IS THE SOUTHWEST CORNER OF PARCEL 1 OF PARTITION PLAT NO. 2013-016, A PARTITION PLAT OF RECORD LOCATED IN THE SW 1/4 OF SECTION 24 OF TOWNSHIP 11 SOUTH, RANGE 5 WEST OF THE WILLAMETTE MERIDIAN, CITY OF CORVALLIS, BENTON COUNTY, OREGON; THENCE ALONG THE SOUTH LINE OF SAID PARCEL 1 NORTH 88°43'34" EAST 399.77 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTH LINE NORTH 88°42'25" EAST 82.38 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 1; THENCE ALONG THE EAST LINE OF SAID PARCEL 1 NORTH 00°13'05" WEST 349.36 FEET; THENCE ALONG THE NORTH LINE OF SAID PARCEL 1 NORTH 71°55'25" WEST 345.48 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 1, ALSO BEING ON THE EASTERLY RIGHT OF WAY LINE OF THE SOUTHERN PACIFIC RAILROAD; THENCE ALONG SAID EASTERLY RIGHT OF WAY NORTH 18°02'53" EAST 218.05 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARTITION PLAT 2013-016; THENCE ALONG THE NORTH LINE OF SAID PARCEL 2 NORTH 88°44'00" EAST 355.22 FEET; THENCE SOUTH 18°04'00" WEST 103.78 FEET; THENCE NORTH 88°44'00" EAST 118.25 FEET; THENCE SOUTH 00°16'01" EAST 503.34 FEET; THENCE SOUTH 28°03'23" EAST 77.02 FEET; THENCE SOUTH 00°16'49" EAST 109.39 FEET; THENCE SOUTH 88°55'25" WEST 183.36 FEET; THENCE SOUTH 00°08'43" EAST 128.90 FEET; THENCE SOUTH 30°10'46" EAST 31.13 FEET; THENCE SOUTH 01°04'35" EAST 113.62 FEET TO THE SOUTH LINE OF SAID PARCEL 2, ALSO BEING ON THE NORTH RIGHT OF WAY LINE OF NE WALNUT BOULEVARD; THENCE ALONG SAID NORTH RIGHT OF WAY LINE SOUTH 88°55'41" WEST 142.60 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 2, ALSO BEING ON THE EAST RIGHT OF WAY LINE OF NE BELVUE STREET; THENCE ALONG SAID EAST RIGHT OF WAY LINE ALONG THE ARC OF A 20.00 FOOT RADIUS CURVE TO THE RIGHT 6.42 FEET (THE LONG CHORD OF WHICH BEARS NORTH 09°20'14" WEST 6.39 FEET); THENCE CONTINUING ALONG SAID EAST RIGHT OF WAY LINE NORTH 00°08'43" WEST 257.09 FEET; THENCE CONTINUING ALONG SAID EAST RIGHT OF WAY LINE NORTH 00°08'43" WEST 10.06 FEET; THENCE CONTINUING ALONG SAID EAST RIGHT OF WAY LINE ALONG THE ARC OF A 599.62 FOOT RADIUS CURVE TO THE RIGHT 105.74 FEET (THE LONG CHORD OF WHICH BEARS NORTH 04°55'50" EAST 105.60 FEET) TO THE POINT OF BEGINNING.

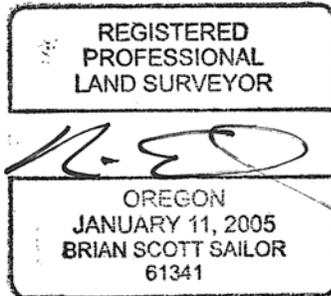
ABOVE DESCRIBED AREA CONTAINS 6.00 ACRES, MORE OR LESS. THE BASIS OF BEARING FOR THE ABOVE DESCRIBED AREA IS FROM SAID PARTITION PLAT 2013-016.



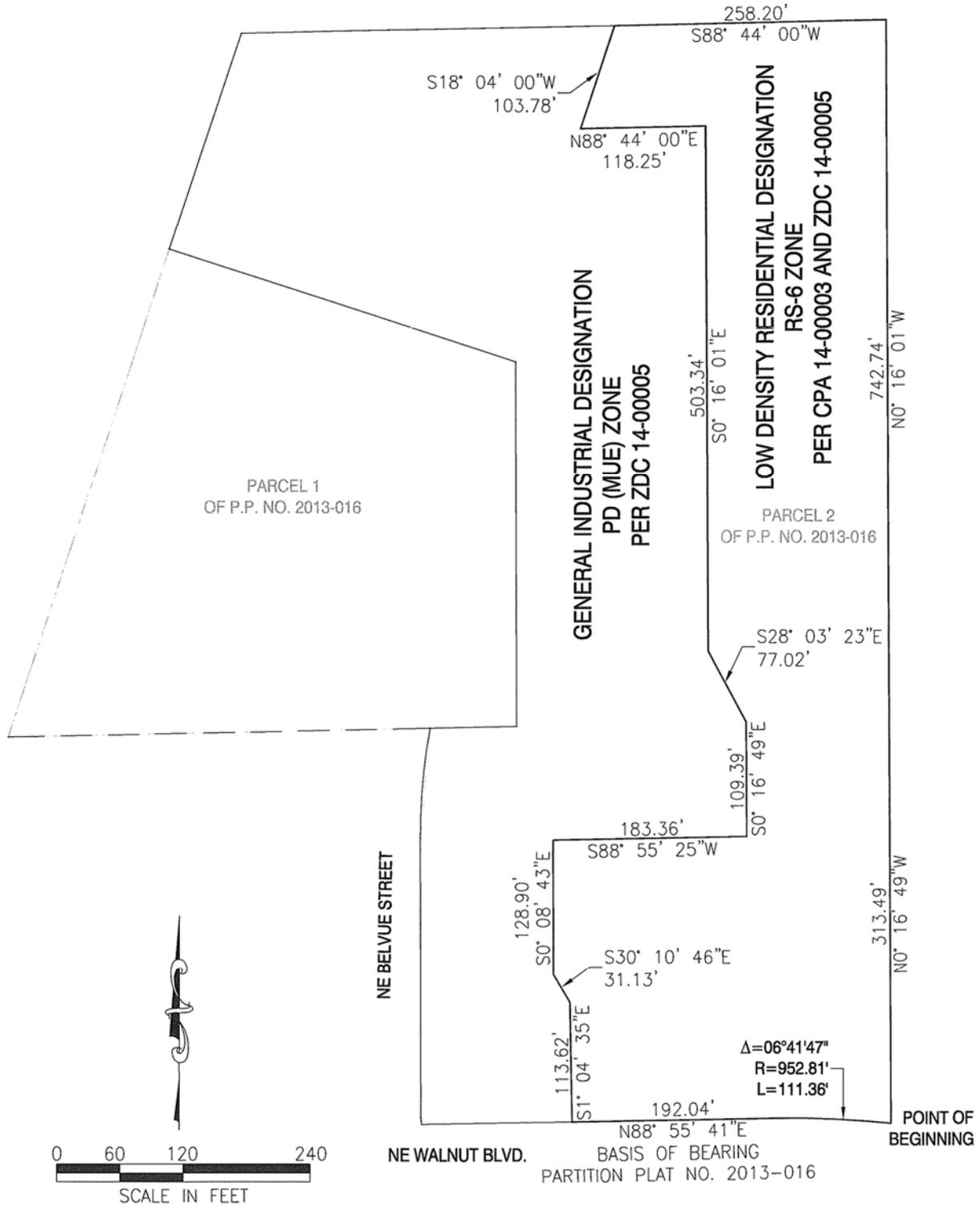
**OFFICIAL ZONING MAP AMENDMENT LEGAL DESCRIPTION
(PROPERTY DESIGNATED WITH RS-6 ZONE)**

BEGINNING AT THE SOUTHEAST CORNER OF PARCEL 2 OF PARTITION PLAT NO. 2013-016, A PARTITION PLAT OF RECORD LOCATED IN THE SW 1/4 OF SECTION 24 OF TOWNSHIP 11 SOUTH, RANGE 5 WEST OF THE WILLAMETTE MERIDIAN, CITY OF CORVALLIS, BENTON COUNTY, OREGON; THENCE ALONG THE EAST LINE OF SAID PARCEL 2 NORTH 00°16'49" WEST 313.49 FEET; THENCE CONTINUING ALONG SAID EAST LINE NORTH 00°16'01" WEST 742.74 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 2; THENCE ALONG THE NORTH LINE OF SAID PARCEL 2 SOUTH 88°44'00" WEST 258.20 FEET; THENCE SOUTH 18°04'00" WEST 103.78 FEET; THENCE NORTH 88°44'00" EAST 118.25 FEET; THENCE SOUTH 00°16'01" EAST 503.34 FEET; THENCE SOUTH 28°03'23" EAST 77.02 FEET; THENCE SOUTH 00°16'49" EAST 109.39 FEET; THENCE SOUTH 88°55'25" WEST 183.36 FEET; THENCE SOUTH 00°08'43" EAST 128.90 FEET; THENCE SOUTH 30°10'46" EAST 31.13 FEET; THENCE SOUTH 01°04'35" EAST 113.62 FEET TO THE SOUTH LINE OF SAID PARCEL 2, ALSO BEING ON THE NORTH RIGHT OF WAY LINE OF NE WALNUT BOULEVARD; THENCE ALONG SAID NORTH RIGHT OF WAY LINE NORTH 88°55'41" EAST 192.04 FEET; THENCE CONTINUING ALONG SAID NORTH RIGHT OF WAY LINE ALONG THE ARC OF A 952.81 FOOT RADIUS CURVE TO THE RIGHT 111.36 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 87°40'16" EAST 111.29 FEET) TO THE POINT OF BEGINNING.

ABOVE DESCRIBED AREA CONTAINS 5.14 ACRES, MORE OR LESS. THE BASIS OF BEARINGS FOR THE ABOVE DESCRIBED AREA IS FROM SAID PARTITION PLAT 2013-016.



OFFICIAL ZONING MAP AMENDMENT ILLUSTRATIVE DESCRIPTION



Attachment CC-C



**Community Development
Planning Division**

501 SW Madison Avenue
PO Box 1083
Corvallis, OR 97339-1083
(541) 766-6908
planning@corvallisoregon.gov

**CITY COUNCIL
NOTICE OF DISPOSITION**

CASES: CPA14-00003 / ZDC14-00005 **ORDER NO. 2016-055**

REQUEST: The applicant seeks approval of a Comprehensive Plan Amendment (CPA) to change the 5.14 acre eastern portion of the site's Comprehensive Plan land use designation from General Industrial (GI) to Low Density Residential (LDR). The applicant also requests to change the zone on the eastern portion of the site from General Industrial (GI) to Low Density Residential (RS-6), and to change the zone on the 6.00 acre western portion of the site from GI to Mixed Use Employment with a Nonresidential Planned Development Overlay (PD(MUE)).

OWNER: Pastega Investment Company, LLC
2595 NE Belvue Street
Corvallis, OR 97330

APPLICANT: Devco Engineering
245 NE Conifer Boulevard
Corvallis, OR 97339

LOCATION: The subject site is located on the north side of NE Walnut Boulevard, between NE Belvue Street and NE Jack London Street. It is identified on Benton County Assessor's Map 11-5-24CC as Tax Lot 1500.

DECISION: The Corvallis Planning Commission conducted a public hearing to review a request for a Comprehensive Plan Amendment on July 6, 2016, closed the public hearing, and deliberated on the matter. At their meeting, the Planning Commission decided to forward a recommendation to City Council to approve the requested Comprehensive Plan Amendment (**Exhibit NOD-A**). The Planning Commission also approved an associated Zone Change, contingent on approval of the Comprehensive Plan Amendment (**Exhibit NOD-B**); this decision was made by the Planning Commission and was not subject to the City Council's review.

After proper legal notice, a public hearing before the City Council concerning the proposed Comprehensive Plan Amendment was held on September 6, 2016. The City Council held deliberations concerning the proposed Comprehensive Plan Amendment on September 19, 2016, and the Council reviewed the public testimony and the recommendations of the Planning Commission and of staff. The City Council made a preliminary decision to approve the Comprehensive Plan Amendment request on

Attachment CC-C

September 19, 2016, subject to the adoption of Formal Findings. On October 17, 2016, the City Council adopted the attached Ordinance, including Formal Findings and Conclusions (**Exhibit NOD-A**).

The proposal, staff reports, hearing minutes, Formal Findings, and Ordinance may be reviewed at the Community Development Department, Planning Division, City Hall, 501 SW Madison Avenue.

If you are an affected party and wish to appeal the City Council's decision, an appeal must be filed with the State Land Use Board of Appeals within 21 days from the date of the mailing of the decision regarding the Comprehensive Plan Amendment. Appeals must be filed by 5:00 p.m. on the final day of the appeal period. When the final day of an appeal period falls on a weekend or holiday, the appeal period shall be extended to 5:00 p.m. on the subsequent work day.

Biff Traber, Mayor
City of Corvallis

Signed this ____ day of October, 2016

TO: City Council for November 7, 2016, Council Meeting
 FROM: Paul Bilotta, Community Development Director *PB*
 DATE: November 1, 2016
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 SUBJECT: CPA15-1: OSU-related Comprehensive Plan Amendments –
 Staff Response to Council Questions



Action Requested:

The Council is asked to consider the information provided in the staff report to the City Council; the public hearing conducted on October 17, 2016; and the additional testimony and information provided in this report. The Council is asked to deliberate on CPA15-1 – OSU-related Comprehensive Plan Amendments and reach a decision at this meeting or a subsequent meeting. Should the Council reach a decision on November 7, 2016, staff have provided motions for the Council’s consideration at the end of this report.

Discussion:

The Council has conducted and closed a public hearing on CPA15-1 on October 17, 2016, and held the record open until October 24, 2016, for additional public testimony. One piece of testimony was received and is attached to this report as Exhibit CC-A. The City Council also directed staff to provide evaluation or additional information on a number of issues under consideration in this case. The remainder of this report contains staff’s response to Council’s request.

For the Council’s ease of reference, the proposed Comprehensive Plan Amendments recommended by the Planning Commission can be found here:

<https://archives.corvallisoregon.gov/public/0/edoc/835212/CC Att A.pdf>

CPA and Implementation Timing/Processing

Staff was asked to provide discussion regarding whether there were any advantages or disadvantages to approving the comprehensive plan amendment now versus holding off on official adoption until after the implementation phase was developed in case that process might create the need to make additional amendments. The question also seemed to express concern that delays in appeals regarding this comprehensive plan amendment could delay implementation efforts.

Staff believes the best course of action would be to move forward with this CPA case and reach a formal decision on the OSU-related Comprehensive Plan Amendments at this time if Council believes the work is complete. The decision will be subject to a 21-day appeal period, and if an appeal is filed, action cannot be taken to incorporate the findings and policies until LUBA has completed its review and sent notice to the City regarding what action, if any, is necessary.

The benefit of completing the CPA process currently underway is that within 21 days (the appeal period after the adoption of formal findings), the Council will know what issues, if any, are under appeal and have the benefit of knowing the points of contention and the areas that are not problematic. This would be valuable information as the Council seeks to move forward toward initiating the implementation phase.

If the Council chose not to formally adopt at this time, instead of having certainty in 21 days regarding whether or not there are any issues of dispute, the Council could spend a lot of time and energy developing implementation tools only to have the entire process appealed at the end of that exercise. If the Council adopts now, the Council should have a good idea of where it can focus time and energy on implementation. Although it is difficult to predict what actions will be appealed, the public hearing portion of this process has already concluded and the tone of that process can often provide clues as to the likelihood of any appeal.

Even if this CPA process is appealed, since the appellant will need to indicate its basis for the appeal, the Council would be able to use that time to work on potential LDC or Comprehensive Plan revisions or other potential implementing tools for the policies that are not in dispute, while waiting for LUBA's determination and direction on whichever portions are in dispute.

Policy 11.1.10 – Public Streets and Parking Fee Use

11.4.10 Auto parking should be allocated using the following principles:

- A. The streets of Corvallis belong to the community.
- B. On-street parking is a public resource that should be managed for the public good.
- C. The parking fee system should be self-supporting and can provide additional resources for transit and transportation improvements.
- D. Parking fees can be considered as an effective mechanism for allocating scarce parking resources and improving livability.

As has been previously discussed at both the work session and public hearing meeting, the Planning Commission requested that Council take special consideration of the Policy above, based on testimony received regarding the potential use of revenue generated from parking fees (meters, long-term parking permits, residential parking permits) for transit and transportation improvements. Testimony suggested the City has long had a policy stating that the parking program should be self-supported, and the use of revenues generated from the parking program for transit and transportation improvements would remove funding from the parking program. It was also suggested that the use of parking revenues for those improvements would place an unequal burden on those who pay into the parking program, rather than disperse that impact across all users. There was discussion about removing portions of the Policy, most specifically "C" and potentially "D," although there were also comments that "D" is appropriate and should remain.

This policy has a number of elements that should be understood as they may impact implementation:

Section A sets the direction that on-street parking should be available to the entire community. Approving a direction like this clarifies that individuals do not control the parking in front of their house, for instance.

Section B sets limits on the statement above by providing the direction that on-street parking should not just be on an unregulated, first come, first served, for an unlimited time basis, but rather managed. It also states that management should be for the public good rather than some other purpose. This section allows the Council to consider different parking management programs, weighing positives and negatives, and ultimately deciding what the appropriate level of management should be for the public good. Examples of implementation processes that could support this policy are placing time limits in some retail areas to ensure spaces turn over to support customer traffic and neighborhood parking districts which are designed

to ensure that residents have a reasonable chance of parking near their home and parking doesn't become so challenging that it creates unsafe situations due to illegal parking or excessive traffic circling for spaces.

Section C provides a policy direction that could allow for changes in revenue allocation and programming recommendations in the future. Staff does not oppose the deletion of "C" if the Council does not wish to adopt this policy direction which came up through the Planning Commission process. It should be noted that this section, as written, does not obligate the Council to use any parking revenues for transit and transportation improvements but just opens the door that it could occur. It should also be noted that the current parking revenues are not adequate to staff the level of enforcement necessary for managing a parking management system of this size effectively, and resources are regularly shifted away from some areas throughout the year in order to support problem areas. Given this funding/staffing situation means that from a practical perspective, without significant changes in revenue assumptions there are not significant additional resources available to shift to non-parking purposes anyway.

Section D clarifies that when the City creates a parking management system, parking fees may be considered as an acceptable tool to use rather than just using time limits, for instance.

Master Plans Discussion

At the October 17, 2016, Council meeting, staff was asked to prepare some discussion regarding how the City treats master plans relative to land use regulations, process, and policy. The staff memo for that meeting, dated October 11, 2016, also responds to some Councilors' questions about master plans, and responded to an observation and a question made by Councilors:

- It is preferable to understand what the City's plan is related to master plans prior to agreeing there will be a master plan.
- Will the Council be dealing with the master plan issue now or is that something that happens later?

Staff also highlighted proposed Finding 1.2.k and Policies 1.2.10 and 1.2.11, and noted that the two policies are quite prescriptive about the use of master plans as a regulatory tool. That memo states that findings and policies in the Comprehensive Plan should provide policy guidance for the development of regulatory tools that are outside of the framework of the Comprehensive Plan and intended to implement those policies through specific standards and regulations. The memo also proposes that, once the policy framework is complete through the Comprehensive Plan Amendment process, staff would develop a menu of regulatory approaches that could implement the established policies.

After receiving this information from staff and hearing testimony and discussion on October 17th, Councilors asked for additional clarification about non-city master plans and what tools can be used to implement policies.

Staff believes it is important and helpful to draw distinctions between City master plans and "master plans" that are developed by other organizations (non-city master plans). It is also important to understand that the term "master plan" is not defined and no standards exist for what must be included or excluded from non-city master plans.

City Master Plans:

The City develops master plans and area plans for a variety of purposes, generally for long term planning of City facilities, properties, or regulated areas. The City maintains master plans such as the Airport Master Plan, Parks and Recreation Master Plan, and Transportation System Plan, as well as The South Corvallis Area Plan, North Campus Area Plan, and others. City master plans are largely City policy documents and can have very different formats, level of detail, etc. as appropriate for the policy questions the plan is attempting to address. City master plans are generally created through a public process, and are accepted or adopted by the City Council as a means to guide the City's stewardship of that facility or area. These master plans generally contain plans and policies related to process, operations, capital expenditures, and future development. If the master plan is viewed to be particularly important for informing land use, a master plan may go through an additional process which officially designates that plan as a supporting document for the comprehensive plan.

The City master plans and area plans are not regulatory tools themselves, and their contents generally only come into land use decisions where a policy or plan laid out in a master plan either supports or conflicts with a land use proposal that is under consideration by the Planning Commission and/or City Council. Policies that are adopted in a City master plan may or may not require a regulatory tool for implementation. Those tools can be developed in a number of ways, whether by Council or Administrative Policy, Land Development Code standards, budget expenditures or other implementation tools that give the City the authority to implement the policy in the master plan.

In summary, City master plans are City-directed plans and policies that relate to a specific facility or area, but they are not regulatory tools in and of themselves. Implementation of those policies can be accomplished by establishing other regulatory measures that require specific actions or processes that meet the intent of the policies in the master plan.

Non-city Master Plans:

As with City master plans, some organizations develop their own master plans for long term planning of facilities, operations, budget expenditures, creating policy and understanding future growth and development. Those plans are also typically not regulatory tools, but are developed as extensions of that organization's policies. It is important to note that the organization's plans and policies it views as important for its internal purposes may not necessarily be the same as the City's. The City also does not generally have jurisdiction over those plans or policies, except where specific proposals require they be approved by the City to conform to the City's regulatory framework. In many cases, this occurs when an organization's master plan calls for construction or development and that proposal must comply with the standards set forth in the Comprehensive Plan and/or Land Development Code.

In past practice, the City has treated non-city master plans as having more regulatory weight than is found in other cities and this has, at times, resulted in confusion regarding the role of the OSU Plan, the Land Development Code, the OSU Zone, bilateral agreements and other implementation tools, with respect to which tool applies in which situation and how to resolve conflicts between them. In many instances, a lot of the confusion results when a non-city master plan is trying to be used as a regulatory tool rather than a policy document, particularly if the master plan includes a lot of specificity.

Non-city master plans may be useful in helping design implementation tools as they illustrate the organization's current understanding of what its desired future may be. The implementation tools

themselves, however, should be more transparent and precise so they can be clearly understood by all parties and applied consistently. Potential implementation tools could be Land Development Code standards, special zones or overlays such as the OSU Zone and University Neighborhood Overlay, specific discretionary land use approval processes such as a Planned Development or Conditional Development Permit, other requirements implemented through City standard, negotiated agreements or some other regulatory tool.

Staff recommends that the Council consider removing overly specific master plan language in Comprehensive Plan policies that might restrict the Council to continuing the practice of trying to use master plans as regulatory documents, and instead seek to develop new regulatory mechanisms through the appropriate regulatory documents or agreements. This may include Land Development Code text amendments, including revisions to Chapter 3.36. It could also include suggestions regarding ways to regulate OSU development proposals without a specific OSU zone chapter, such as a basic OSU overlay, and specific requirements for land use processes (e.g., Planned Development, Conditional Development review, etc.). The Planning Commission, City Council and the community would then have the flexibility to look at the full range of implementation tools in order to determine the most appropriate instrument for Corvallis. In addition, in testimony at the public hearing, there was a concise phrase, “consistency, transparency, and monitoring,” used that might be able to be used to arrive at some of the intent of policies 1.2.10 and 1.2.11.

A possible way to replace policies 1.2.10 and 1.2.11 to accomplish this would be as follows:

1.2.10 (staff prepared alternative)

Development of large inter-related facilities such as corporate campuses and large educational institutions should be regulated in a consistent and transparent manner including periodic monitoring and reporting of key objective impacts identified by the City Council. The regulatory tools used should include opportunities for public participation such as if a new Planned Development or zoning district requirements are created.

If the Council makes modifications to the Planning Commission’s recommendations that would provide for the potential use of regulatory tools besides the master plan, it may also want to consider whether it should make changes to proposed policies 13.2.3 and 13.2.5 which also reference using the master plan as a regulatory tool.

Transportation Demand Management

There was comment regarding the use of Transportation Demand Management strategies and the need to coordinate with OSU for strategy development, data, and monitoring. The proposed findings and policies in this CPA reference the use of TDM strategies to mitigate traffic, transportation, and parking impacts, and include new language in Article 50 – Definitions, to define what the City considers transportation demand management, as follows:

Transportation Demand Management (TDM) – TDM is a set of strategies aimed at reducing the demand for roadway travel, particularly in single occupancy vehicles. The fundamental purpose of TDM is to reduce travelers’ use of single occupant vehicles and other personal vehicle-related problems. TDM strategies include changes to infrastructure (e.g. bike facilities, bus stops, on-campus housing, etc.); services (e.g. shuttles, service schedules and routes, etc.); and incentives (e.g. fare reductions, etc.).

Both the City and OSU currently employ various levels of all of the strategies listed in the examples above, and they are implemented through regulatory instruments such as LDC requirements, infrastructure development requirements through Public Works, negotiated agreements, and City or OSU policies and programs. The proposed findings and policies identify TDM as a desirable strategy for mitigation, direct the use of TDM on OSU's campus and in the community, and direct that data should be gathered and results monitored to evaluate whether the strategies employed have positive impacts on campus and in the community. Transportation Demand Management is referenced in findings and policies 3.2.9, 8.9.6, 11.2.j, 11.2.17, 11.3.k, 11.3.9, 11.12.6, 11.12.11, 13.2.p, and 13.2.7. The Council may wish to evaluate these findings and policies to determine whether the language meets the intent of Council, and whether the findings support the policies that are proposed.

Finding 9.7.k – Off-campus vs. On-campus Housing and Property Tax Revenue

9.7.k University-provided on-campus housing does not generate property tax revenue, while privately-owned housing elsewhere in the community does generate property tax revenue. On-campus housing developed by a public-private partnership would produce property tax revenue based on improvement value.

The Council heard testimony regarding the proposed finding and asked staff to clarify the intent of the finding or develop potential alternative language to address the concerns raised. The origin of this finding was discussion in the Planning Commission's deliberations where the Commission expressed an intent to encourage public-private partnerships between OSU and developers as a potential alternative to the provision of only university owned student housing because the latter would result in buildings that do not generate any property tax. Staff does not think that the finding was intended to provide insight into the overall economic impact of students being housed on campus vs. off campus, but was an acknowledgment that on-campus development is not subject to property tax in most cases. The finding notes that public-private partnerships could be a way to capture some property tax revenue from on-campus development.

It should be noted that this finding supports Policy 9.7.7 which states ***“The City shall encourage the University to utilize public-private partnerships to provide additional, on-campus housing that would be more attractive to upper-division students, graduate students, and University staff than traditional on-campus housing options.”***

Policy 9.7.3 and the use of the word “near”

The current language in 9.7.3 that is proposed to be replaced states:

“The City and OSU shall work toward the goal of housing 50% of the of the students who attend regular classes on campus in units on campus or within ½ mile of campus.”

The proposed policy 9.7.3 recommended by the Planning Commission states:

“The City and Oregon State University shall work toward the goal of housing students who attend regular classes or work, on campus, in dwelling units on or near campus.”

In the public hearing before the Council, a community member testified and requested that the word “or near” be stricken from this policy.

Policy 9.7.3 is a policy that could be written in many ways and the choice of words can have significant impact on the community form. There are many layers of complexity in this policy. How this policy is written and implemented could impact zoning, redevelopment, transportation, parking, the municipal budget and other issues.

Currently, the OSU main campus has approximately 24,000 students, with about 20,000 of those students being undergraduates. The average occupancy in OSU housing has been approximately 5,000 students since 2016. To put it another way, every year, approximately 19,000 students are looking for housing somewhere off-campus. Corvallis has 11,000 – 12,000 multi-family units available for housing its residents including the student population.

The intent of 9.7.3 is to answer the question “where should housing be provided that can house the OSU student demand?” This sort of policy should never be framed in the negative such as “which places should not have students” because the latter approach could have Fair Housing implications since any private housing in the community should be available to students as well as other community members in accordance with State and Federal law.

The Planning Commission’s recommended language does not contain the specificity of the existing policy which had a discrete percentage and distance goal. The existing policy called for a lot of concentration of students within ½ mile of the campus and implementation tools were created to regulate that. The byproduct of the existing policy is that those neighborhoods within ½ mile of campus experienced more pressure for land use change than other portions of the community.

The proposed 9.7.3 removes some of the specificity of the earlier text. The proposed language does not quantify “near” nor does it provide guidance regarding how much of the student enrollment is expected to be near or how much is supposed to be accommodated on campus. Finally, there is also some ambiguity in the reference to “or work” such that it is not fully clear whether the policy is also seeking to have enough housing to also accommodate university employees on or near campus. As it stands now, these questions would need to be resolved in the implementation phase unless the language is revised.

One way this proposed policy could be rewritten without resolving the “near” or “percentage” issues is:

“The City and Oregon State University shall work toward the goal of providing enough housing that students who attend regular classes may live in dwelling units on or near campus if they desire to do so.”

To understand the importance of the wording choice by Council and the range of policy options, staff has created a few hypothetical policies that would likely direct very different implementation outcomes. These are not intended to be viewed as true alternative proposals, but rather just provide examples to inform the Council of the wide range of policy direction that could be selected on this topic.

1. (Transit Oriented Development focus) ***The City and Oregon State University shall work toward the goal of providing enough housing that students who attend regular classes may live in dwelling units in walking distance of campus or a transit stop.***
2. (Minimized housing footprint focus) ***The City and Oregon State University shall work toward the goal of providing enough very high density housing that students who attend regular classes may live in dwelling units that minimize the demolition of existing structures.***

3. (Equal distribution focus) *The City shall work toward the goal of providing adequate supplies of rental multifamily housing throughout all sections of the community.*
4. (Mixed use focus) *The City shall provide for multifamily housing in locations where it can be located above commercial space.*
5. (Site specific focus) *The City should work with the owners of the _____ property to explore the feasibility of constructing multi-family units on the site.*
6. (Address in future actions) *The City shall initiate a study to evaluate alternative locations for additional multi-family housing in order to accommodate the needs of its student and other populations.*
7. (Preservation focus) *The City should generally use “upzoning” as an implementation tool focused on undeveloped areas or identified redevelopment areas while minimizing its use on stable, developed neighborhoods.*
8. (OSU focused) *The City and Oregon State University should work toward the goal of providing enough housing on campus that ___% of its main campus enrollment may be housed on the OSU campus.*

Any of these eight hypothetical policies would have their own sets of positive and negative impacts and would likely result in very different ways that implementation tools would be used to implement them. In land use policy decisions, there is rarely a policy that provides only community benefits without some sort of negative impacts. These hypothetical examples are just to provide examples of how the language chosen for policy 9.7.3 could have an impact on the form of the community and assist the Council in anticipating what some of the positive and negative impacts of any policy may be.

OSU Letter dated September 12, 2016

Council requested that staff review the letter from OSU included in the October 17, 2016, packet and provide feedback.

The OSU letter covers three main topic areas (housing, process and parking), as follows:

Housing:

OSU outlined many of the efforts it has been taking in the past few years related to increasing the supply of on campus housing for its students as well as attempting to provide more affordable options for its students with more financial need.

OSU notes that one of the key factors in understanding if there is compatibility between its understanding of what is being proposed and the City’s understanding of policy intent likely pivots on the two parties’ understanding of what is “adequate” OSU housing identified in policy 9.7.11. If this policy is adopted with this wording, staff would agree that during the implementation phase, defining a mutually agreed upon understanding of the word “adequate” will be important early in the process to avoid ongoing misunderstanding. OSU also indicated that it has periodic housing market studies performed and it appears this tool is used to help it determine “adequate” from the perspective of OSU.

OSU’s letter also seems to indicate efforts to attract more non-freshmen students into its housing which would seem to be in the spirit of proposed policy 9.7.7 which calls for on-campus housing that would be more attractive to upper-division students, graduate students, and University staff than traditional on campus housing options. As noted in the previous paragraph, the level at which the University’s efforts

are in alignment likely pivots on what each party believes will be “adequate” in terms of additional supply.

Staff would characterize this section of the letter as being in general agreement with the spirit and intent of the proposed policies with the same caution identified by OSU that during the implementation phase, there may need to be some significant efforts on the part of both parties to arrive at a common method for arriving at an understanding of the word “adequate”.

Process:

The section on process seemed to be a general acceptance of the principles outlined in the Planning Commission recommendation. OSU did express some need for additional insight regarding “monitoring programs can occur anywhere in the community” and how “new conditions of interest” should be tracked. Staff believes these are also issues that can be further clarified during an implementation phase, but in general believes that “monitoring programs can occur anywhere in the community” just means that the areas that should be monitored are those that are experiencing significant impacts and different issues have different impacts. Any monitoring regime would have to have some sort of rational nexus to the impact created and it is expected that all or most monitoring would still occur in areas near the university. Larger impact items, such as traffic management for football games, naturally look further than just the immediate university area because their impacts reach further.

It should be noted that the policy mentioned by OSU (13.2.6) as well as 13.2.7 contain very specific language regarding how it should be implemented including developing metrics, annual reporting, establishing thresholds and directing that exceeding the thresholds will have regulatory consequences established in the LDC. This policy also seems to assume that the regulatory method that should be applied to OSU is through the use of a master plan. 13.2.7 also outlines particular issues that must be monitored and reported on an annual basis which provides some guidance as to the conditions of interest that the Planning Commission sees at the present time. It should be noted that 13.2.6 and 13.2.7 will have budgetary consequences as the City will need to keep consultants busy on an ongoing basis to provide annual monitoring of some of these systems which will often involve complex studies.

If the Council wants to preserve more flexibility to define the monitoring metrics, process, cost and review cycle in the implementation phase, it may want to consider replacing 13.2.6 and 13.2.7 with a policy that states something like the following:

The City and OSU shall closely coordinate land-use actions that have the potential to impact either the University or the surrounding community. Monitoring programs should be established to determine whether conditions and assumptions underlying the regulation of OSU’s land use are valid and the monitoring results shall be reported to the Council on a periodic basis. Where practicable, binding regulatory mechanisms should be developed to respond to situations which may exceed key planned metric thresholds either through the LDC or some other means.

Parking:

OSU indicates it concurs with the amendments proposed related to parking. OSU also notes that university area parking challenges are addressed most effectively if both the city and the university are working transparently and cooperatively. Staff agrees with this sentiment.

Recommendation:

Staff recommends the Council consider the recommendations from the Planning Commission and the information presented in the record, deliberate and decide whether to approve the proposed amendments, make modifications and approve the amendments, or refer CPA15-1 back to the Planning Commission with specific direction for additional work.

Staff notes that the record contains findings that support the Planning Commission's recommendation to approve CPA15-1 as forwarded by the Planning Commission to the City Council.

For the Council's reference, staff offers two motions for consideration at the conclusion of the Council's deliberations on this case; one motion to approve CPA15-1, and one motion to refer CPA15-1 back to the Planning Commission. A motion to deny was not provided since this is a Council goal.

Motion to Approve

I move to tentatively approve the Comprehensive Plan Text Amendments in CPA15-1. This motion is based on the reports, testimony, and deliberations before this body as well as the Planning Commission recommendation and associated Planning Commission public record, subject to adoption of an Ordinance incorporating the Council's formal findings at a subsequent City Council meeting.

Motion to Refer

I move to refer the proposed CPA15-1 to the Planning Commission for additional deliberation and recommendation.

(The City Council should provide specific direction regarding what it would like the Planning Commission to deliberate further if this motion is made.)

Budget Impact:

There is no significant budget impact related to this amendment. However, substantial monitoring and reporting requirements that may be included in the final Comprehensive Plan changes could have significant budgetary impacts. It is anticipated there will be an unknown future budget impact during the implementation phase of the policies.

Attachments:

Attachment CC-A: Testimony Received Prior to the Close of the Record, October 24, 2016.

October 23, 2016

TO: City Council

FR: Court Smith, 471 NW Hemlock Ave, Corvallis, OR

RE: October 17, OSU-Related Comprehensive Plan Amendment Public Hearing Response on Policy 11.4.10

Policy 11.4.10 offers options for parking management that have worked successfully in other cities.¹ It is not directed at parking districts or their residents. Applying new thinking and linking transportation and transit would enable Corvallis to reduce the total number cars. The Corvallis parking problem is “a tragedy of the commons,” where lack of adequate management creates a free-for-all that is not in the best interests of the community.

Parking Management: OSU states a desire to work with the City on transportation demand management planning (TMDP). Policy 11.4.10 points to tested approaches for addressing the parking tragedy of the commons. The goals of Policy 11.4.10 are to reduce traffic in neighborhoods, improve air quality, mitigate climate change, reduce the need for car travel, increase fairness, and develop a sustainable, self-sufficient approach to parking. Corvallis’ parking problem is much broader than the areas around OSU. Following guidance provided with the Policy, the goal should be have parking utilization at peak times in all areas of the city below 85%.² Effective parking management would address OSU’s parking pricing that is too expensive because it only achieves 74% peak hour utilization. On the other hand, City parking is too inexpensive in that over 95% utilization is achieved in many areas.³ By linking transportation and transit, the goal is to create a transportation system that offers more options for accessing places in the City.

Equitable: Costs for the current City parking management system are greater than the fees and fines collected by as much as 25%.⁴ With such a deficit, free City parking is neither equitable nor fair. Valuable short-term free parking on City streets adjacent to OSU and other city areas is occupied by cars stored there for one or more days. Why are some residences provided on-street parking while portions of Van Buren, Jefferson, Kings, 9th, 29th, Walnut, Circle, Western, and many other locations where residences have constrained parking conditions not allowed on-street parking? This is because parking is not the most beneficial use for all streets. Free, on-street parking is broadly desired, but it creates safety problems, increases air pollution, slows down traffic, and is not an equitable or effective way for allocating parking.

Leadership: Transportation has a significant role to play in mitigating against climate change. Imagine Corvallis 2040, the Climate Action Plan, budget and housing considerations all show Corvallis residents value equity and the environment. With leadership and collaboration, innovative solutions can improve the efficiency, livability, and quality of our community. Policy 11.4.10 is an effort to contribute to these goals and this process.

Why not consider a neighborhood benefit district that includes OSU, the City, sororities and fraternities, apartment dwellers, and neighborhood residents to craft a solution together? Why not work to develop incentives and fund better transportation and transit from fees obtained from parking management?

¹ Litman, Todd. 2016. [Parking Pricing Implementation Guidelines](http://www.vtpi.org/parkpricing.pdf). Victoria Transport Policy Institute. [online] <http://www.vtpi.org/parkpricing.pdf>. 35 pages.

Riggs, William. 2014. Dealing with Parking Issues on an Urban Campus: The case of UC Berkeley. *Case Studies on Transportation Policy* 2(3):168–176. This analysis shows that providing less parking can result in more accessibility.

Shoup, Donald C. 2011. The High Cost of Free Parking. Chicago: American Planning Association. 763 pages.

Speck, Jeff. 2013. Walkable City. See Step 3 “Get the Parking Right,” California Bookwatch. See TED Talk with nearly one million views [online] https://www.ted.com/talks/jeff_speck_the_walkable_city?language=en.

² “For on-street parking, we consider the system to be at its ‘effective capacity’ when it is 85 percent occupied” (Mill Valley, California, Chapter 3, Parking Utilization Analysis, 2008, p 3-26). See also for Seattle, WA



ASSESSMENT METRICS FOR PARKING UTILIZATION.

[online] (<https://www.theurbanist.org/2015/07/28/a-data-driven-and-technological-approach-to-parking-management-seattles-2015-fall-pay-parking-rates-and-regulations/>).

³ Kittelson & Associates, Inc., 2015. Memorandum: Neighborhood Parking Study Findings. Project #: 18130 [online] http://fa.oregonstate.edu/sites/fa.oregonstate.edu/files/cpd/land-use/neighborhood_parking_study_findings_november_2015_0.pdf.

OSU Capital and Planning Development. 2015. OSU Parking Utilization Study 2014-2015 Fall Term. University Land Use Planning. [online] <http://fa.oregonstate.edu/university-land-use-planning/campus-master-plan/parking-utilization-studies>.

⁴ In FY13-14, the latest data that I could find, the parking enforcement program was supported by fines (68%), parking district permit holders (6%), and 26% was the deficit that year. These data do not count the innumerable hours spent in expanding and managing parking in Corvallis. This appears to be a very expensive program supported by those paying fines and local residents who pick up the deficits.

TO: City Council for November 7, 2016 Council Meeting
FROM: Mary Steckel, Public Works Director ~~#8~~
DATE: October 21, 2016
THROUGH: Mark W. Shepard, P.E., City Manager ~~WUS~~
SUBJECT: Legacy Streets



Action Requested:

No action is required at this time. This report is a status report and provides the Council with information regarding future discussions on legacy streets.

Discussion:

Staff has been working with the City Council and neighborhood residents to examine the practices for streets in the community not built to the City's standards. Previous discussion focused on street standards and what options for street standards should the City consider for legacy streets. Based on these discussions and the substantial variations of desires and needs along legacy streets staff believes that it will be beneficial to move in a different direction.

Staff will bring a concept forward for Council to consider in the first half of 2017. In short, the concept will be focused on identifying an approved list and map of existing legacy streets rather than identifying multiple standards to be applied to legacy streets. These streets will be allowed to remain as legacy streets and receive street surface maintenance without having to be brought up to a specific standard unless otherwise directed by the City Council. Additional discussion will be brought forward regarding how neighborhoods or the City Council might affect partial or full improvements to the streets when desired. An analysis of Local Improvement Districts will be included in these discussions. Issues around re-creating and maintaining appropriate drainage for these streets will also be addressed.

If the Council has concerns or questions surrounding this approach we can discuss these at the November 7 Council Meeting.

Budget Impact:

No budget impact from the adoption of a legacy street concept.

TO: City Council for November 7, 2016, Council Meeting
 FROM: Mary Steckel, Public Works Department *MS*
 Jon Sassaman, Police Chief *JS*
 DATE: October 31, 2016
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 SUBJECT: Council Request - Downtown Parking



Action Requested:

For information only, no action required.

Discussion:

Staff was asked to provide some history on the restrictions for employees and volunteers regarding the downtown free-customer-parking area. This regulation was first established for employees of downtown businesses in the 1970s. In 1982, a change was approved to include in the restriction volunteer workers and persons attending training or educational institutions in the downtown. The policy was most recently reviewed in 2010, prompted by the curtailment of the Police Department’s ability to track vehicle license plates, in accordance with requirements of the Municipal Code, because of national Law Enforcement Data System (LEDS) requirements.

To efficiently continue to enforce no employee parking in the downtown, the Police Department proposed establishing a time limit on parking. The Downtown Parking Committee (DPC) reviewed options and considered public input over a seven-month period. They also held a public meeting that 20 community members attended, the majority of whom were from downtown businesses and the Downtown Corvallis Association. While there was some disagreement on the time limit concept, and on how long the limit should be, there was no disagreement that employees and others should continue to be prohibited from parking in the downtown free spaces.

The Council also asked about the number of tickets issued in the downtown over the last five years.

<u>Year</u>	<u>Number of Tickets</u>
2012	34
2013	37
2014	12
2015	1
2016	2

The significant reduction in tickets issued since 2014 is the result of two factors. One is that beginning in July 2014, Parking Enforcement was required to track down and deliver the ticket to the person responsible, to verify that the person was actually at work at the time of the violation. The other is the shift in focus to enforcement of parking regulations in the Residential Parking Districts in response to the community’s desire for more attention in this area. This shift has consumed the Parking Enforcement resources in the last few years.

Budget Impact:

None.

TO: City Council for November 7, 2016
 FROM: Paul Bilotta, Community Development Director *PB*
 DATE: October 31, 2016
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 SUBJECT: Construction Excise Tax Ordinance and Resolution



Action Requested:

The Housing Development Task Force (HDTF) recommends the City Council approve an ordinance to implement an Affordable Housing Construction Excise Tax (CET). To fully implement this change, the Council should also pass a resolution setting the tax rates for the CET.

Discussion:

On October 17, 2016, the City Council considered the final package of housing-related recommendations from the City's HDTF. Within that package was a recommendation to establish developer incentives to create affordable housing, and to implement a Construction Excise Tax to provide those incentives. The incentives provided by the CET would operate on a voluntary basis, rather than on a mandatory basis as would also be allowed under enabling legislation, the 2016 Oregon Legislature's Senate Bill 1533.

Projected CET Revenues

Revenues from a Corvallis construction excise tax would be generated from two types of development: from residential development that creates new or expands existing living space, and from commercial and industrial development that results in a new structure or adds square footage in an existing structure. SB 1533 fixes the CET rate on the value of residential development at one percent. The HDTF has recommended a one and one-half percent CET rate on the value of commercial and industrial development. Applying those rates to an average of the three most recent years' levels of development activity yields a projection of CET revenues totaling approximately \$660,000 annually. This figure is based on projected average revenue from residential development at \$460,000 a year, and projected average revenue from commercial and industrial development at \$200,000 a year.

CET revenues will be limited by exemptions for certain development under the provisions of SB 1533. These exemptions include properties owned or developed by public entities such as Oregon State University, the Corvallis School District, and other governmental bodies; properties owned or developed by not-for-profit entities as affordable housing with a secured 60-year commitment to affordability; public or private hospital improvements; improvements to religious facilities; private school improvements; and agricultural buildings. The HDTF has also recommended exempting affordable housing construction that is being assisted with CET proceeds.

Allowed and Proposed Uses of CET Revenues

SB 1533 sets specific restrictions on the uses to which CET revenues may be applied. For CET revenues generated by both residential and commercial/industrial development, four percent of the revenue collected may be retained by the entity collecting the taxes to offset costs incurred for collection. Allowed uses of the remaining revenues differ between residential development and commercial/industrial development. The allowed and proposed uses are included in the tables that follow.

Table 1: Residential Development-based CET Revenues

Of the balance after retaining 4% for administration	Allowed/required uses	Proposed uses
15%	Remit to Oregon Housing and Community Services to support home ownership programs.	As required.
50%	Use to fund mandatory or voluntary developer incentives for affordable housing.	As allowed; use to fund voluntary developer incentives to create housing affordable to lower-income households than SB 1533 targets (<80% of average median income (AMI) for home owner programs; <60% AMI for renter programs).
35%	Use to fund incentives or programs related to affordable housing.	As allowed; use to fund incentives, programs, and program administration.

Table 2: Commercial/Industrial-based CET Revenues

Of the balance after retaining 4% for administration	Allowed/required uses	Proposed uses
50%	Use to fund programs related to housing.	As allowed; use to fund incentives, programs, and program administration.
50%	Use for purposes established at the discretion of the jurisdiction.	As allowed; use to fund incentives, programs, and program administration.

Applying these breakout percentage rates to the \$660,000 in projected/average annual CET revenues explained above, uses would be as follows.

Table 3: Uses of CET Revenues

Use of CET revenues	Amount of CET revenues
Retained by Development Services for costs incurred to collect the CET.	\$ 26,000
Remitted to Oregon Housing and Community Services Department.	\$ 66,000
Applied as developer incentives for housing voluntarily built for renters below 60% AMI and owners below 80% AMI.	\$220,000
Applied to affordable housing incentives, programs, and program administration.	\$348,000
Total	\$660,000

If the City applies the CET as outlined in table 3 above, CET revenues averaging approximately \$568,000 annually could be used to support affordable housing development and programs.

Affordable Housing Program Development

In its final report to the City Council, the HDTF recommended the City’s Housing and Community Development Advisory Board (HCDAB) be assigned responsibility for developing the allocation methodologies that will be applied to the affordable housing programs, projects, and activities to be funded with CET revenues. The HCDAB is prepared to begin work on this task before the end of 2016 and will bring its recommendations to the Council prior to the end of FY 16-17. Under this schedule, CET revenues would be collected but not expended during FY 16-17, and then awarded to qualifying affordable housing activities under the HCDAB’s Council-approved methodologies beginning in FY 17-18. For purposes of

effectiveness and efficiency it is likely project and activity proposals for CET awards will be considered concurrently with proposals from the City's Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs.

Recommendation:

Staff recommend that the City Council:

1. Conduct a public hearing to receive input regarding the adoption and implementation of the Affordable Housing Construction Excise Tax ordinance that is attached as Exhibits 1 and 1A;
2. If the Council's decision is to move forward with the CET, adopt the attached ordinance; and
3. Following that adoption, pass the resolution attached as Exhibit 2 in order to establish the rates at which the CET will be applied to future residential, commercial and industrial construction.

If the Council does not wish to move forward with the CET, no further consideration of the HDTF's recommended action for this item will be required.

Budget Impact:

The projected budget impacts of adopting the Affordable Housing Construction Excise Tax are summarized in tables 1 through 3 above. In addition to providing the City with additional resources to incentivize the development of affordable housing, CET revenues may also be used to support the City's operation of its affordable housing program and planning activities. Using CET in these ways would help offset the Community Development Revolving Fund's current annual operating deficit that is the result of steadily declining CDBG and HOME program awards.

VPB:prj

Attachments: Attachment A – Affordable Housing Construction Excise Tax Ordinance
Attachment B – Resolution Establishing CET Rates

ORDINANCE 2016-___

AN ORDINANCE RELATING TO A CONSTRUCTION EXCISE TAX FOR AFFORDABLE HOUSING ENACTING NEW MUNICIPAL CODE CHAPTER 8.16, "AFFORDABLE HOUSING CONSTRUCTION EXCISE TAX"

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Municipal Code Chapter 8.16 is hereby enacted as fully set out in Exhibit A to this Ordinance, which is attached and incorporated as part of this ordinance.

Section 2. Emergency. Because prompt and continuous funding of affordable housing programs is necessary for the peace, health and safety of the people of the City of Corvallis and the surrounding area, the City Council declares an emergency exists, and this ordinance shall be effective upon its passage by the Council.

PASSED by the City Council this _____ day of _____ 2016

APPROVED by the Mayor this _____ day of _____ 2016

EFFECTIVE this _____ day of _____ 2016

Mayor

ATTEST:

City Recorder

ORDINANCE 2016 - _____**Exhibit A****Chapter 8.16****AFFORDABLE HOUSING CONSTRUCTION EXCISE TAX****Section 8.16.010 Purpose.**

This Chapter establishes a construction excise tax on commercial and residential improvements to provide funding for affordable housing in the City. Chapter 8.16 of the Corvallis Municipal Code shall be known as the affordable housing construction excise tax.

Section 8.16.020 Definitions.

As used in this Chapter:

- A. "Area median income" means Benton County median household income by household size as defined by the United States Department of Housing and Urban Development and published periodically.
- B. "Commercial" means designed or intended to be used, or actually used, for other than residential purposes.
- C. "Construct" or "construction" means erecting, constructing, enlarging, altering, repairing, improving, or converting any building or structure for which the issuance of a building permit is required by Oregon law.
- D. "Improvement" means a permanent addition to, or modification of, real property resulting in a new structure, additional square footage to an existing structure, or addition of living space to an existing structure.
- E. "Net revenue" means revenues remaining after the administrative fees described in section 8.16.120(A) are deducted from the total construction excise tax collected.
- F. "Structure" means something constructed or built and having a fixed base on, or fixed to, the ground or to another structure.
- G. "Value of improvement" means the total value of the improvement as determined in the process of issuance of the building permit.

Section 8.16.030 Administration and Enforcement Authority.

The City Manager is responsible for the administration of this Chapter.

Section 8.16.040 Imposition of Tax.

The City Council shall set the percentage rate of the construction excise tax by resolution, in an amount not to exceed that permitted by state law.

Attachment A

- A. Each person who applies to construct a commercial or industrial improvement in the City shall pay a commercial construction excise tax, in an amount based on a percentage of the full value of the improvement, as set by the City Council through resolution.
- B. Each person who applies to construct a residential improvement in the City shall pay a residential construction excise tax in an amount based on a percentage of the full value of the improvement, as set by the City Council through a resolution.
- C. The construction excise tax shall be due and payable, and must be paid, prior to the issuance of any building permit as required by ORS 320.189 as amended by SB 1533 Section 8(4) [2016].

Section 8.16.050 Exemptions.

- A. The construction excise tax shall not apply to any of the following improvements:
 - 1. Private school improvements.
 - 2. Public improvements as defined in ORS 279A.010.
 - 3. Public or private hospital improvements.
 - 4. Improvements to religious facilities primarily used for worship or education associated with worship.
 - 5. Agricultural buildings, as defined in ORS 455.315(2)(1).
 - 6. Facilities operated by a not-for-profit corporation and that are:
 - a. Long term care facilities, as defined in ORS 442.015.
 - b. Residential care facilities, as defined in ORS 443.400.
 - c. Continuing care retirement communities, as defined in ORS 101.020.
 - 7. Any other exemption required by Oregon statute.
 - 8. Any improvement funded by Construction Excise Tax proceeds, or other dedicated affordable housing funding through the City of Corvallis Community Development Block Grant or HOME Investment Partnerships programs, limited to the amount of the City's investment in the improvement.
- B. The Development Services Division may require any person seeking an exemption to demonstrate that the improvements are eligible for an exemption and to establish all facts necessary to support the exemption.

Section 8.16.060 Failure to Pay.

The Development Services Division may not issue a building permit for construction of improvements to any person who has failed to pay the applicable construction excise tax.

Section 8.16.070 Statement of Full Value of Improvement Required.

It is a violation of this Chapter for any person to fail to state, or to understate, the full value of improvements to be constructed in the City in connection with an application for a building permit.

Section 8.16.080 Interest and Penalties for Failure to Comply.

- A. All amounts of construction excise tax not paid when due shall bear interest on the entire unpaid amount at the rate of .833 percent simple interest per month or fraction thereof (10 percent per annum), computed from the original due date to the 15th day of the month following the date of the payment. Interest amounts may not be waived.
- B. A penalty of five percent of the underpayment of construction excise tax shall apply to:
 - 1. Any underpayment due to the improvements constructed initially failing, or later ceasing, to be exempt affordable housing under Section 8.16.050, prior to expiration of the applicable income restriction period.
 - 2. Any underpayment involving a failure to state or an understatement of the full value of improvements.
- C. If not paid within ten days after billing all interest and penalties shall merge with and become part of the construction excise tax required to be paid under this Chapter. From the point of merger, the previously assessed interest and penalty become part of the tax due for calculation of interest and penalty for subsequent periods.

Section 8.16.090 Enforcement by Civil Action.

The construction excise tax, and any assessed interest and penalties due and owing under this Chapter constitutes a debt owing to the City by the person liable for the tax as set forth in Section 8.16.040.

Section 8.16.100 Refunds.

- A. The City shall issue a refund to any person who has paid a construction excise tax the amount of the tax actually paid:
 - 1. If the taxpayer establishes that the tax was paid for improvements that were otherwise eligible for an exemption under section 8.16.050.
 - 2. If the taxpayer establishes that construction of the improvements was not commenced and the associated building permit has been cancelled by the Development Services Division.
 - 3. Upon a determination by the City Manager or the Council that the amount of any construction excise tax, penalty, or interest has been erroneously collected or paid to the City under this Chapter.
- B. The City Manager shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any request for refund must be submitted within three years from the date of payment.

Attachment A

C. Denial of a refund claim may be appealed as provided in Section 8.16.110.

Section 8.16.110 Appeals.

- A. Any written determination issued by the Development Services Division applying the provisions of this Chapter pursuant to intergovernmental agreement, believed to be in error, may be reviewed by the City Manager if the recipient requests review in writing delivered to the City Manager within ten days after receipt of the written determination together with all documentation required to support the request.
- B. Any written determination from the City Manager applying the provisions of this Chapter regarding liability for payment of construction excise taxes may be appealed to the Council as provided in section 3.08.180 of the City Code.
- C. The filing of any appeal shall not stay the effectiveness of the written determination unless the Council so directs.

Section 8.16.120 Dedication of Revenue.

- A. Net revenues from the construction excise tax shall be deposited into the General Fund, then used or transferred in a manner required to meet the obligations set out for these revenues under state law.

(Ord. 20YY-## § 1, MO/DY/YYYY)

RESOLUTION 2016-_____**A RESOLUTION SETTING THE TAX RATE FOR A CONSTRUCTION EXCISE TAX AS RELATED TO MUNICIPAL CODE SECTION 8.16.040, "IMPOSITION OF TAX."**

Minutes of the _____, Corvallis City Council meeting, continued.

A resolution submitted by Councilor _____.

WHEREAS, Ordinance 2016-____ enacted Chapter 8.16 of the Corvallis Municipal Code; and

WHEREAS Section 8.16.040 requires that the City Council establish by resolution the percentage rate of the excise tax to be levied on the value of commercial, industrial, and residential improvements to fund affordable housing; and

WHEREAS Oregon law provides that the local government imposing the CET may retain four percent of CET revenues as a fee for administering the tax. After this fee, the residential CET revenues are to be distributed as follows:

- 50 percent to developer incentives as set out in Section 1 of the bill
- 15 percent to Oregon Housing and Community Services Department to fund homeownership programs that provide down payment assistance
- 35 percent for affordable housing programs and incentives as defined by the local jurisdiction; and

WHEREAS, for a CET imposed on commercial or industrial development, 50 percent of revenues after the administrative fee must be expended on programs related to housing; and

WHEREAS, Oregon law provides that the rate of the construction excise tax on residential construction may be one percent of the permit value of the construction, but imposes no limit on the rate of the construction excise tax on commercial and industrial construction.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS RESOLVES that the rate of taxation under Corvallis Municipal Code Section 8.16.040 shall be _____ percent for residential construction and _____ percent for commercial and industrial construction.

Councilor

Upon motion duly made and seconded, the foregoing resolution was adopted, and the Mayor thereupon declared said resolution to be adopted.

**CITY OF CORVALLIS
COUNCIL ACTION MINUTES
October 17, 2016**

SUMMARY OF DISCUSSION

Agenda Item	Outcome
Executive Session 1. Status of employment-related performance Page 336	<ul style="list-style-type: none"> • FIO
Community Comments 1. Imagine Corvallis 2040 Vision (Keith) Page 336	<ul style="list-style-type: none"> • FIO
Consent Agenda Pages 336-337	<ul style="list-style-type: none"> • Revised Consent Agenda <u>passed U</u>
Items Removed from Consent Agenda 1. Economic Development Advisory Board minutes 9/12/16 Page 337	<ul style="list-style-type: none"> • Accepted minutes <u>passed U</u>
Unfinished Business 1. Municipal Judge Contract 2. Adoption of findings incorporating the 2013 Airport Master Plan as a supporting document to the Comprehensive Plan 3. Acceptance of Housing Development Task Force recommendations Pages 338-340	<ul style="list-style-type: none"> • Continue contract for 2 years; grant cost of living adjustment for both years equal to exempt staff <u>passed 8-1</u> • Adopted findings <u>passed U</u>; ORDINANCE 2016-15 <u>passed U</u> • Accepted recommendations <u>passed U</u>; Scheduled public hearing for 11/7/16 to consider Construction Excise Tax <u>passed U</u>
Ordinances and Resolutions 1. Resolution accepting a donation for the Franklin Square Park Rehabilitation Project Page 340	<ul style="list-style-type: none"> • RESOLUTION 2016-36 <u>passed U</u>
Public Hearing 1. Oregon State University-Related Comprehensive Plan Amendment Pages 340-343	<ul style="list-style-type: none"> • Deliberations 11/7/16
Mayor's Reports 1. Raging Grannies thank you card; work session adjustments Page 343	<ul style="list-style-type: none"> • FIO
Councilor Reports 1. Baker (Climate Action Task Force update) 2. York (Council self-evaluations) 3. Hann (kudos for Public Works staff, fundraiser for feminine hygiene products) 4. Bull (meeting with Samaritan Village residents) Pages 343-344	<ul style="list-style-type: none"> • FIO • FIO • FIO • FIO
City Manager Reports 1. City Manager's Report – September 2016 2. Council Goals Update 3. Appeal of Timberhill replat and conceptual development plan public hearing 11/21/16 Page 344	<ul style="list-style-type: none"> • FIO • FIO • FIO

Glossary of Terms

FIO For information only
 U Unanimous

**CITY OF CORVALLIS
COUNCIL ACTION MINUTES
October 17, 2016**

Mayor Traber read a statement based upon Oregon law regarding executive sessions. The statement indicated that only representatives of the news media, designated staff, and other Council-designated persons were allowed to attend the executive session. News media representatives were directed not to report on any executive session discussions, except to state the general subject of the discussion, as previously announced. No decisions would be made during the executive session. He reminded Councilmembers and staff that the confidential executive session discussions belong to the Council as a body and should only be disclosed if the Council, as a body, approved disclosure. He suggested that any Council or staff member who may not be able to maintain the Council's confidences should leave the meeting room.

Council entered executive session at 5:16 pm under ORS 192.660(2)(i) (status of employment-related performance) to discuss the Municipal Judge and City Manager evaluations. The executive session adjourned at 6:17 pm.

PRESENT: Mayor Traber; Councilors Baker (5:19 pm), Beilstein, Brauner, Bull, Glassmire (5:18 pm), Hann, Hirsch (5:29 pm), Hogg, York

I. CALL TO ORDER

The regular meeting of the City Council of the City of Corvallis, Oregon was called to order at 6:30 pm on October 17, 2016, in the Downtown Fire Station, 400 NW Harrison Boulevard, Corvallis, Oregon, with Mayor Traber presiding.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

PRESENT: Mayor Traber; Councilors Baker, Beilstein, Brauner, Bull, Glassmire, Hann, Hirsch, Hogg, York

IV. COMMUNITY COMMENTS

Claudia Keith, representing the League of Women Voters, read from prepared testimony concerning climate action as a focus of Imagine Corvallis 2040 Vision Statement (Attachment A). Councilor York noted that the focus areas in the draft Vision were not in priority order. All of the focus areas were interrelated and prioritization would eventually be decided by the Council.

V. CONSENT AGENDA

Mayor Traber noted an administrative correction to the October 3, 2106, City Council meeting minutes. The introductory paragraph inadvertently reflected September 17, 2016, instead of October 3, 2016. The City Recorder will correct the minutes.

Councilor Bull requested removal of item A.3.e., minutes of the Economic Development Advisory Board – September 12, 2016.

Councilors Hirsch and Hann, respectively, moved and seconded to adopt the Consent Agenda as follows:

- A. Reading of Minutes
 - 1. City Council Meeting – October 3, 2016
 - 2. City Council Work Session – October 4, 2016
 - 3. For Information and Filing (Draft minutes may return if changes are made by the Board or Commission)
 - a. Airport Advisory Board – September 13, 2016
 - b. Bicycle and Pedestrian Advisory Board – September 2, 2016
 - c. Downtown Advisory Board – May 11 and August 10, 2016
 - d. Downtown Parking Committee – September 13, 2016
 - f. Historic Resources Commission – September 13, 2016
 - g. Planning Commission – September 21, 2016
- B. Schedule an Executive Session at 5:30 pm on November 7, 2016, meeting under ORS 192.660(2) (i) (status of employment-related performance) (City Manager evaluation)
- C. Schedule a public hearing at 7:30 pm on November 21, 2016, to consider a Community Development Block Grant Action Plan Amendment
- D. Announcement of appointments to Bicycle and Pedestrian Advisory Board (Horne); Community Involvement and Diversity Advisory Board (Ackroyd, Brown, Curwen, Sánchez-Aragón, Weinstein); Downtown Advisory Board (York); King Legacy Advisory Board (Harris); and Parks, Natural Areas, and Recreation Advisory Board (Gooch)

The motion passed unanimously.

VI. ITEMS REMOVED FROM CONSENT AGENDA

Item A.3.e. Economic Development Advisory Board – September 12, 2016

Councilor Bull observed that the Economic Development Advisory Board discussed ballot measures at their September 12, 2016, meeting. In response to her inquiry, City Attorney Brewer said State election laws consider employees and volunteers to be the same in that they may not, while acting in the capacity, promote or oppose election petitions or ballot measures. The law does not restrict the right of board or commission members to express personal political views on their own time. The requirement becomes effective at the time a measure number is assigned. Elected officials are exempt from the requirement. Mr. Brewer noted that the City Recorder regularly provides notices about this requirement to employees, volunteers, and board and commission members.

Councilors Bull and Hirsch, respectively, moved and seconded to accept the Economic Development Advisory Board minutes for September 12, 2016. The motion passed unanimously.

VII. UNFINISHED BUSINESS

A. Municipal Judge Contract

Councilor Brauner and York, respectively, moved and seconded to accept the Municipal Judge's evaluation summary sheet dated October 17, 2016 (Attachment B). The motion passed unanimously.

Councilors Brauner and Hann, respectively, moved and seconded to offer Municipal Judge Dunfield an extension of his current contract for two years, with annual increases equal to the cost-of-living percentage granted to exempt City employees, with the first increase being granted at the beginning of the contract, which commences January 1, 2017, based on what exempt staff received in July 2016. The motion passed 8 to 1, with Councilor Hirsch abstaining because he was not present during the evaluation on October 3, 2016.

Councilor Brauner noted that if Judge Dunfield did not accept the offer, the matter would need to return to the Council for further discussion.

B. Adoption of Findings related to incorporating the 2013 Airport Master Plan as a supporting document to the Comprehensive Plan

There were no new declarations of conflicts of interest. Councilor Brauner said he had to leave the October 3, 2016, Council meeting before the matter was discussed; however, he reviewed the record and was prepared to vote on the issue.

Councilors Hann and Hirsch, respectively, moved and seconded to adopt the Formal Findings and Conclusions presented in the October 11, 2016, memorandum from the Community Development Director to the Mayor and City Council, in support of the City Council's decision to approve CPA15-3 to incorporate the 2013 Airport Master Plan as a supporting document to the Comprehensive Plan, and to amend Article 11 of the Comprehensive Plan. The motion passed unanimously.

City Attorney Brewer read a special ordinance incorporating the 2013 Airport Master Plan as a supporting document to the Comprehensive Plan.

ORDINANCE 2016-15 passed unanimously.

Mayor Traber announced that any participant not satisfied with the decision could appeal to the State Land Use Board of Appeals within 21 days.

B. Acceptance of Housing Development Task Force recommendations

Housing and Neighborhood Services (HNS) Manager Weiss reviewed the staff report.

Staff provided the following responses to Councilors' questions:

1. Affordable housing has been a Council goal for at least six years.

2. Should it be adopted by the Council, implementation of the construction excise tax would be coordinated through the Community Development Department.
3. As proposed, accessory dwelling units (ADUs) would be allowed where permitted by the City's Land Development Code (LDC), regardless of neighborhood association covenants, conditions, and restrictions (CCRs). If members of a neighborhood had a concern about an ADU that was in conflict with their CCRs, it would have to be raised with their neighborhood association. Approval of LDC text amendments to permit ADUs would require public hearings at both the Planning Commission and Council.
4. An example of a Major Neighborhood Center (MNC) is the auction yard in South Corvallis. MNCs have the components of both commercial and residential development from higher density to lower density. The goal was currently non-specific, so staff believed that the old Denson's building could be an MNC. Staff in both the Planning and HNS Divisions of the Community Development Department, as well as the Housing and Community Development Advisory Board, would work together to bring forward concept proposals.
5. An example of Special Needs Housing would be a structure built specifically for people with disabilities. Flexibility in some requirements, such as parking, could be granted for someone who was not able to drive a vehicle due to his/her disability.
6. The Task Force did not discuss providing annual reports to the Council.

Councilor Bull requested that ADUs be included in the Buildable Lands Inventory discussion related to densities.

Councilors considered whether the recommendations should be accepted or adopted. Councilor Beilstein said the HDTF preferred adoption, as they wanted to be sure the Council would act on their recommendations. The HDTF especially wanted immediate action on the Construction Excise Tax (CET). It was understood that other recommendations, such as ADUs and changes to System Development Charges as an incentive to assist in the development of affordable housing, were longer-term efforts. He was satisfied that the Council was committed to moving forward with the CET and the other the recommendations would be carefully considered by the next Council. Councilors Glassmire and Hann agreed with Councilor Beilstein's comments and noted the HDTF felt a sense of urgency to act given that affordable housing had been discussed for many years without much progress.

Councilors Beilstein and Brauner, respectively, moved and seconded to accept the final report of the Housing Development Task Force and charge the Housing and Community Development Advisory Board to provide the Council with periodic reports of status of the recommendations and, when appropriate, with suggested strategies for implementation. Housing and Community Development Advisory Board shall provide reports annually and when needed for timely action.

Councilors York and Beilstein clarified that the CET was the only recommendation that was ready for action, and consideration was expected at the November 7, 2016, Council meeting.

Councilor Hogg was fine with accepting the report; however, he was concerned about ADUs. He recalled testimony to the Council a few years ago from residents who were negatively impacted by infill development in neighborhoods around Oregon State University. He cautioned that additional study and careful consideration of ADUs would be needed and wanted to ensure the integrity of neighborhoods throughout Corvallis were protected.

Councilor Glassmire requested that Mr. Weiss encourage the Housing and Community Development Advisory Board to take note of Councilors' concerns and obtain input from Councilors and others.

The motion passed unanimously.

Councilors Brauner and Beilstein, respectively, moved and seconded to direct staff to prepare an ordinance related to adoption of a Construction Excise Tax for Council's consideration at the earliest possible Council meeting.

Councilors agreed that, while it was not required, a public hearing on the CET was preferred.

Councilors Brauner and Beilstein were amenable to a friendly amendment that included holding a public hearing before deliberating on a proposed ordinance.

Mr. Shepard said staff anticipated the CET public hearing would be scheduled for the November 7, 2016, Council meeting.

The motion, as amended, passed unanimously.

VIII. ORDINANCES AND RESOLUTIONS

- A. A resolution accepting a donation from Friends of Corvallis Parks and Recreation for the Franklin Square Park Rehabilitation Project

Mr. Brewer read the resolution.

Councilors Hirsch and York, respectively moved and seconded to adopt the resolution.

RESOLUTION 2016-36 passed unanimously.

Mayor Traber recessed the meeting from 7:26 pm to 7:31 pm.

X. PUBLIC HEARING

- A. Oregon State University-Related Comprehensive Plan Amendment

Mayor Traber read the order of proceedings, noting that persons testifying either orally or in writing could request a continuance or request the record be held open, and that such requests should be included in the person's testimony. He opened the legislative public hearing at 7:34 pm.

There were no declarations of conflicts of interest, rebuttals or objections on jurisdictional grounds.

Mayor Traber said land use decisions such as the case under consideration were evaluated under applicable Statewide land use planning goals and guidelines and criteria from the Land Development Code and Comprehensive Plan as presented in the staff report.

Community Development Director Bilotta provided an overview of the process and Senior Planner Johnson reviewed the staff report that was included in the Council meeting packet.

Mr. Brewer reminded those testifying that they should direct their testimony toward the applicable criteria of the case or other criteria in the Municipal Code, Comprehensive Plan, or Land Development Code which they believed applied to the decision. Failure to raise an issue, accompanied by statements or evidence sufficient to afford the City or other parties the opportunity to respond to the issue, precluded appeals to the State Land Use Board of Appeals based on that issue.

Public Testimony

Ron Adams, Oregon State University (OSU) Interim Provost and Executive Vice President, said OSU's understanding of the housing-related policies was that the City was encouraging OSU to facilitate development of sufficient housing to address OSU-identified student demand, which in turn would help mitigate affordable housing impacts on the broader community. OSU did not object to this general principle. In response to Councilor Beilstein's inquiry, Mr. Adams said OSU was seeking ways to encourage more upper-division students to live on campus; however, they had not established a specific goal.

Christe White, OSU's outside land use counsel, addressed parking and process. She said OSU concurred with the recommendations related to parking policies. Regarding process, she noted the proposed amendments relate to how OSU land use applications would be processed and regulated in the future. OSU concurred with the Planning Commission's effort to strike a balance between certainty, transparency, and monitoring. She noted that some programs might be best monitored annually, while others may be more appropriately monitored over a longer period of time. Ms. White concurred with the benefits of Transportation Demand Management and agreed it would be helpful for the City to have transportation data from OSU. Neighborhood parking utilization studies were being conducted to better understand demand for parking by commuters/residents compared to OSU students. Ms. White and Councilors discussed master plans. Ms. White noted that other jurisdictions' codes have a conditional use master plan approval, so the document matches the code. She believed there were opportunities for the City and OSU to more clearly communicate the provision associated with the new master plan, including streamlined use of terminology.

Charlyn Ellis spoke from prepared testimony generally supporting the proposed amendments (Attachment C). In response to Councilor York's inquiry, Ms. Ellis said she believed the policy document should be specific about what is meant by the term "near" to avoid differing interpretations and that it should specify that faculty and staff should be

near campus and students should be on campus. Councilor Bull was interested in understanding the specific geographic boundaries associated with the new Plan.

Jeff Hess commented on 9.7.k, which states that off-campus housing pays property taxes and on-campus housing does not. He stated that residential housing did not pay for itself. Rather, those costs are subsidized by businesses, and the revenue generated by those businesses would occur regardless of whether students lived on or off campus. In addition, housing students off-campus requires livability police officers provided by the City; on-campus safety and livability needs become an expense for the State to manage. He said students housed on campus also have higher graduation rates. He preferred that off-campus land was preserved for developing the types of housing that would support industry. He asked that the amendment be removed from the Plan. In response to Councilors' inquiries, Mr. Hess said he was emphasizing the contrast between off-campus and on-campus housing, not addressing the benefits of public/private partnerships as noted in the last sentence of 9.7.k. He believed if it was left for others to interpret, they would see it in many different ways that serve their interests. He agreed it would be appropriate for the document to recognize that data shows residential housing does not generate sufficient property tax revenue to pay for its share of City services.

Shelly Murphy from the League of Women Voters (LWV) referred to the letter her organization provided in the Council meeting packet. LWV appreciated the thorough work to produce the proposed amendments and complimented the Planning Commission on its thorough review. LWV strongly supported housing for students and staff on the OSU campus. It also hoped transit policy 11.7.8 would lead to inclusion of bus service between Linn-Benton Community College's Benton Center and the OSU campus to serve dual-enrollment students. LWV also supported policies surrounding monitoring and transparency. In response to Councilor Baker's inquiry, Ms. Murphy recalled that the previous policy defined "near" as being within one-half mile. LWV wanted to ensure the updated policies were similarly specific.

Dan Brown believed the process to develop the recommendations was both thorough and fair. He referred to 11.4.10.c, which reads *The parking fee system should be self-supporting and can provide additional resources for transit and transportation improvements*. He said such a policy would reverse a long-standing City policy that parking fees were only used to support the parking program, not transit and transportation improvements. He said such a change would place unfair costs on a limited number of people in Corvallis and he believed the policy should be eliminated. Councilor Beilstein supported 11.4.10.c because Corvallis' parking fees were well below market rate and he believed the City should charge more to support alternative transportation and discourage single occupancy vehicle use. Mr. Brown was more concerned about residential parking districts where people are parking cars near their homes on a long-term basis. He said charging everyone in the city to park in front of their homes would be a more equitable way to support transit. In response to Councilor Baker's inquiry, Mr. Brown viewed revenue from parking meters as a separate issue. Councilor Hogg shared Mr. Brown's concerns. In response to his inquiry about how he interpreted 11.4.10.d, which reads *Parking fees can be considered as an effective mechanism for allocating scarce parking resources and improving livability*, Mr. Brown said he was not able to answer without more thought.

Mayor Traber closed the public hearing at 8:29 pm. Councilors agreed with his proposal to hold the record open for one week to give the public an opportunity to respond to the

discussion that occurred during the public hearing. The deadline was set for 5:00 pm on October 24, 2016.

Questions of staff

Councilor York appreciated OSU's letter; however, she wanted staff to analyze it. She wondered if language could be crafted to clarify areas where interpretation was uncertain. Regarding 11.4.10, she requested staff's analysis of alternative language or, instead, eliminating specifying that automobile parking is a public resource that should be managed for the public good.

Councilor Hogg requested more information on the impact if policy 11.4.10 was eliminated. Regarding policy 9.7.3, he asked how "near" campus was defined.

Councilor Baker asked staff to provide a mock-up of an alternative definition/description of "master plan." Regarding 9.7.k, he also asked staff to propose language changes that would address concerns raised earlier by Mr. Hess.

Councilor Bull wanted to know legally, what the process would be if the Council voted on the Comprehensive Plan Amendment, and then as it was working on LDC updates, if additional clean up in the Comprehensive Plan was needed, could that work be completed so the City would only have to provide one submission to the State. She also wanted to know the geographic boundaries for the Plan, and whether specific boundaries were necessary. She expected that defining a geographic boundary would be a Comprehensive Plan issue and wondered what related implementation tools would be needed. She wanted more clarity about non-City master plans and what tools would be used in the implementation phase that would inform actions at the policy level.

Councilor Hann asked that the policies recognize that parking was linked to traffic and traffic control.

Mayor Traber announced that deliberations would be held at the November 7, 2016, Council meeting.

XI. MAYOR, COUNCILOR, AND CITY MANAGER REPORTS

A. Mayor's Reports

Mayor Traber distributed copies of a card he received from the Raging Grannies (Attachment D). He noted adjustments to Council work sessions, including that, time permitting, community comments would be accepted on any subject, not just what was on the agenda.

B. Councilor Reports

1. Task Force Updates

Councilor Baker said the Climate Action Task Force would meet on October 25 to continue work on recommendations it will present to the Council at a future work session. The item was for information only.

2. City Council Three-Month Schedule

The item was for information only.

3. Other Councilor Reports

Councilor York reminded Councilors that Council self-evaluations were due to Human Resources Director Altmann Hughes on October 20.

Councilor Hann thanked Public Works staff for responding quickly to his call regarding a clogged catch basin and announced a fundraiser coordinated by OSU freshman students to provide feminine hygiene products to women in need.

Councilor Bull reported that she spoke to residents at Samaritan Village about what the City has been working on, noting it was a good example of how Councilors can connect with constituents outside of Council meetings and work sessions. Mayor Traber agreed and encouraged Councilors to participate in similar events.

C. City Manager Reports

1. City Manager's Report – September 2016

The item was for information only.

2. Council goals update

The item was for information only.

3. Other

The three-month calendar will be updated to reflect a public hearing on November 7, 2016, related to consideration of a Construction Excise Tax. A public hearing related to the appeal of the Timberhill Replat and Conceptual Development Plan Modification was being scheduled for November 21, 2016. A final decision was required by January 3, 2017. Staff will send out notices about the hearing at the end of October.

XI. ADJOURNMENT

The meeting adjourned at 8:52 pm.

APPROVED:

MAYOR

ATTEST:

CITY RECORDER



Date: October 11, 2016

To: Imagine Corvallis 2040 Vision Committee, Corvallis Mayor and City Council

From: League of Women Voters of Corvallis, Laura Evenson, President

Re: Focus of Imagine Corvallis 2040 Vision Statements

The League of Women Voters of the United States supports aggressive efforts to restore balance to the planet's climate systems by reducing atmospheric carbon dioxide to 350 parts per million (ppm), the upper safe limit.

Aligned with this position, the League of Women Voters of Corvallis is pleased that climate change is included in the *Imagine Corvallis 2040 Vision Statements*. We are also gratified that the Corvallis City Council is working toward adoption of a Climate Action Plan. Recent scientific articles have shown climate change to be the overarching environmental challenge of our planet, one that threatens our very life-support system. Indeed, scientific measurements reported this summer indicate that the impacts of climate change are happening much more rapidly than had been anticipated.

Because we believe that climate change must be addressed at all levels—individual, corporate and government, we ask that you restructure the order and hierarchy of the *Imagine Corvallis 2040 Vision Statements*. Currently, climate change appears as a subheading in the last section, *Steward and Sustain*. We strongly recommend that you place *Steward and Sustain* at the beginning of the document, not at the end, and that you elevate climate change and all related declarations and actions to the top of the section.

We feel that the subservient placement of climate change at the end of this important document was inadvertent, and that it must be changed in order to fulfill the current City Council goals and the expectations of the citizens of Corvallis. For many people, the prospects of the effects of climate change are terrifying. A forward-looking city such as Corvallis can and should do much to assure the safety and well-being of its residents by doing all in its power to mitigate and adapt to the effects of climate change. Seeing climate change at the top of our priorities for the next 20 years is critical.

Thank you for your consideration of this recommendation.



Municipal Judge Evaluation Summary

By: Mayor/City Council

Municipal Judge: Chris Dunfield

Date: October 17, 2016

Note: The content above the red dotted line is for public release.

Strengths: Identified strong points.

- Fair, Respectful and Patient

Areas for development:

- Additional data is needed by the Council to have needed insight into the Court.
- Concerns raised about if Court is seen as too lenient, more accountability needed for second time offenders.
- Improvement in communication to reduce the inherent conflict between the bench and the more procedural workings of City staff is needed.

Goals: Review of prior year's goals and other accomplishments

1. Work still needed on aligning policy direction of the Council with regard to repeat offenders.
2. Continued work needed on communication with City Manager and Mayor/Council President on Council Policy changes.
3. Created a Community Services Court.

Goals: Agreed upon goals for upcoming review period.

1. Meet with City Manager. In meeting with CM, discuss the need to arrange meetings with the Police Chief as well as the Finance Director and Municipal Court Supervisor a minimum of two times each year to foster better collaborative communication.
2. Provide Council data on a quarterly basis (the specific data will be recommended by the City Manager to the City Council).

Overall Assessment:

Performance is acceptable. Areas for development identified.

Charlyn Ellis
10/17/16 Council Meeting

First, I want to thank everyone who has spent countless hours on this document. It has been a very thoughtful and serious process. I am impressed. And I agree (or can live with) with every word in the document—except for one. Finding 9.7.3 reads “The City and Oregon State University shall work toward the goal of housing faculty, staff, and students who work and attend regular classes, or work, on campus in dwelling units on or near campus.” My one word of concern—“NEAR.” If “near” remains in the document, you have provided a loophole large enough to drive a demolition truck through and it is headed right for my neighborhood.

As you know, the neighborhoods around the university have already suffered from the rapid influx of students over the past ten years. We have seen over 70 houses, as well as at least two affordable housing complexes, demolished and replaced by out of scale student housing. We have been working for years to change the code to limit these demolitions—and progress has been made—but, as long as we state that students will live “near” campus, these demolitions will continue despite constantly massaging the code. Housing is like parking—if we do not draw clear, strong lines, it will expand into the nearby neighborhoods. If there is an area of town that is both “near” campus and not near already established neighborhoods, I would be willing to reconsider my concerns.

One of the arguments for having students live near campus is to eliminate car trips to and from campus. Although I see the logic of this argument, I would like to refute it. I am fifty-five years old and I can travel from my house to anywhere in Corvallis, by bike or foot, in less than half an hour, day and night, winter and summer. Corvallis is not a big town. The university is in the middle of town—it can be accessed by foot, bike, and public transport from anywhere in town very easily. We should save the central area of our town, where the Senior Center, many churches, the public library, and other services are located, for our long term residents—both older adults, who can face mobility challenges, and young families, who may be interested in limiting their car use—who will benefit from the location for longer periods of time.

Corvallis is a city with a university, not a university with a bit of a town around it. We must consider our needs first. We must protect our neighborhoods, our residents, our visions of the future. OSU will not do this for us. If we leave the word “near” in these changes to the code, we are failing to do this work.

October, 2016

Dear Mayor + City Council;

Please accept our thanks for allowing us our "singing" testimony on Monday night in support of the Dakota Resolution. The international group of Grannies has been looking at ways we can support and aid in this struggle; as we know it could affect millions of citizens who count on the Missouri for a source of water. Our news photo seemed to move quickly to North Carolina - with a request for a copy of the resolution as a model for their community.

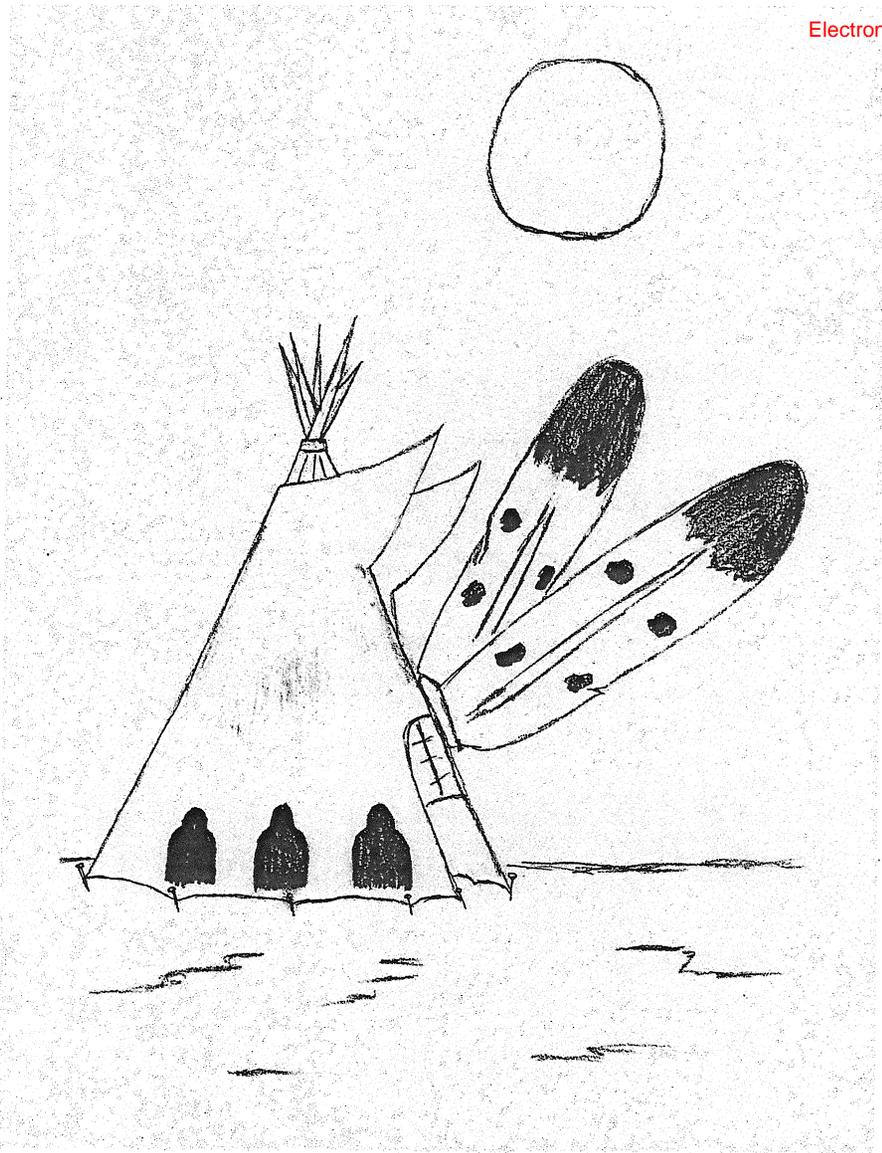
It is strictly believed and understood by the Sioux that a child is the greatest gift from Wakan Tanka, in response to many devout prayers, sacrifices, and promises.

- Robert Higheagle, Teton Sioux

We are happy to know our city council is aware of what could happen to the source of our water should similar events take place here. I know it has been a →

Very busy time - but
 the Raging Grannies
 have sung
 at the city council
 before - quite a few years
 ago. Thanks again
 for the opportunity to
 participate. Peace to all!
 Valerie White
 Corvallis Raging Grannies

Artwork created by
 elementary school students on the
 Northern Cheyenne Reservation in Montana.



CL's KID'S CARDS
 2012 Collection



Printed in USA

**CITY OF CORVALLIS
COUNCIL WORK SESSION MINUTES
October 18, 2016**

The work session of the City Council of the City of Corvallis, Oregon, was called to order at 3:31 pm on October 18, 2016, in the Madison Avenue Meeting Room, 500 SW Madison Avenue, Corvallis, Oregon, with Mayor Traber presiding.

I. CALL TO ORDER

Present: Mayor Traber; Councilors Baker (3:50 pm), Beilstein, Brauner, Bull, Glassmire, Hann, Hirsch, Hogg, York

II. WATERSHED MANAGEMENT ADVISORY BOARD ANNUAL REPORT

Watershed Management Advisory Board (WMAB)'s former Chair Jessica McDonald said it was her last term on the WMAB and David Hibbs was now the new Chair. She appreciated the City maintaining a culture of volunteerism and community involvement. She reviewed the annual report and referenced the Forest Activities Report that was included in the meeting packet.

Ms. McDonald, Watershed Specialist Ward, and Councilors discussed how climate change could impact aquatic life and water supplies. Annual monitoring of the Watershed includes measuring stream temperatures. Ms. Ward noted the summer of 2015 was very warm. Strategies to mitigate climate change include keeping water temperatures low by planting flora to shade the stream and during timber harvest planting a diversity of tree species that are more resilient to dryer weather. Ms. Ward confirmed the vast majority of water purchased by the City of Philomath comes from Rock Creek. Water sales are managed as one fund, so the Rock Creek Watershed does not receive any special cash benefits. Revenue from timber sales is reinvested in the forest. Councilors and the public were encouraged to take advantage of the annual Watershed Tour that is offered in May.

III. SUSTAINABLE BUDGET TASK FORCE TIMELINE AND STRATEGY

Finance Director Brewer said the Sustainable Budget Task Force (SBTF) was targeting a November 2017 ballot for voters to consider a significant revenue alternative. The City's levy expires in June 2019, and the SBTF wanted to ensure enough time for voters to determine whether they support raising revenues or reducing services. A citywide newsletter will be mailed to all Corvallis households in late November 2016 to educate residents about the state of the City's finances. A statistically valid survey was planned for January 2017 to determine whether voters would support identified revenue alternatives. Councilor Brauner noted the timeline related to General Fund revenues. If a proposed revenue measure did not pass in November 2017, the City would have time to place a different revenue measure on the November 2018 ballot. Councilors and staff discussed the advantages and disadvantages of various revenue possibilities, including an entertainment tax, a sales tax, an income tax, and levies. Councilors supported the proposed timeline.

Ms. Brewer and Councilors next discussed water and street infrastructure funding needs, which are not provided for through the General Fund. Options include utility rate increases, which will be discussed by the Council in November; a local gas tax; and phased increases to the Transportation Maintenance Fee (TMF). Corvallis' TMF is the lowest of its comparators at \$.072 per month, per household. Rates for other cities range from \$2.50 to a high of over \$8.00

per month, per household. The average is \$4.75 and the midpoint is \$5.00. At the midpoint, enough revenue could be generated to meet the \$3.4 million funding gap and it would place Corvallis in the middle of the comparators. Councilor Brauner said he would send the Council a list of the 15 cities that have trip-based transportation fees. If the Council supported raising the TMF, staff would like direction on the timeline for phasing in such increases. Staff could then draft an ordinance or resolution for the Council to consider at a future meeting. Ms. Brewer noted that Scenario C on page two of her October 6 staff report would produce enough revenue to annually generate the needed \$3.4 million.

The Task Force recommended using a “pay as you go” approach by raising rates; they did not support bond issuance. The Task Force also believed generating revenue through utility fees was preferable to a gas tax. Members also favored bringing revenue proposals forward as they were ready, rather than waiting and asking the Council to consider all of them at once.

Councilors understood that the citywide newsletter discussed earlier would be geared toward General Fund needs and alternatives; however, they requested that public outreach should also be clear about utility infrastructure needs and why additional revenue was necessary.

Councilors supported staff bringing a TMF-specific proposal for the Council to consider, as well as phasing alternatives. They asked that the proposal include why \$3.4 million was targeted and what that funding would accomplish. Councilor Brauner said he would work with SBTF member Curtis Wright and staff on the proposal.

IV. FINANCIAL POLICIES UPDATE

Ms. Brewer reviewed the staff report. In response to Councilors’ inquires, she provided the following information:

Under Policy 10.03, Expenditure Policies, in the Compensation section, staff recommended incorporating language from Council Policy 3.02, “City Compensation Policy.” The remaining Council Policy language, which is administrative in nature, could then be moved to administrative policies, as Council discussed at its October 4, 2016, work session.

Policy 10.05, Capital Improvement Program (CIP) Policies, Guidelines, item C, states that the Five-Year CIP will be reviewed annually by the Budget Commission. It was not reviewed last year; however, it had been reviewed annually in prior years. The CIP is being improved to make it a more informative tool for the community. In early 2017, staff anticipates presenting the CIP in a joint meeting with the Budget Commission and Planning Commission. Councilor York emphasized the importance of ensuring the community had ample opportunity to review the CIP and provide input.

Policy 10.02, Revenue, Utility Fees, item B specifies that annual combined increases should be limited to no more than 7 percent. Staff recommends deleting the language to facilitate discussions about rate increases over a longer period of time. Councilor Brauner noted the SBTF also discussed removing the language, as such a constraint would not allow the City to address its infrastructure backlog. While the policy permits exceptions, the SBTF observed that an exception would have to be made every year.

Regarding 10.08, Investment Policies, and the City’s decision to invest in fossil-free companies, the table on page 5 of the policy is recommended to be replaced with the same language in

paragraph form to improve readability. The Corporate Indebtedness section continues to reference the Fossil Free Carbon Index Underground report as a benchmark.

Under Policy 10.03, Expenditure Policies, in the Compensation section, item D references Vacant Positions. Staff and Councilors discussed the complexities associated with managing unfunded liabilities. Setting aside funds over an employee's working life to pay for cash outs when an employee retires or resigns from the City is not financially practical. To stay in compliance with the policy, as part of the budget process, Department Directors annually develop a plan to address vacant positions, which they review with the City Manager. Sometime, positions are held vacant to manage unanticipated cash outs.

In response to Councilor requests, Ms. Brewer agreed to create a financial status online dashboard of revenues and expenses; provide the Budget Commission with a handout showing their responsibilities as set by State law; and include revision date sections at the end of each of the policies.

V. COMMUNITY COMMENTS

Neil Goudriaan expressed concern about unfunded liabilities related to employee vacation cash outs when they leave City employment. In response to his recommendations about implementing progressive human resources policies, such as changing vacation accruals to "use it or lose it," Councilors and staff noted constraints associated with Oregon's Public Employee Collective Bargaining Act.

VI. OTHER COUNCILOR COMMENTS – None

VII. ADJOURNMENT

The meeting adjourned at 5:25 pm.

APPROVED:

MAYOR

ATTEST:

CITY RECORDER

**AIRPORT ADVISORY BOARD
MINUTES
October 4, 2016
DRAFT**

Present

Lanny Zoeller, Vice-Chair
Bill Dean
John Shute
Bill Gleaves
Rajeev Pandey
Brad Smith
Zachariah Baker, Council Liaison

Staff

Lisa Scherf, Public Works
Tom Nelson

Visitors

Aaron Sarnoff
Lee Larson

Absent

Rod Berklund, Chair
Larry Mullins

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Call Meeting to Order/Introductions	X		
II. Review of September 13, 2016 Minutes			Approved
III. Community Comments			N/A
IV. Old Business • Airport/AIP Vision Discussion		X	
V. New Business • AIP Lease Proposal – 1749 Airport Road, LLC • AIP Lease Proposal – Grouphead Coffee, LLC			Recommend approval Recommend approval
VI. Information Sharing • Update on the Airport Industrial Park • Update on the Airport • Update on the City Council • Monthly Financial Report	X X X X		

CONTENT OF DISCUSSION

I. Call Meeting to Order/Introductions

Vice-Chair Zoeller called the meeting to order and those present introduced themselves.

Airport Advisory Board Minutes
October 4, 2016
Page 2 of 2

II. Review of Minutes

Board Member Gleaves moved to approve the September minutes; Board Member Shute seconded the motion and the minutes were approved unanimously.

III. Community Comments

Visitor Aaron Sarnoff introduced himself and described he and his partners' business (Two Towns Cider), noting that they hope to eventually expand their operation at the Corvallis Airport Industrial Park.

IV. Old Business

Airport/AIP Vision Discussion

This was held for the following meeting, given the absence of Chair Berklund.

V. New Business

AIP Lease Proposal – 1749 Airport Road, LLC

Mr. Nelson presented the lease proposal for 1749 Airport Road, LLC. The parent company is PharmPods, which forms LLCs in local locations and leases to cannabis cultivators. PharmPods has experience in eleven states and two Canadian provinces. Lessee has asked for a minor change in the Regulatory Control section of the proposed lease to allow the sublessee to get permits. **Board Member Gleaves moved to recommend approving the lease proposal; Board Member Dean seconded the motion, which passed unanimously.**

AIP Lease Proposal – Grouphead Coffee, LLC

Mr. Nelson reviewed the staff report, noting damage to the building and planned repairs, the costs for which will be recouped in the lease. **Board Member Dean moved to recommend approving the lease proposal; Board Member Gleaves seconded the motion, which passed unanimously.**

VI. Information Sharing

Update on the Airport Industrial Park

There was no additional update.

Update on the Airport

Ms. Scherf stated that she has been unable to get a schedule for when the Automated Weather Observing System will be fixed by the Federal Aviation Administration.

Update on the City Council

Councilor Baker stated that the City Council had discussed incorporating the Airport Master Plan as a supporting document to the Comprehensive Plan at their meeting on October 3. The Council tentatively approved this, subject to findings to be discussed at the next Council meeting.

Monthly Financial Report

The report was not included in this month's packet.

The meeting was adjourned at 7:20 a.m.

NEXT MEETING: November 1, 2016, 7:00 a.m., Madison Avenue Meeting Room

**CITY OF CORVALLIS
MINUTES OF THE CORVALLIS ARTS AND CULTURE ADVISORY BOARD
SEPTEMBER 21, 2016**

Attendance

Cynthia Spencer, Chair
Deborah Correa, Vice Chair
Phil Duncan
Lee Ann Garrison
Marci Sischo
Frank Hann, City Council Liaison

Staff

Karen Emery, Parks and Recreation Director

Guests

Nancy Weiss

Absent/Excused

Brian Govatos
Jonathan Kurten
Greg Little

I. CALL TO ORDER. Cynthia Spencer called the meeting to order at 5:34 p.m.

II. REVIEW OF JULY 20, 2016 MINUTES. The minutes from July 20, 2016 were reviewed and unanimously approved, pending addition of: nominations, votes, and acceptances – following motion by Correa which was seconded by Garrison.

III. VISITOR PROPOSITIONS. None.

IV. OVERVIEW OF THE FOUNDRY. Discussion moved to future meeting.

V. REVIEW OF GOALS. Discussion focused mainly on the challenges pertaining to funding.

VI. PROSPERITY 5 UPDATE. Spencer inquired as to survey target progress, which was near the halfway mark, and will be higher following Fall Festival. Several performances were discussed for possible surveying, including The Majestic's run of The Full Monty and performance by Portland Cello Project.

VII. OREGON ARTS COMMISSION OCTOBER CONFERENCE. Discussion moved to future meeting.

VIII. COMMITTEE ASSIGNMENTS – DISCUSSION AND SELECTION. Spencer discussed the need to assign unassigned ACAB members into subcommittees. Emery and Hann then discussed the recent presentation from Spencer to City Council, which went well. Hann also discussed highlights of his recent visit to Corvallis Arts Walk.

IX. OCTOBER AGENDA. Upcoming discussion items were touched upon.

IX. ADJOURNMENT: The meeting was adjourned at 6:26 p.m.

**BICYCLE AND PEDESTRIAN ADVISORY BOARD
MINUTES
October 7, 2016
DRAFT**

Present

Meghan Karas, Chair
 Ron Georg, Vice Chair
 Brad Upton
 Brian Bovee
 James Whittemore
 Emersen Price
 Mike Beilstein, City Council

Staff

Greg Wilson, Public Works

Visitors

Wendy Byrne, Corvallis Right of Way
 Jenna Berman, Oregon Department of
 Transportation
 Dylan Horne
 Trevor Heald

Absent

Trevor Heald

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Call Meeting to Order/Introductions	X		
II. Review of September 2, 2016 Minutes			Approved
III. Community Comments	X		
IV. Old Business • Bike-o-Rama	X		
V. New Business • None	N/A		
VI. Information Sharing	X		
VII. Commission Requests and Reports	N/A		
VIII. Pending Items	N/A		

CONTENT OF DISCUSSION

I. Call Meeting to Order/Introductions

Chair Karas called the meeting to order and those present introduced themselves.

II. Review of Minutes

Board Member Whittemore moved to approve the September minutes; Board Member Bovee seconded the motion and the minutes were approved unanimously with two abstentions.

III. Community Comments

Visitor Wendy Byrne, representing Corvallis Right of Way (CROW), presented a location map for a report that CROW has compiled on bicycle and pedestrian crashes in Corvallis. It incorporated Corvallis Police Department crash reports from 2011-2014. She noted that one of

BPAB Minutes
October 7, 2016
Page 2 of 3

the intersections that the Board is recommending installing green pavement markings on (Kings and Buchanan) is one of the most dangerous intersections in the city, but that the other two show no bicycle or pedestrian accidents. She suggested using this map to select three intersections for the green pavement markings. Ms. Byrne agreed to email the map to Mr. Wilson. Chair Karas noted that the reason the intersections were chosen for the pilot was because they met the criteria established by the working group and were in a relatively short section along the Kings Boulevard corridor. Board Member Upton noted that the map noted only crash locations and contained no information regarding causation for the crashes or whether any citations were issued.

Visitor Dylan Horn introduced himself. He is working on his PhD in Civil Engineering at Oregon State University, studying intermodal traffic conflicts. He stated that he is interested in getting more involved in bicycle and pedestrian issues. He has filled out an application to be appointed to the Board.

IV. Old Business

Bike-o-Rama

Mr. Wilson reported that the Board's Bike-o-Rama event is scheduled for October 27, from 6:00-8:00 p.m. at the Old World Deli. He is placing ads in the Gazette Times, posting on the City's Facebook page, and sending to a number of email lists. The Board discussed the format of the event.

V. New Business

None.

VI. Information Sharing

Mr. Wilson reported that the City Manager suggested reducing the City Councilors' obligations, which may lead to the Council not having Liaisons attending Board meetings. Councilor Beilstein noted that there are no official proposals, but that this is a possibility.

Board Member Whittemore reported that he and Mr. Wilson attended a work session for the Benton County Board of Commissioners, which included discussion on the Corvallis to Albany Bikeway. He stated that he had voiced concern over the fact that farmers involved in the path wanted to have a private meeting with the Commissioners. He is concerned with disaster preparedness, noting that in the event of a major earthquake this path will be an important alternative travel route for people.

Mr. Wilson reported that City Engineer Greg Gescher has asked the Street Maintenance Supervisor to get cost estimates together for doing some green pavement marking installations, with possible first installations going in Spring and Summer of 2017.

Mr. Wilson reported that the City is looking into doing an "Open Streets" style event much like those currently being done by the cities of Eugene, Bend, and Portland. Staff is meeting with the Sustainability Coalition's Transportation Action Team to discuss who the lead coordinators of the event might be and what would be involved.

BPAB Minutes
October 7, 2016
Page 3 of 3

Jenna Berman, from the Oregon Department of Transportation (ODOT), stated that she has been talking with her colleagues about the concept of the advanced bicycle signal. Portland has done a number of these, but they are doing this on City streets without ODOT's involvement. She provided information on some of ODOT's concerns with the installation at Highway 99W and Circle Boulevard, including the relatively low volume of bicyclists that might utilize it.

Mr. Wilson reported that the City will be getting some leftover funding from local ODOT projects that came in under budget. The funds will be used for pedestrian and bicycle safety improvement projects. Staff is developing a list of potential projects such as curb extensions and crosswalk improvements.

Board member Georg noted that he would like to see efforts focused on improving the 9th Street corridor. He stated that there is limited bicycle and pedestrian access along the corridor and that there are a great number of commercial attractors that are located there. Mr. Wilson noted that a large retail development may soon be starting construction in the block that was formerly occupied by the Habitat for Humanity facilities, further increasing the demand for improved pedestrian and bicycle access and facilities along the corridor.

VII. Commission Requests and Reports

None.

VIII. Pending Items

None.

The meeting was adjourned at 8:25 a.m.

NEXT MEETING: November 4, 2016, 7:00 a.m., Madison Avenue Meeting Room

**DOWNTOWN PARKING COMMITTEE
MINUTES
October 4, 2016
DRAFT**

Present

Brad Upton, Chair
Liz White
Steve Uerlings
Chris Heuchert

Staff

Lisa Scherf, Public Works

Visitors

Sarah Johnson, Community Development
Alice Derrickson, Corvallis Police
Todd Baily, Corvallis Police
Pamela Werner

Absent

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Call Meeting to Order/Introductions	X		
II. Review of September 13, 2016 Minutes			Approved
III. Community Comments	X		
IV. Old Business • Downtown Parking Study		X	
V. New Business • None	N/A		
VI. Information Sharing	N/A		
VII. Committee Requests and Reports	N/A		
VIII. Pending Items	N/A		

CONTENT OF DISCUSSION

I. Call Meeting to Order/Introductions

Chair Upton called the meeting to order and those present introduced themselves.

II. Review of Minutes

Committee Member White moved to approve the September minutes; Committee Member Heuchert seconded the motion and the minutes were approved unanimously with one abstention.

III. Community Comments

Visitor Pamela Werner, a massage therapist with a business downtown, stated that she, her clients, and her staff are having problems finding parking downtown. She has purchased a ten-hour parking permit, but does not feel she can afford to buy one for all of her employees and would likely lose clients if she raised rates to offset parking costs. Walking to the free parking

DPC Minutes
October 4, 2016
Page 2 of 3

areas is uncomfortable to her, especially after dark. Ms. Werner stated that she wants business owners and employees downtown to be treated as equals to customers, and wants to see a central, designated, safe area for downtown employees to park for free. Chair Upton stated that the Corvallis Municipal Code has long made parking downtown free for customers, but disallowed parking for employees and residents. In response to employees ignoring the rules and parking downtown and to ensure turnover of spaces, the three-hour time limit was established. This has received mostly positive feedback. Chair Upton opined that the \$28 per month fee for ten-hour parking permits is reasonable, especially when compared to the parking costs in other cities. Committee Member Heuchert stated that the business that he works for puts the responsibility for parking costs on the employee. He suggested looking at some of the private parking lots in the downtown area. Chair Upton stated that one solution might be having designated employee parking on the outskirts of the downtown area with a shuttle to take employees into the core. Ms. Werner asked why there isn't a parking structure downtown. Chair Upton stated that parking structures cost \$30-\$50,000 per parking spot and that finding one location convenient for all users is an issue. In response to a question, Ms. Werner stated that she would be willing to pay \$10 per month for a permit for a parking structure. Chair Upton stated that the main charge of the Committee is to relieve parking strains for customers, but that Ms. Werner's input is valuable, and that the Committee is working to improve parking downtown. He noted that parking costs will more likely go up than down, noting that parking meters do not generate revenue, but are there to promote turnover. The Chair noted that the business owners are conflicted on parking, with some saying there needs to be more parking for employees and others calling for better enforcement to keep employees out of customer parking.

IV. Old Business

Downtown Parking Study

The Committee discussed the Downtown Parking Plan "Parking Management Strategies" section and Ms. Scherf noted that several of the policy recommendations have been adopted. These include using the 85 percent full standard as a decision-making threshold and creating a Parking Manager position. Some of the specific on-street space control changes have been made over the years along with recommendations such as pursuing shared parking arrangements with owners of private parking, reducing the time limit in the Free Customer Parking Area, and increasing parking fees.

Ms. Johnson stated that the parking requirements established by the Land Development Code recognize that a growing and developing downtown is healthy for the community. She noted that many surface parking lots downtown that are assigned to specific buildings (private parking) are drastically underutilized. Community Development has made changes to development codes for parking requirements based on recommendations in the Plan, including developing a fee-in-lieu-of program and reducing parking requirements for downtown development but maintain a minimum. Unlike other areas of the city, if the square footage of a development proposal doesn't change from the prior use, a new use type doesn't trigger additional parking requirements.

Ms. Scherf noted that, at one point, the City installed some long-term metered employee parking near Safeway, but it was not well-used so it was returned to free parking. The Committee discussed the need for safe, convenient parking for downtown employees, as well as the possibility for a shuttle to a nearby parking lot or an on-call service, especially for employees who work late at night. The Committee discussed re-initiating conversations with owners of

DPC Minutes
October 4, 2016
Page 3 of 3

private lots to open them up for public parking, either as permit lots or as free customer parking. They also discussed raising prices for meters and City permit lots. Ms. Scherf noted that parking meter rates were last reviewed over eight years ago.

Chair Upton suggested that at the next meeting the Committee finish reviewing the Parking Management Strategies (from top of page 25) and begin identifying a list of things they want to pursue further, either action items or informational needs from staff. They requested that staff provide current parking meter and permit lot pricing and prices in other cities for the next meeting.

V. New Business

None.

VI. Information Sharing

None.

VII. Committee Requests and Reports

None.

VIII. Pending Items

None.

The meeting was adjourned at 6:30 p.m.

NEXT MEETING: November 1, 2016, 5:00 p.m., Downtown Fire Station #1



**KING LEGACY ADVISORY BOARD
DRAFT MINUTES
9/27/16**

Present

Jasper Smith
 Frederick Edwards
 Amber Moody
 Joseph Orosco
 Megha Shyam
 Chris Lenn
 Barbara Bull – Council liaison

Absent

Marcianne Rivero Koetje
 Kerstin Colón
 Gabriel Merrell

Visitors

Fernanda Mugnolo
 Laureen Urey
 Nancy Wyse
 Hyatt Lytle

Staff

Patrick Rollens

SUMMARY OF DISCUSSION

Agenda Item	Action Recommendation
I. Approve Minutes	Approved July minutes.
II. Black Experience Event Debrief	260 people attended at the library. A bigger space may be needed for the follow up meetings. KLAB agreed to co-sponsor and support the follow up events.
III. Future Meetings	We will meet 11/15 instead of 11/22. Future meetings on 12/13/16, 1/10/17, and 1/24/17.
IV. Next Year’s Holiday celebration	We approved a budget of up to \$5000 for the annual celebration. We estimate \$2500 for speaker fee, \$800 for the venue at CHS, \$500 for food, \$150 for flowers, \$200 for lodging. We discussed advertising options and potential costs. We discussed using the school district for food. We will explore options such as fruit and vegetables, beans and rice, or cheese and crackers. We also approved \$50 to purchase Leticia Nieto’s book, <u>Beyond Inclusion, Beyond Empowerment</u> , to donate to the library. It looks like Employers Partnership for Diversity will sponsor a half day workshop with her the day after the event.
V. Scholarship	We agreed on a theme of 2040 Vision for Corvallis for the scholarship contest. Submissions can be in any media. Deadline is 12/5/16. Chris will help with the flyer. Fernanda offered to help translate it into Spanish and Arabic. It will be circulated on the high school listservs, websites, and calendars.

VI. Role of KLAB	We began a discussion of what recommendations, if any, we would like to make as a result of the community forums around the role of policing in our community (Attachment A). We will generate ideas and discuss more at our next meeting.
VII. Announcements	Indigenous People's Day will be proclaimed again this year at the Native American Longhouse on October 10 th at 4 PM.

9/27/16 Minutes Attachment A

King Legacy Advisory Board

Local Law Enforcement and Corrections Recommendations

- Local ordinance/agreement/policy to not pursue civil forfeiture.
- No weapons on patrol
- Weapons locked in car not to be accessed on routine patrol.
- No patrol. Call and response like fire and ambulance services.
- Continue to pursue alternatives to incarceration and reduce rates of incarceration.
- Change name of police. Public safety, community safety, public protection, safety response, etc.
- Future uniform changes to be less threatening. No sunglasses.
- Commitment to demilitarization and not accepting or pursuing military equipment.
- End local prosecution of drug possession and assist with access to treatment. Gloucester, Massachusetts model.
- Institute and increase local alcohol-related fees and advocate with the state legislature to allow local taxation of alcohol.
- Shift focus of livability officers to assist with access to social services.
- Alternative enforcement and response to parole and probation. The jail houses a large number of people on parole violations that are not crimes in themselves. Alternate response besides incarceration.
- Support for housing. Decriminalize homelessness. Do not criminalize behaviors associated with homelessness and create a seamless and comprehensive support system with behavioral health, social services, law enforcement, and service providers.
- End incarceration of people who are unable to pay fines and fees. Alternative payment arrangements.

- Increase diversion services, especially for youth, homeless, and mental health/addictions. Courts more focused on problem-solving than on prosecuting.
- Re-entry programs to support housing, jobs, and health upon exiting incarceration to prevent recidivism. Tax credits for hiring people with criminal histories.
- Increase opportunities for expungement, reducing felonies to misdemeanors, and ending disqualifications from public services like housing support due to criminal records.
- Reform of holding for bail to provide greater equity.
- Use of force policies are out of compliance with Supreme Court Guidelines. Review and bring into compliance.
- Intentional, non-criminal response to homelessness.
- Advocate repeal of Measure 11.



Community Development
 Planning Division
 501 SW Madison Avenue
 Corvallis, OR 97333

DRAFT
CITY OF CORVALLIS
PLANNING COMMISSION MEETING MINUTES
October 5, 2016

Present

Jasmin Woodside, Chair
 Jim Boeder
 Carl Price
 Paul Woods
 Tom Jensen
 Susan Morr e
 Frank Hann, Council Liaison

Staff/Consultant

Jason Yaich, Senior Planner
 Aaron Harris, Associate Planner
 David Coulombe, Deputy City Attorney

Visitors

Excused Absence

Rob Welsh
 Jim Ridlington

Absent

SUMMARY OF DISCUSSION

	Agenda Item	Recommendations
I.	Community Comment	
II.	Public Hearing: Elle’s Addition Subdivision – Solar Access Waiver (SUB16-00002)	Public Hearing Closed; record held open to 5pm October 12, 2016
III.	Continued Review of the Land Development Code – LDC Chapter 2 – Public Hearings.	For information only
IV.	Minutes Review – September 7, 2016	Approved, with revision
V.	Old/New Business & Info Sharing	For information only
VI.	Adjournment	9:10 p.m.

Attachments to the October 5, 2016 Minutes:

- A) Written Testimony from Larry Weymouth, dated October 2, 2016
- B) Elle's Addition PowerPoint Presentation.

CONTENT OF DISCUSSION:

The Corvallis Planning Commission was called to order by Chair Jasmin Woodside at 7:00 p.m. in the Downtown Fire Station Meeting Room, 400 NW Harrison Boulevard.

I. COMMUNITY COMMENTS: None

II. PUBLIC HEARING: ELLE'S ADDITION SUBDIVISION – SOLAR ACCESS WAIVER (SUB16-00002)

A. Opening and Procedures:

The Chair welcomed citizens and reviewed the public hearing procedures. Staff will present a report, followed by the applicant's presentation. This will be followed by public testimony, followed by rebuttal by the applicant, limited in scope to issues raised in opposition and sur-rebuttal by opponents, limited in scope to issues raised on rebuttal. The Commission may ask questions of staff, engage in deliberations, and make a final decision. Any person interested in the agenda may offer relevant oral or written testimony. Please try not to repeat testimony offered by earlier speakers. It is sufficient to say you concur with earlier speakers without repeating their testimony. For those testifying this evening, please keep your comments brief and directed to the criteria upon which the decision is based.

Land use decisions are evaluated against applicable criteria from the Land Development Code and Comprehensive Plan. A list of the applicable criteria is contained in the staff report.

Persons testifying either orally or in writing may request a continuance to address additional documents or evidence submitted in favor of the application. If this request is made, please identify the new document or evidence during your testimony. Persons testifying may also request that the record remain open seven additional days to submit additional written evidence. Requests for allowing the record to remain open should be included within a person's testimony.

The Chair opened the public hearing.

B. Declarations by the Commission: Conflicts of Interest, Ex Parte Contacts, Site visits, or Objections on Jurisdictional Grounds

1. Conflicts of Interest: none
2. Ex Parte Contacts: none
3. Site Visits: Commissioner Morr  drove by the site and surroundings and saw it was across the street from the auction yard. There was a house immediately adjacent to the driveway. Behind it she saw some two-story apartment buildings and a machine shop to the north. Commissioner Woodside declared that this was her neighborhood so she has driven past the site many times a day and had watched the demolition of the houses that had been on site.
4. Rebuttal of disclosures: none
5. Objections on Jurisdictional Grounds: none

C. Staff Report:

Planner Harris said the applicant is requesting approval of a waiver to the solar access standards for subdivisions. For the record, he noted staff received one letter of written testimony (**Attachment A**) since publication of the staff report on September 28, 2016. Hard copies of this testimony have been provided to the Planning Commission, and copies were made available for the public.

Planner Harris then gave a brief overview of the site and the general nature of the subdivision proposal. He showed a general vicinity map and an aerial view of the area. The site is 1.48 acres and is located on the west side of SW 3rd Street, between SE Richland Avenue and SW Prairie Avenue. Demolition permits were issued in 2014 for the removal of the single-family homes that were on site. The site has a Comprehensive Plan Map designation of Residential Medium-High Density. Adjacent properties to the north, south, and west share this designation. The property to the east, across SW 3rd Street/Highway 99W, is designated as Mixed Use Commercial. The site is zoned RS-12, as are surrounding properties to the north, south, and west. The property to the east is zoned NC-Major. The site was annexed into the City in 1962.

He then showed a slide of the applicant's proposed subdivision. (**Attachment B**) The proposal is to divide three parcels into seven lots. While the review and approval of the buildings to be developed on site will be addressed at the time the applicant submits for building permits, the applicant's narrative states the intent is to develop six single-family homes, two apartment buildings with six units each, and six townhomes for a total of 24 units.

While residential subdivisions are reviewed by staff and approved by the Community Development Director (per LDC 2.4.30.03.b), a solar access waiver must be approved by the Planning Commission per LDC 4.6.40. The applicable performance standards for solar access for subdivisions include the requirement that there shall be "*no reduction in Solar Access at ground level of the south face of existing residential buildings adjacent to the development.*" Additionally, within the subdivision, 80 percent of the lots must contain sufficient east/west dimension to allow 30 linear feet per unit for single-family detached dwelling units and 15 linear feet per ground floor unit for dwelling units other than single-family detached dwelling units. He showed a slide showing the general intent of LDC 4.6.30 to help explain how "passive solar building design" operates. It is defined as "*building design in which windows, walls, and floors are made to collect, store, and distribute solar energy in the form of heat in the winter and to reject solar heat in the summer.*" Unlike active solar heating, it does not involve the use of mechanical or electrical devices.

Per LDC 4.6.40, the Planning Commission may approve a reduction or waiver to the solar access requirements in particular situations. One of those situations is detailed in LDC 4.6.40.c which describes a situation in which site planning is negatively affected by the construction of streets, or by the necessity of maintaining an acceptable functional classification of roadways adjacent to the properties. The applicant submitted a shadow pattern illustration demonstrating a four-hour shadow pattern between 10:00 a.m. and 2:00 p.m. on November 21. The illustration indicates that only one of the seven proposed lots (a single-family dwelling lot in the southwest corner) would meet the solar access performance standards as stipulated in LDC 4.6.30. Staff finds that LDC 4.6.40.c is applicable to the applicant's proposal for the waiver due to the existing north-south orientation of SW Coho Street and SW 3rd Street/Highway 99W. Planning and Public Works staff have examined the applicant's proposed extension of SW Coho Street to the north, which is a straight extension of the existing alignment; and have determined it is the

most logical street location in order to provide connectivity at the time of future development to the north. Oregon Department of Transportation (ODOT) has commented on the proposal and has expressed support of the design because it closes the two existing access approaches off of SW 3rd Street/Highway 99W which is classified as an arterial highway. Additionally, development in this area is generally constrained by the existing development patterns and fragmented land ownership.

Given the existing street layout and highway access constraints, staff finds that the application is consistent with the applicable LDC review criteria for a solar access standards waiver. Therefore, staff recommends that the Planning Commission find that the request to vary from the solar access provisions in LDC 4.6.30 is supported by the criteria in LDC 4.6.40.c.

In response to a question from Commissioner Woods, Planner Harris said the minimum number of units for this site was 14. In response to a query from Commissioner Jensen, Planner Harris explained that the calculations for minimum numbers of units are based on the net acreage of a lot.

Commissioner Jensen asked if there was any requirement in the Land Development Code (LDC) that required orienting structures in any particular way, such as towards the street or towards a parking lot. Planner Yaich said that the Pedestrian-Oriented Design (POD) standards require street-orientation for new residential construction.

Commissioner Morr  asked if her understanding was correct that only one of the lots met the requirement for having unobstructed solar access for at least four hours a day between 9:00 a.m. and 3:00 p.m. Staff agreed this was the case.

D. Legal Declaration:

Deputy City Attorney Coulombe said the Commission will consider the applicable criteria as outlined in the staff report, and he asked that citizens direct their testimony to the criteria in the staff report or other criteria they believe are applicable. It is necessary at this time to raise all issues that are germane to this request. Failure to raise an issue, or failure to provide sufficient specificity to afford the decision-makers an opportunity to respond, precludes an appeal to the State Land Use Board of Appeals on that issue.

The failure of the applicant to raise constitutional or other issues relating to proposed conditions of approval with sufficient specificity to allow the local government to respond to the issue precludes an action for damages in Circuit Court.

E. Applicant's Presentation:

Dave Dodson, Willamette Valley Planning, introduced the property owners, Erik and Larry Hellesto. He submitted a written copy summarizing his testimony. He began his presentation by describing a different project reviewed by the Planning Commission last year. The Sylvia Subdivision is a 37-lot subdivision zoned RS-6, of mostly single-family detached homes on lots of approximately 6,400 square feet; or 50 feet wide by 100 feet deep. There were also some smaller lots targeted for an attached housing project. Those lots were 40 feet wide by about 85 feet deep. Seven of the 37 lots were solar compliant. For context, if one were to apply the same numbers and ratio of compliance to the Elle's Addition, five of a hypothetical 37 lots would be compliant. This is a similar waiver request to what was granted for the Sylvia Subdivision,

which also had a predominantly north-south street orientation. A majority of the houses along the street cannot comply with the solar access requirement.

The three lots comprising the site under consideration had three single-family homes that were removed last year, with the intention of redeveloping the site. He showed a concept plan that depicted the variety of housing units. Typically, a lot of this size would be developed for apartments or townhomes. The Hellestos have an interest in doing a variety of housing types, though only one housing type is required. Along SW 3rd Street, the proposal is to have townhouses with rear-loaded garages and front porches that face onto the street. There are also two three-story apartment complexes, with six two-bedroom units in each. There is a common parking area which also provides access to the townhouse garages. Coho Street is laid out so it can be extended both north and south to serve development for abutting properties. Mr. Dodson then showed an exhibit depicting the pattern of solar access. He noted that though the lot with the two apartment complexes was considered non-compliant because the townhomes do not comply, the apartment buildings actually do comply. Therefore, 12 of the 18 units on the lot do comply with the solar access requirements.

There was testimony submitted by Larry Weymouth stating his concerns and suggesting that the single-family dwelling lots could be larger in size to accommodate solar access requirements. The applicant noted that to meet compliance, the six lots would be reduced to three larger lots which would increase the cost of those houses, making them less affordable. This would also restrict the ability to consider having attached dwelling units which would make them even more affordable.

In response to a question from Commissioner Boeder, Mr. Dodson said the size of the single-family lots was approximately 2,300 square feet – 33 feet in width.

In response to a question from Commissioner Morr , Mr. Dodson said the distance between the single-family structures if detached would be a minimum of ten feet. If they were attached, the side yards could be larger.

Commissioner Morr  asked if there might be an opportunity to have a slightly different layout to improve the solar access yet still have density. Mr. Dodson said that with the shadow patterns and the number of lots shown, it would not be possible. However, if the single-family dwellings were attached there might be a design with one-story and two-story offsets that would make three of them possibly compliant. However, it would not be possible to get compliance with all six lots. Mr. Dodson added that, on the other hand, the orientation and potential roof pitches were ideal for having photovoltaic installations.

In response to questions from Commissioner Jensen, Mr. Hellesto said that Rugh Electric was immediately to the north, along with two or three abandoned buildings. In response to another question, Mr. Dodson said that the orientation of the building entrances toward the street was both to have the entry and porch connection with the street as well as to meet the pedestrian-friendly intent of the code. The requirement for a multi-family project is that a front door be within 200 feet of the public sidewalk. Technically, the front door could be at the back, but this would create a blank wall facing 3rd Street, as opposed to having a design that embraces the street. The proposed pattern is similar to a Conser project now under construction on Goodnight Avenue.

Commissioner Jensen asked what other designs they had come up with that could meet the solar access standards. Mr. Dodson said that if the intent was simply to meet solar standards, they would take the six lots and turn them into three square lots with larger houses built on them. Again, they would not be meeting the affordability target they were hoping to achieve. Mr. Dodson went on to say that though one can show that conceptually the three houses can be sited and built on three lots to meet the solar access standards, when it comes down to the actual building of the homes they would likely end up being larger homes with the potential of impacting solar access. The solar access standards are only triggered at the creation of a subdivision. Once the subdivision has been created and houses are under construction, there is no assurance those houses will be sited and constructed in a way that complies with solar access standards.

Commissioner Woods referred to the application's last paragraph and asked if there was any assurance the design of the houses would be facilitating the installation of photovoltaic panels. Mr. Dodson said typically what they will do – which is similar to what they did with the Goodnight townhomes project – is put in a chase from the garage all the way to the rooftop. This facilitates having such an installation.

In response to a question from Commissioner Morr , Deputy City Attorney Coulombe said this was the time to ask questions of the applicant, and there might not be another opportunity unless the Commission reopens the public hearing.

In response to a question from Commissioner Boeder, Mr. Dodson said they had not considered a Planned Development because this was the only development standard they could not meet. They are in compliance with all the other standards, and a Planned Development process is costlier and time-consuming. His understanding is that when the LDC was updated some years back to allow for an expedited subdivision process, the solar access standard was not updated with it. This is why they are in this situation. With future updates to the LDC, consideration should be given to allowing an applicant to go through administrative review for such a waiver instead of having to bring it before the Planning Commission.

In response to a question from Commissioner Morr , Mr. Dodson said this process did not require building elevations or anything more than a conceptual plan to be submitted. Commissioner Morr  said it would have been helpful in this specific case of requesting a waiver from the solar access requirements to have building elevations submitted as part of the application.

Commissioner Hann asked if there was any assurance that the roof pitch of the homes would be perpendicular to the new street to facilitate active solar installations. Mr. Dodson said the only assurance he can offer is that the majority of single-family houses that are on narrow lots and in this kind of configuration typically have a pitched roof.

Commissioner Morr  asked if the trees planted in front of the lots on the east side might interfere with solar access. Mr. Dodson said it was a code requirement to plant the trees. However, since they were deciduous trees, during the winter months the sunlight would be able to penetrate due to the loss of leaves. The trees will be in a six-foot wide landscape strip. This along with a five-foot sidewalk and an approximate 19-foot setback of the house would likely provide enough distance from the house to limit impact of the trees.

Commissioner Woods said he was confused about the discussion relating to the solar access standard only applying at time of the subdivision review, and that the footprints used to show the four-hour shadow patterns can be changed at time of actual construction of the houses. Mr. Dodson said that as lots are sold to developers they are then free to locate the home wherever they want on that lot as long as it meets code. They can choose to not have windows installed on the south-facing wall which would also limit solar access. The performance requirement for solar access is for the creation of lots, and is not applied to home design or actual location of the home on the lot. So even if a decision were made to create three lots instead of the six that are shown, there would be no guarantee all three dwellings would end up with solar access that met the standard.

Commissioner Morr  asked whether there were any code requirements that would protect an existing house from having solar access impeded by new construction on a neighboring lot. Mr. Dodson said there is a separate section of the LDC that deals with solar access for existing dwellings, in which a homeowner can request a solar access easement that essentially gives the homeowners the right to have the sun shine on the south side of their house. Though he did not know if many of these easements existed, this could be critical for homeowners who might have a one-story home and had just made an investment in solar panels; and was faced with someone coming in to do a multi-storied in-fill project right next to their home.

Commissioner Morr  suggested to staff that as they do their review of the LDC, this ought to be added to the "Unresolved Planning Issues" list. Chair Woodside said she could bring this up under "Old Business."

- F. Public Testimony in favor of the application: none
- G. Public Testimony in opposition to the applicant's request:

Larry Weymouth, 415 NW Merrie Drive, said he had submitted written testimony, and his understanding was that most of the commissioners had already read it. He does not claim to be an expert, but as indicated in his written testimony he has some questions and concerns about some ambiguity in how the code is written. Mr. Dodson's reference to the Sylvia Subdivision indicated that the Planning Commission had approved that application. He was not aware of the details of the application and whether there was an actual solar waiver as part of the request.

His written testimony begins with the question about whether this waiver request would be precedent setting, and Mr. Dodson's referral to the Sylvia Subdivision might mean it is not. He particularly wished to note that in Mr. Dodson's testimony he did not hear any mention at all of the actual grounds for a waiver being LDC 4.6.40.c. He heard no justification that with the location of the road the site planning was negatively affected. This is just an allegation, and there really is no connection between this site proposal – as good as it is in terms of utilization of the site amenities – and waiving solar access. Speculation about putting in active solar collection devices is hypothetical. What is in front of the Commission is the code the way it is written. There are standards for lot development, and he does not see any connection to how SW Coho Street's location impacts the ability of the applicant to provide a site plan that would comply with the solar access standard. He understands there is a desire to provide more dense development and essentially ignore the access standard. That is not the intent of the code as it is written. Commissioner Morr 's comments about ensuring the code protects solar access for existing structures are well taken.

He does not pretend to understand all of the calculations for the 80 percent compliance with the standard, but he accepts what has been presented. His principal point is that it just does not make sense since there are other ways to comply with the solar access standards in the code rather than ignoring it. It is a falsehood to blame the City's action in putting the roadway in a certain location as a reason why the access cannot be achieved.

Mr. Weymouth requested that the record be held open for another seven days, and that he believes his written testimony meets the basis for an appeal since it cites the provisions of the Land Development Code.

Commissioner Morr  thanked him for coming to testify.

H. Neutral testimony:

The Chair reminded people that speaking neutrally removes rebuttal rights. No-one came forward.

I. Rebuttal by Applicant: Mr. Dodson stated they would not have a rebuttal at this time, but would likely submit additional written comments.

J. Close the public hearing:

The Chair declared the public hearing closed. Per the request by Mr. Weymouth, the record will be held open for seven days, until 5:00 p.m. on October 12, 2016. The applicant then has seven additional days to submit final written comment. Deliberations will be held after that date.

III. CONTINUED REVIEW OF THE LAND DEVELOPMENT CODE – LDC CHAPTER 2.0 – PUBLIC HEARINGS

Prior to beginning a review of LDC Chapter 2.0, Chair Woodside asked for input on what process and what definitions the commissioners would like to include in its review of Chapter 1.6 (Definitions). Discussion ensued about whether to read all of the definitions out loud, or to simply focus on those identified by the commissioners and by staff as needing further explanation. The latter approach was selected. There was also a brief discussion about the fact that this process was to review the Land Development Code and it was not intended to be a code update process. However, definitions or elements that were identified as needing some work could then be added to the "Unresolved Planning Issues" list. Words or concepts not included in the definitions section for which commissioners feel there is a need should also be identified. It was also noted that the work of the Climate Action Task Force and Transportation Management planning will result in additional definitions needing to be incorporated into the Code in the future.

Commissioners mentioned the following words or topics to include in the discussion of Chapter 1.6:

- Distinction between parcel, lot, and site. Site is not defined. (*Commissioner Morr *)
- "Sustainability" needs defining. "Sustainable" has a weak definition. (*Commissioner Morr *)
- "Ecosystem," "carbon footprint," and "net zero" will need to be defined. (*Commissioner Morr *)
- "Contains" should be defined. (*Commissioner Boeder*)
- "Setback" (*Commissioner Woods*)

- Definition and clarifications on “accessory dwelling” and other words associated with this. They reference “main use” and he would like to know if it can be the same use as the main dwelling. (*Commissioner Jensen*)
- In the building types section, there is the use of the terms “lot” and “development site.” What is the difference? (*Commissioner Jensen*)
- Chapter 4.9, the use of the term “respectively” when there are three zones referenced. Planner Yaich said this was already identified as an issue.
- Clarification and discussion of building types, housing types, housing types attached, and multi-dwelling units – how are they the same or different? (*Commissioner Jensen*)
- “Compatible.” Is there a scale or measurement standard? (*Commissioners Jensen and Morr *)
- “Comprehensive neighborhood.” How is this determined – what is the scope? (*Commissioner Jensen*)
- “Mitigation.” How is this measured or assessed? (*Commissioner Jensen*)
- “Density calculation.” Which acre of land? Does that put the lot in the corner of four different acres of land to determine if it meets the density? (*Commissioner Jensen*)
- “Tract” and “Parcel.” Are these inconsistent with the State’s definitions? (*Commissioner Boeder*)
- “Neighborhood compatibility” is brought up as part of the Pedestrian-Oriented Design standards, but it is not defined. (*Commissioner Morr *)
- “Shall” and “should” are defined, but “may” is not, and it seems it should be. Planner Yaich said there was a reference to the word in Section 1.6.20; however, it could be listed in alphabetic order in Section 1.6.30. (*Commissioner Morr *)

Planner Yaich then began a review of Chapter 2.0 relating to Public Hearings. He explained the two types of hearings: legislative and quasi-judicial. Essentially, legislative hearings cover changes that apply to broader, community-wide areas or changes to the Land Development Code text that apply citywide. Quasi-judicial hearings are focused on a specific site. He finished up with reviewing Section 2.0.40 (Legislative hearings), with the balance of Chapter 2.0 to be reviewed at a future meeting. Commissioners had the following questions and comments:

2.0.40.01

Commissioner Price brought up the issue of what would happen if a local newspaper no longer existed, and suggested this section might be added to the “Unresolved Planning Issues” list for consideration of new wording. Commissioner Woods pondered how many more citizens rely on the website for seeing notifications as opposed to the newspaper.

2.04.02

Does this include written testimony submitted via e-mail? (*Yes.*)

2.0.40.3.i versus 2.0.40.3.a

Commissioner Woods asked for clarification of what is meant by “If the hearing is closed, no further information shall be received and, unless the presiding officer has ordered otherwise, no further argument shall be received” versus allowing for final arguments to be submitted.

2.0.40.04.a.3

Commissioner Woods asked what is meant by referring the matter to a committee. Commissioner Price said City Council will often refer a matter to one of its committees. Commissioner Woods suggested the language should be updated to reflect subgroups of the City Council since they no longer have standing committees.

2.0.40.04.a.

Commissioner Price said with reference to the final paragraph, he does not believe the Commission has been doing this directly. (*Planner Yaich said typically the staff report and the meeting minutes serve as the findings. These are sometimes articulated by the deciding body and sometimes not.*)

Chair Woodside suggested the next section relating to quasi-judicial hearings will likely generate questions for the Deputy City Attorney. Staff will check to see whether they will be available for the review or whether questions that come up can be submitted for later comment.

IV. MINUTES REVIEW

September 7, 2016

Commissioner Boeder referred to page 4, second to last paragraph of Item III. He asked that the minutes reflect that his question of staff was how many times an application was complete upon first submission, to which the staff responded rarely.

MOTION: Commissioner Price moved to approve the minutes with the revision. Commissioner Jensen seconded the motion which passed unanimously.

Commissioner Woods noted that under Community Comments, Court Smith had made the suggestion that findings be removed from the Comprehensive Plan since most comprehensive plans do not have them. After a brief discussion, commissioners agreed staff should add this item to the “Unresolved Planning Issues” list for consideration.

V. OLD BUSINESS

- A. Commissioner Woods brought up his recollection that on July 20 commissioners had requested that staff reports include suggested motion language for both recommending approval of an application as well as for recommending denial of an application. He noted the staff report for the application under consideration did not present both alternatives. Planner Yaich said he would ensure that future staff reports presented both options, and the optional language would be prepared for deliberations on the Elle’s Addition Subdivision.
- B. Planner Yaich said City Council had initiated the Comprehensive Plan Amendments to address the deficits identified in the Buildable Lands Inventory. Staff will begin formulation of that process which will include a community discussion.
- C. Commissioner Morr  brought up her question relating to whether the Land Development Code has a provision that protects solar access for existing buildings and sites, so the burden is not on the existing property owners. In her view, this is about respect for persons and she feels it is unfair to place the burden on an existing property owner to have to apply for a solar access easement. After a brief discussion, it was agreed this should be added to the “Unresolved Planning Issues” list.

VI. NEW BUSINESS

- A. Chair Woodside announced that Commissioner Sessions had resigned from the Planning Commission effective last week. City staff would begin the process of recruiting a replacement to fill in for the balance of his term. In the meantime, commissioners would need to elect a new Vice Chair.

MOTION: Commissioner Price nominated Commissioner Woods to serve as Vice Chair. Commissioner Boeder seconded the motion which passed unanimously.

- B. Planner Yaich said Director Bilotta had attended a City Council Work Session wherein councilors held discussions about how to foster better communications between the various boards and commissions, particularly when there might be overlapping goals or objectives. He will soon be bringing forward some ideas to share with the commissioners in this regard.

VII. ADJOURNMENT: The meeting was adjourned at 9:10 p.m.

Larry Weymouth

415 NW Merrie Drive
Corvallis, OR 97330-6521
lcweymouth@peak.org

October 2, 2016

Aaron Harris, Associate Planner
City of Corvallis, Planning Division
P.O. Box 1083
Corvallis, OR 97339
Aaron.Harris@corvallisoregon.gov

RE: Elle's Addition Subdivision (SUB16-00002)
Testimony for the Land Use Public Hearing, October 5, 2016, on the Request for a Solar Access Waiver

Respected Planning Commissioners,

Before you is what I believe could be the first request ever (if not one of the few) for a waiver to Corvallis' solar access standards in subdivisions (LDC 4.6.40). As such, your review regarding the facts of this case and its disposition could set a **precedent** for other relevant decisions. For that reason, I urge you to give this waiver request a thorough analysis. I am concerned that the Planning Staff Report does not consider the potential of an alternative site plan that might comply with the standards, and thus the Findings of Fact are in error as the basis for the Overall Conclusion and Recommendation.

My understanding of this request is that the Applicant alleges, and the Planning staff concurs, that the request should be granted because the development proposal meets condition (c) of LDC 4.6.40. That is, because the site planning to achieve the solar access standards would be negatively affected by the City's required extension of SW Coho Street, and no other reasonable location for the street is available.

I do not dispute the location of this street. Rather, my interpretation of this code provision and its intent is to provide relief to an applicant when such a street would make it impossible for any development to achieve the solar access standard. In this case, however, the resulting

415 NW Merrie Drive



“negative effect” is the direct result from the Applicant’s desire (not necessity) to plot the development in a particular way, specifically by the number of proposed single-family lots (6), minimum setbacks, and/or the orientation and height of the homes along the west side of SW Coho Street. In short, the problem with meeting the solar access standard appears to originate with the Applicant’s site plan, not the City’s road location. The Applicant’s Application in the response to Section 4.6.40 (c) acknowledges (on Attachment page 4 of 7, my emphasis added), “The **desire** to orient the building entrances toward the street results in building placement that isn’t **conducive** for passive solar access.” Figure 2 in the Staff Report (page 4 of 6) illustrates the proposal’s non-compliant shadow pattern, and how the overlap of shadows originates from the site plan’s proximity of one building to the other. Is it not true that if the Applicant were to revise the site plan to only 2 or 3 single-family lots, no waiver to the standard would be needed? In essence, it seems that the Applicant wishes to over-build relative to the code and is blaming the City’s street for interfering with that.

While it is laudable for the Applicant’s Application to highlight the development’s potential for single-family rooftop solar energy capture, such a benefit does not relieve the requirement to meet the solar access standards in all respects as currently in the Code.

Thanks to you and Staff for your consideration of this testimony.

Best regards,

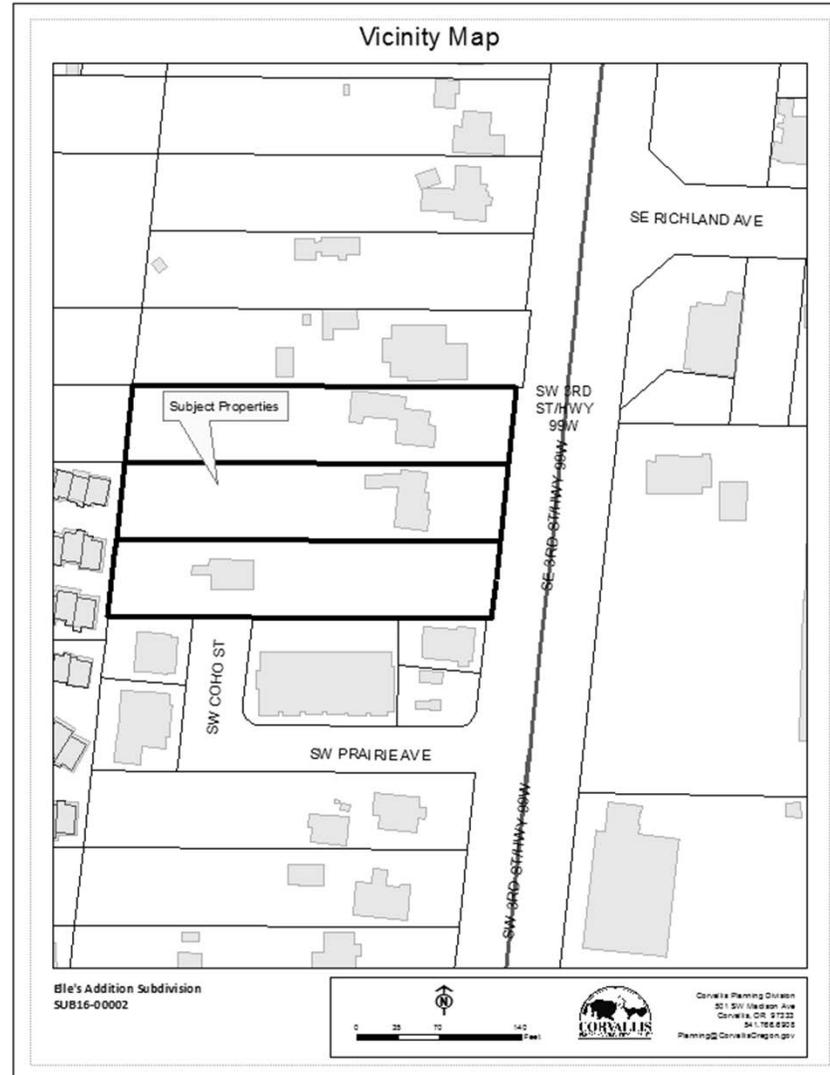
Larry Weymouth

/s/

**ELLE'S ADDITION
SOLAR ACCESS WAIVER
REQUEST**

SUB16-00002

Vicinity



Aerial View



Existing Conditions



Zoning Map



Land Use History

- ANN62-00001
 - ▣ Annexed into City Limits

Applicant's Proposal

- Subdivision
 - Divide three existing parcels into seven lots
 - Applicant has indicated their intention to build
 - 6 single-family homes
 - 2 multi-family apartment buildings (6 units each)
 - 6 townhomes

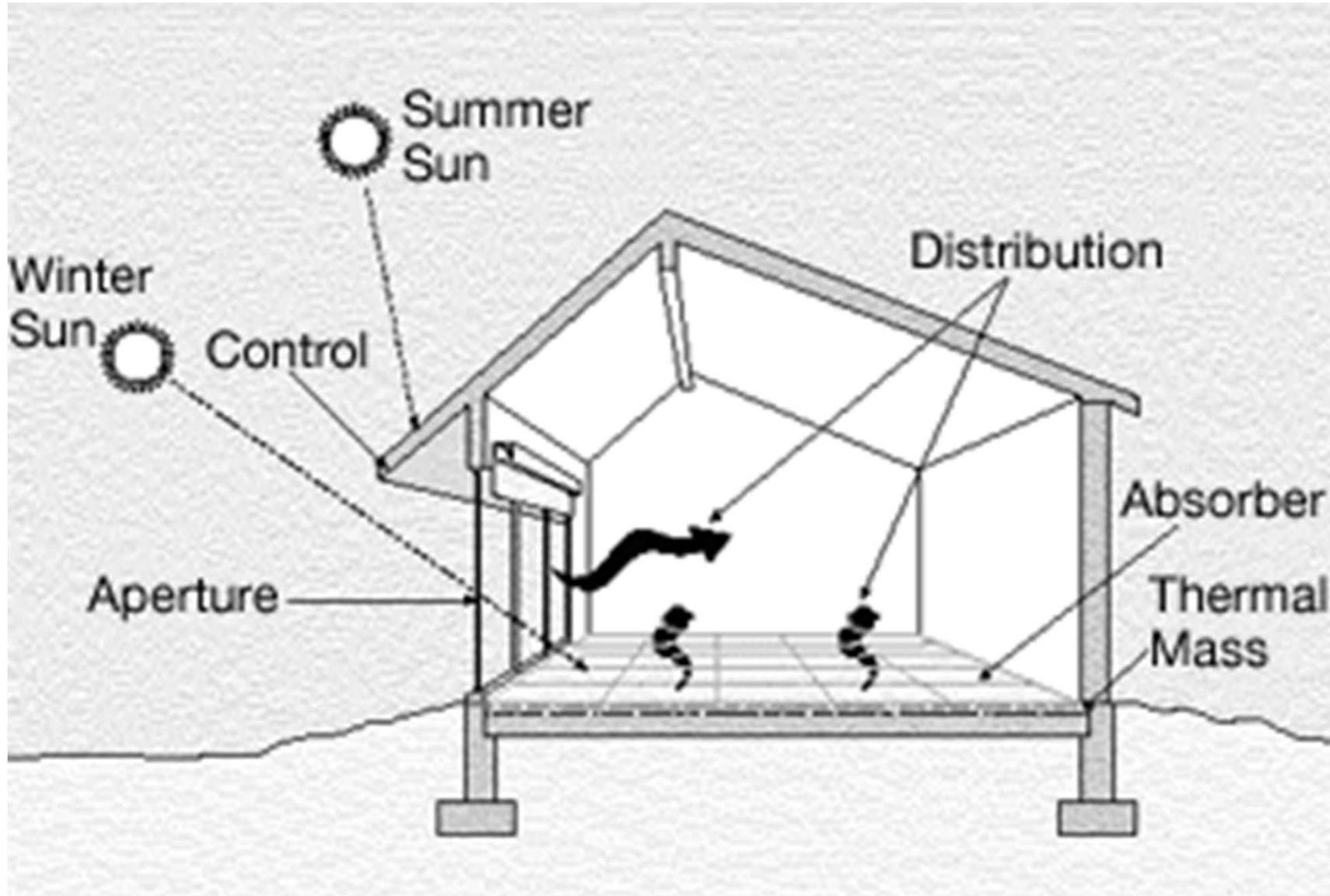
Solar Waiver Access Standards

- Applicable Review Criteria:
 - Performance Standards
 - LDC 4.6.30
 - Reduction or Waiver of Standard in Subdivisions
 - LDC 4.6.40

LDC 4.6.30 – Performance Standards

Residential Subdivisions and Planned Developments on parcels of more than one acre shall be designed so that Solar Access Protection, as defined in Chapter 1.6 – Definitions, is available consistent with the following:

- a. No reduction in Solar Access at ground level of the south face of existing residential buildings adjacent to the development;**
- b. Within Residential Subdivisions, a minimum of 80% of lots contain sufficient east/west dimension to allow orientation of the following minimum ground floor lengths of a building to use solar energy:**
 - 1. 30 lineal ft. per unit for Single-family Detached dwelling units; and**
 - 2. 15 lineal feet per ground floor unit for dwelling units other than Single-family Detached dwelling units.**



LDC 4.6.40 – Reduction or Waiver of Standard in Subdivisions

A reduction or waiver from the requirements of Section 4.6.30 above may be granted by the Planning Commission to the minimum extent necessary to:

- c. Address sites where site planning to achieve Solar Access is negatively affected by the construction of streets, utilities, bicycle, and pedestrian facilities that are required by the City of Corvallis Transportation Plan, or other adopted City Plan, or that are necessary in order to maintain an acceptable functional classification of roadways adjacent to the property. It must be shown that no other reasonable location is available for the required infrastructure.**
- Staff finds that site planning is negatively affected by the construction of streets.
 - Staff finds this criterion is satisfied.

Existing Street Pattern & Development



Staff Conclusion

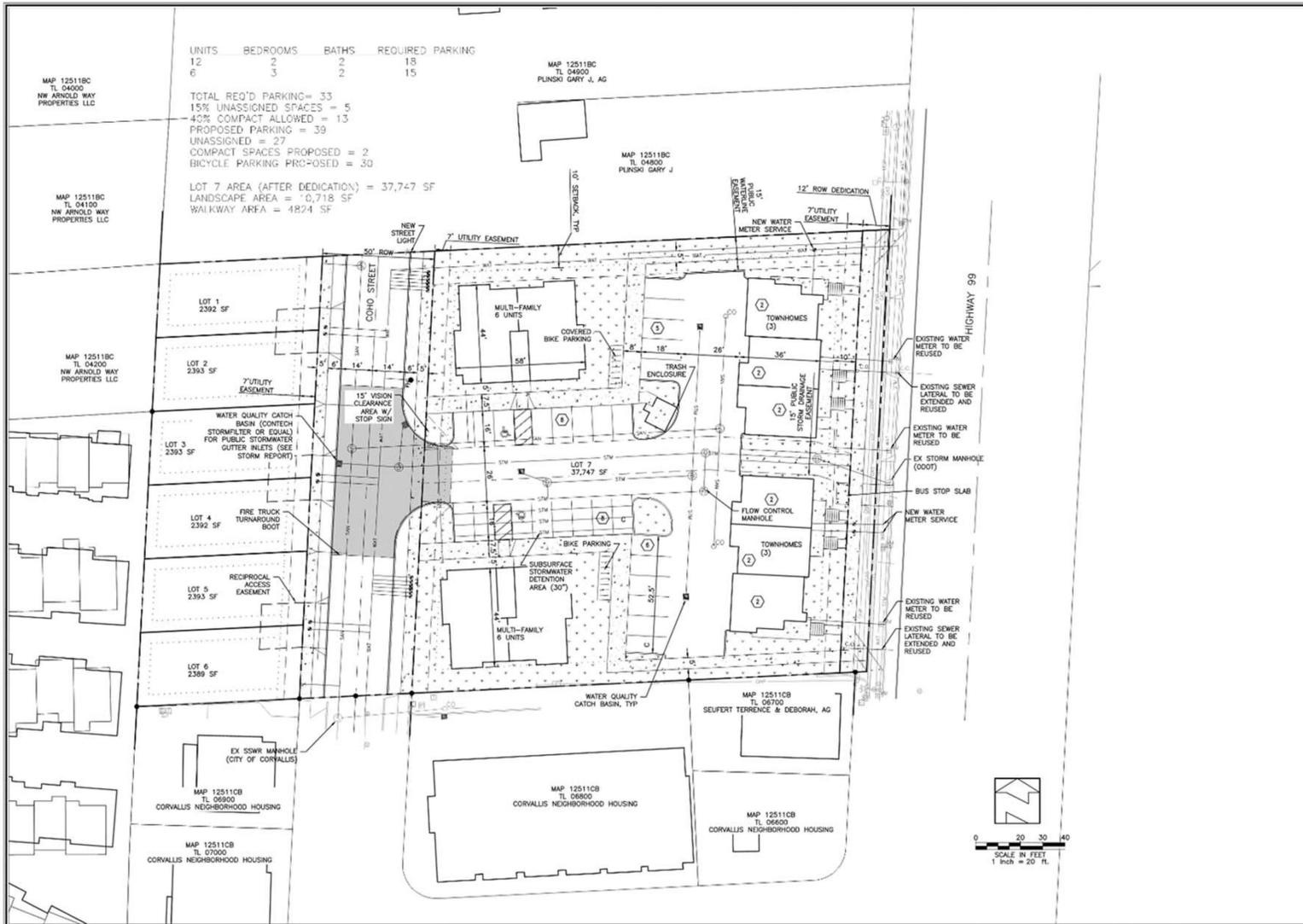
- Based on the discussion, findings, and conclusions addressed in the staff report, the application is consistent with the applicable LDC review criteria for a waiver to the solar access standards per LDC 4.6.40.

Staff Recommendation

- Page 6 of staff report
 - ▣ Solar Access Waiver: Approval

Questions





8/22/2016 11:12:51 PM X:\150115\PLANNING\SP.DWG SAVED ON 8/22/2016

LARRY HELLESTO
33730 SE WELDON LN
CORVALLIS, OR 97333
541.750.1865

ELLE'S ADDITION
CORVALLIS, OREGON

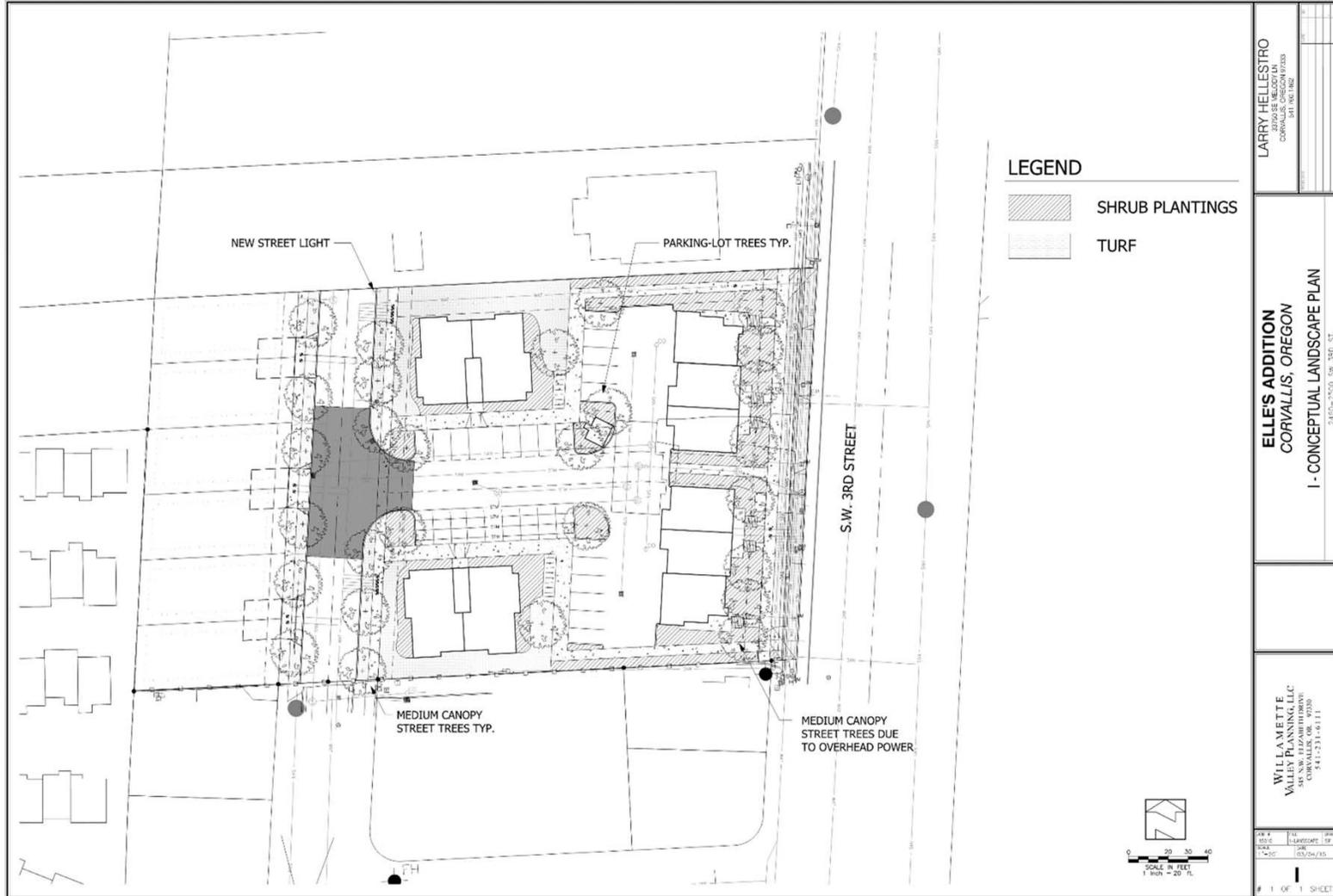
ATTACHMENT H1 - CONCEPTUAL DEVELOPMENT PLAN
2450 - 2500 - SW 3RD STREET

REGISTERED PROFESSIONAL
ENGINEER
PEER & SEEMER
GENERAL 6/30/2018

MSS INC
ENGINEERING CONSULTANTS
AND PLANNERS
215 NW 4th STREET
CORVALLIS, OR 97330
(541) 753-1300 FAX: (541) 753-0956

REV	DATE	BY
1	05/18/15	SP
2	05/18/15	SP

H1
1 OF 1 SHEETS



8/21/2016 7:05:11 PM \\HDD000\users\jacob\working\projects\080114\08114-01.dwg - D:\C:\#6202014 - LANDSCAPE.DWG SAVED: 24 8/21/2016

LEGEND

-  SHRUB PLANTINGS
-  TURF

<p style="text-align: center;">LARRY BELLESTRO LANDSCAPE ARCHITECT CORVALLIS, OREGON 97331 541.326.1822</p>	<p style="text-align: center;">ELLE'S ADDITION CORVALLIS, OREGON 1 - CONCEPTUAL LANDSCAPE PLAN</p> <p style="text-align: right; font-size: small;">DATE: 08/21/16 08:30 AM</p>	<p style="text-align: center;">WILLAMETTE ARCHITECTS 501 SW HAZARD STREET CORVALLIS, OR 97339 541.231.4111</p>
<p># 1 OF 1 SHEETS</p>		

**CITY OF CORVALLIS
PLANNING COMMISSION DRAFT MINUTES
October 19, 2016**

Present

Jasmin Woodside, Chair
 Carl Price, Vice Chair
 Frank Hann, Council Liaison
 Jim Boeder
 Susan Morr e
 Paul Woods
 Tom Jensen

Staff

Jason Yaich, Senior Planner
 Aaron Harris, Associate Planner
 David Coulombe, Deputy City Attorney
 Claire Pate, Recorder

Absent

Rob Welsh
 Jim Ridlington

Visitors

SUMMARY OF DISCUSSION

	Agenda Item	Recommendations
	Call to Order	7pm
I.	Community Comments	None
II.	Deliberations – Elle’s Addition Subdivision (SUB16-00002)	Approved by 3-2 Vote
III.	Continued Review of LDC	
IV.	September 21, 2016 - Minutes Review	Approved as drafted
V.	Adjournment	9:15pm
	Next Meeting	November 2, 2016 @ 7pm

Attachments to the October 19, 2016 minutes:

- A. Applicant’s Final Written Arguments for Elle’s Addition.

I. COMMUNITY COMMENTS: none

II. DELIBERATIONS – ELLE’S ADDITION SUBDIVISION (SUB16-00002)

Chair Woodside opened deliberations on SUB16-00002.

Declarations: No new declarations.

Staff Summary:

Harris stated that the public hearing for the application had been closed on October 5, 2016, and the record was held open. No additional comments were received as of 5pm, October 12, 2016. The applicant has submitted additional testimony dated October 17, 2016, extra copies of which are made available at the back of the room (**Attachment A**). Staff will answer any additional questions that commissioners might have.

Questions of Staff/Deliberations:

Price referred to the applicant’s additional written testimony and the suggestion for adding a condition of approval related to installing chases for future rooftop solar systems. He asked if it was appropriate to include conditions of approval for a waiver or reduction to code standards. Coulombe said that if commissioners find that a waiver criterion is unsatisfied but would be satisfied with a proposed condition it could be included.

Morré asked if other applications in the past had asked for a waiver from the solar access standards. Yaich stated that the Sylvia subdivision application had included a waiver request, which was granted. Cole’s Crossing subdivision also was granted a solar access waiver. Coulombe noted that these were waivers in the context of a planned development so compensating benefits were a part of those considerations. To his knowledge, this is the first solar access standards variance request for this type of review.

Jensen asked what the development’s net area and range of units allowed were, and staff stated that it was 1.20 acres, with a minimum of 14 units and a maximum of 30 units.

Morré said she was concerned about applicant’s statement that the reason for the request was to accommodate a plan that would max out the total buildable area, and that there were alternative designs that might not require the waiver. This fact, and the fact that this would set a precedent, gave her pause especially with the focus that the City has on reducing energy consumption as a balance to density. Building every site out to its maximum potential to achieve goals of density and profit should not come at the expense of other important parts of the code that are looking to a future of what we want Corvallis to be.

Jensen said he did not see that the applicant had attempted to come up with a development plan that might have between 14 and 24 units which might meet solar access standards. Woods said that the applicant had discussed other options during the hearing, one of which was to have three larger lots with larger homes, instead of the six small lots on the west side. The applicant indicated that having the smaller lots would provide a type of house that the market wants, i.e. smaller starter homes that are affordable. The problem is that with the street’s north-south orientation, the houses cast a shadow on each other. The written testimony just received also refers to another designer who had had a plan to keep it as one parcel and construct townhomes or apartments on the west side which would then not be subject to solar access standards.

In response to comments from Morré referring to Land Development Code (LDC) Section 4.2.20, Woodside clarified that Section 4.6.40 was the appropriate citation in this case. Morré went on to say it was her opinion that none of the conditions in Section 4.6.40 necessarily applied. Woods

referred to Section 4.6.40.c and suggested that because Coho Street was required to go “to and through” on a north/south orientation to allow for additional development to the north, and because ODOT does not want additional access points along SW 3rd Street, this section seemed to apply. Morr  again stated that the applicant was requesting the waiver because they were maximizing the potential buildout on the lot. She believed that Section 4.6.40.c would only apply if there were no other design options.

Price opined that even if the developer reduced the number of lots on the west side of Coho from six to three, they would then be able to build houses of a size that might preclude solar access in any case. In response to a question from Morr , Harris stated that if the waiver is not granted, the developer has stated that they would pull the subdivision application and go straight to building permit for the lot. He agreed with Price that the applicant could meet the subdivision solar access standard by creating three large lots, but that at time of building permit they would no longer have to meet the standard.

Jensen asked what obligation he has to grant a waiver if he has not seen a plan come forward with a minimum number of lots which may very well meet the solar standard, and whether an applicant’s bottom line in terms of meeting numbers should be of concern to commissioners.

Hann addressed a concern about setting precedence, and shared his opinion that each case stands alone and does not really set a precedent for other cases. Coulombe said that precedent is a legal term that refers to a body’s decision and their requirement to follow it. Courts follow the precedent of other courts. The Planning Commission might informally develop its own body of law with respect to how it views cases, but it is not really precedent. The precedent that the Planning Commission would follow would be set by City Council, in terms of their interpretation of code provisions, etc.

Coulombe went on to address the preference for higher density versus moderate or lower density, and how the code weighs in on it. The criterion under question is not asking commissioners to do any balancing or to seek compensating benefits, as would be applied with a Planned Development application. Commissioners simply need to determine whether the applicant’s request for the waiver or reduction in solar access standards meets one of the criterion in Section 4.6.40. Any reference by the applicant to previous cases in which a waiver to solar access standards had been granted is simply part of their attempt to make a persuasive argument for commissioners to approve the application, and those other cases should not be viewed as setting a precedent for this case.

Price said that after reading through the code and the staff report, his opinion is that the City’s Transportation Plan and ODOT requirements for SW 3rd Street limit options and therefore the application meets the criterion set out in Section 4.6.40.c. He does not believe that commissioners should look at the “what ifs” but should instead view this proposal and determine whether it meets the code criteria.

Morr  reasserted her belief that it was not mandatory for the applicant to have the waiver in order to develop the site, and she did not believe that it was necessary for the commissioners to help them maximize their profit by granting unnecessary waivers.

Woods believed that there was adequate reasoning in the application and staff report to grant a waiver in accordance with Section 4.6.40.c. The code recognizes that energy from the sun is an important asset. However, the Commission is given authority to waive parts of the code when it can be determined that it would be a better outcome. From a broader energy perspective, a recent

study showed traffic patterns in and out of Corvallis with 18,000 people driving into the city each day for work. Part of the problem is the housing shortage in town, especially for first-time buyer entry-level homes. If more lots and homes like those proposed in the application were made available, there would be less driving required. It is important to consider the whole system in terms of energy benefit, though solar access is an important factor. The facts that the street and access configuration limit options for the developer and that this type of housing is needed lead him towards granting the waiver. The fact that they have indicated a willingness to build chases so that solar energy can be harvested off the roof is also commendable.

MOTION: Price **moved** to approve the proposed solar access waiver request (SUB16-00002) for Elle's Addition Subdivision, as described in Attachment A of the October 5, 2016 Staff Report. The motion is based upon the staff recommendation to the Planning Commission, and on the Planning Commission's deliberations, as reflected in the October 5 and October 19, 2016, Planning Commission minutes. The motion was **seconded** by Woods.

Morré said she wanted to respond to Woods' comments. She agreed it was important to look at the big picture but she felt that the reasons for living elsewhere are multi-faceted and not just because what is being built now is either higher-end housing or student housing. It is a complicated issue. The commissioners do not have the authority to control who is building what on individual lots. However, she finds applications like this disturbing in that it is working against some of what the community has said is important for community form and character. She believes there are other ways to meet affordable housing needs on other parcels around town. She cannot support projects coming forward seeking maximum profits and asking for a waiver.

Boeder asked staff what the process and the outcome would be if the applicant withdrew the application and proposed to build six townhomes instead. Yaich said that there were infinite scenarios for development on the property, but the general options are to go through a land use process to subdivide, which is what they are trying to do; otherwise they would go through a straight building permit process. In either case, the street connection would be required to run north/south which physically divides the property. At that point they could build any of the building types listed for the RS-12 zone within the prescribed density range, including town homes on a single lot. The applicant has chosen to go through the subdivision process in order to provide single-family dwelling lots which provide some variety of housing units.

Hann added that staff has presented a report for Commission consideration, with a recommendation based on their interpretation of the Land Development Code and its applicable provisions. It is fine to disagree with them, based on one's own interpretation. However, profit is so subjective and it is hard to project on a specific site what development costs will be and whether there will be a lot of profit or just a little profit. It is really not a part of commissioners' consideration, and should not be part of the discussion.

Woods said he liked having the variety of housing types. A waiver could be accompanied with a statement that the Commission values the existing solar standards, along with valuing a diversity of housing, including economic diversity. Without the ability to have some subjectivity to interpret the solar access standards within the bigger picture, there is the possibility that it will backfire and will give us housing types that are not as optimal for meeting our other community goals.

Price agreed with staff's points that both the City and ODOT transportation system requirements make the waiver a necessary request for this proposal. He does not believe that they can impose a condition of approval for installing the chases, though he hopes they will install them in the units.

He also likes the diversity of housing types which help to meet some of the City's other goals. He believes they have satisfied the criterion in Section 4.6.40.c and he supports staff's findings.

Jensen stated that he reread Section 4.6.40.c, and it is his understanding that if the applicant chose to simply put in townhomes they would not be required to meet solar access if they were not subdividing. It would be up to the developer to make that decision. However, he does not believe it is the required location of the streets that is leading to the waiver request, but rather the desire for densification.

Woods said he would prefer not to vilify densification, in that the code also speaks to the importance of compact urban form. Meeting all the passive solar standards is well and good, but if it is at the expense of not providing enough single family dwellings within a compact form the result will be urban sprawl. There will be even more energy expended because of the sprawl.

Woodside asked commissioners to continue the discussion if they had any points that had not been brought out, but to limit repetitive points.

Morré said she was looking at the original plat of three narrow lots, each with an access off SW 3rd Street. She agreed that limiting access points to one and extending Coho Street to serve the site made sense, but she felt there could be alternatives to routing the street, perhaps by curving it, which might provide more solar access. Harris said that there might be other orientations, but Public Works staff has said that this is the most logical and were not enthusiastic about curving the roadway.

Price added that if ODOT was not requiring the removal of curb cuts and the developer was able to build east/west oriented streets through the property, it would have met all the standards and the developer would not have had to come before Planning Commission. Along with the Corvallis Transportation Plan requiring "to and through" and having Coho Street serve the property to the north as well, he believes these requirements limit development options and that the criterion in Section 4.6.40.c has been met.

Morré shared her last points. There were originally three single-family dwellings on three lots, and there will inevitably be increased density by redevelopment. Additionally, there are several other housing developments to the north that will be impacted if Public Works staff holds to a requirement that Coho Street be on a straight north/south orientation.

Vote on the Motion:

The motion to approve the solar access waiver request was **approved** 3-2, with Morré and Jensen voting in opposition.

Woodside said that any participant not satisfied with the decision made can appeal to City Council within twelve days of the date a written decision is signed.

Hann complimented the commissioners on having a good and thorough discussion of the issues.

CONTINUED REVIEW OF LAND DEVELOPMENT CODE

Woodside moderated a brief discussion about whether to review the definitions in Chapter 1.6 as one entity, or review the definitions as they showed up in the various chapters of the Code, since the definitions might be better understood when considered in context. It was agreed to discuss

upfront the definitions that had already been specifically identified by commissioners for additional discussion, and to add any words needing definition that are not defined to the “unresolved planning issues” list.

Coulombe issued explanatory as well as cautionary statements about definitions. If one is attempting to interpret language, it is plain language in context with its apparent purpose. It is difficult to do that in the abstract looking at just a definition statement, and he thought it appropriate to review language and definitions within their contextual location or locations. Words that are not specifically defined in the Code have common meaning or meanings, as defined in the dictionary. He cautioned against deciding all words have to be defined within the Code, which unwittingly might give a word a narrower construct than is appropriate for uses in other parts of the Code. One should decide whether it is a “term of art” needing specific definition or whether a common dictionary meaning can be used.

Boeder, on the other hand, suggested that sometimes it is preferable to have a narrow definition that can be applied as a legislative tool to sway development a certain way. This then leaves little to interpretation.

Woodside asked Yaich to review the definitions that have been specifically identified by commissioners for review, and to go over which items have been added to the “unresolved planning issues” list. The following summarizes the discussion:

Words not defined in the Land Development Code and added to the “Unresolved Planning Issues” list for consideration:

- a. Sites
- b. View shed (defined in Comprehensive Plan (CP))
- c. Contains – (which has different uses throughout the code)
- d. Compatible (defined in CP)
- e. Neighborhood compatibility
- f. Comprehensive neighborhood (defined in CP)
- g. Mitigation
- h. May (referred to in Section 1.6.g)
- i. Climate Action Plan definitions (i.e. sustainable; sustainability; ecosystem; carbon footprint; net zero; transportation demand management)
- j. Setback (defined in the CP)
- k. Tract (*As noted in discussion below.*) \
- l. Tiny houses (*As noted in discussion below.*) \

List of terms/definitions identified for additional discussion

Discussion ensued on the various terms/definitions brought up by commissioners. The list of items and highlights of discussion points are as outlined below:

- a. Accessory Uses, Accessory Structures, and Accessory Dwelling Units – these are defined separately. Accessory structures are regulated by the development standards in Chapter 4.3, whereas Accessory Dwelling Units are covered under Chapter 4.9.
- b. Lots and Parcels – These are defined, with part of the definition coming out of Oregon Revised Statute (ORS) regulations related to land divisions. A lot, by definition, is a unit of land that is established through a subdivision plat. A parcel is a unit of land established

through a partition plat. Partitions are three or fewer units of land, and subdivisions are four or more units of land. Also reference Section 1.6.20.g which refers to interchangeability of the terms at times.

- c. Land, parcel of – this has a separate definition and is an established unit of land, and includes “lots of record.”
- d. Tract – It is defined in the Code as part of the subdivision process. It generally refers to open space, protected natural features or drainage areas that are held in common by homeowners’ associations. In response to questions raised by Boeder, it was agreed that there might be a need for more clarity in the definition since the State would consider a tract a lot or parcel in contradiction to the definition.
- e. Housing types and Building types – Building types are used most often when looking at the residential zones. Each zone provides a list of allowable building types, such as single-family detached, single-family attached, duplex or triplex etc. Housing types gets into the housing variety standards under Chapter 4.9. For subdivisions that exceed certain acreages there are standards relating to providing a variety of housing types. There was a discussion about the definition for Building Types in Chapter 1.6 and the meaning of Section c under that definition which spells out terms that are not considered building types for purposes of the Code but fall under housing types.

In response to a question from Morr  related to “tiny houses,” Yaich said there was no restriction in the LDC specific to them. The housing variety standards actually encourage smaller square footage single-family homes. The only restriction related to the square footages would be in the manufactured dwelling standards. There was consensus that Tiny Houses should be added to the “Unresolved Planning Issues” list since it was one of the recommendations of the Housing Development Task Force that would be coming to Planning Commission at some point in the future.

- f. Setback – Woods said that the definition in Chapter 1.6 seems straight forward, but LUBA’s interpretation with the Coronado case did not seem to jibe with this. There was a discussion about that case, and Coulombe said it had more to do with the ambiguity of Condition 12 as opposed to any issue with the setback definition. There was additional discussion about the Coronado case and how the process and condition could have been crafted better.

In response to a question from Morr , Coulombe said that some conditions can specify that criteria are required to be met through a deed restriction. However, there is no authority to require that all conditions be placed on the deed. There would be a lot of resistance to this. There is statutory language now that land use restrictions need to be checked by the buyer through the titling process.

Woodside suggested they stop the discussion at this juncture, and start the next Land Development Code training session with a discussion of density, and then Chapter 2.0.50 relating to Quasi-Judicial Hearings.

III. SEPTEMBER 21, 2016 - MINUTES REVIEW:

The September 21, 2016, minutes were unanimously approved as drafted.

IV. OLD BUSINESS

Price said he had attended the City Council public hearing related to the OSU Comprehensive Plan amendments and a couple of people were very complimentary about the Planning Commission's work on this task.

V. NEW BUSINESS

Yaich announced that a new code compliance officer had been hired, and his name was Todd Easton.

Price gave a short report on the Housing and Community Development Advisory Board's last meeting, with Community Development Block Grant awards given out in the amount of \$500,000. Their recommendation goes to the City Council for approval.

VI. ADJOURNMENT

The meeting was adjourned at 9:15pm.

WILLAMETTE VALLEY PLANNING LLC

October 17, 2016

Corvallis Planning Commission
c/o Aaron Harris
501 SW Madison Avenue
Corvallis, Oregon 97333

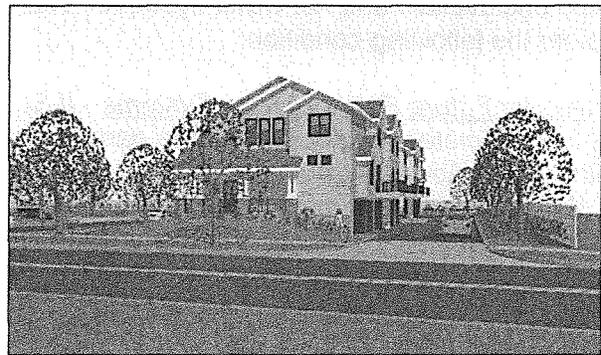
**RE: Applicant's Additional Written Testimony Regarding Solar Access Waiver
Elle's Addition Subdivision (SUB16-00002)**

Dear Planning Commission Members:

During the public hearing, Commissioner's expressed concern about the appearance of the townhomes and single family units that might ultimately be constructed within the subdivision. The townhome design is based on another project currently under construction at the corner of SW 3rd Street and Goodnight Avenue, known at the Goodnight Townhomes. The images below provide a front, side and rear elevation of these units.

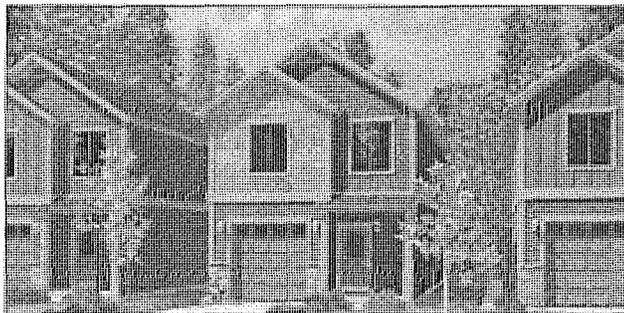


Townhome - Front Elevation



Townhome - Side and Rear Elevation

The single family dwellings will be modest 2 and 3 bedroom homes with a single car garage that would allow an additional car to park in the driveway. We are proposing to combine the driveways to accommodate the necessary street trees and on-street parking. The image below provides a front elevation of these units.



Single Family Homes - Front Elevation

The Commission asked if other site plan layouts were considered that might better address the solar access requirements. Prior to my involvement, another planning consultant developed several other plans that maximized the density, however both options had townhomes running in a north/south orientation. The only difference is that one of the plans included townhomes west of Coho Street. Under that design a subdivision wasn't required and was also not subject to the solar access requirements. The developer still has the option to construct 6 townhomes west of Coho Street on one parcel, thereby avoiding any solar access requirements for the entire project. Please recognize that land zoned RS-12 (Medium High Density Residential) typically isn't subdivided into small single-family lots, but developed as apartments or townhomes on a single parcel.

As I've mentioned before, the developers have a desire to construct modest entry level housing in South Corvallis. To achieve this in an affordable manner, they need to create small lots. If they are unable to develop these, then they will likely withdraw their subdivision application and construct 6 townhomes instead.

If you look closely at the Solar Access Protection Plan you will see that both apartment buildings comply with the solar access provisions. The 6 townhomes along SW 3rd Street are non-compliant as are 5 of the 6 single-family homes. Therefore the majority of the units (13 out of 24) will be solar compliant. However, since the solar access criteria only addresses lot compliance and not unit compliance, staff must calculate compliance of each lot and not each unit.

To mitigate the reduction in solar compliant lots, the applicant is willing to install a 12-inch diameter chase between the garage and attic of all townhomes and single-family homes to allow for future rooftop photovoltaic and hot water systems. We would recommend the Planning Commission consider the following condition:

Chase for Future Rooftop Solar Systems - If SUB16-00002 is approved, the developer shall install a 12-inch diameter chase between the garage and attic of all townhomes and single-family homes within Elle's Addition Subdivision. Materials and installation methods for chases shall be included in plans submitted for building permits.

We'd like to note that the code allows for both a solar access reduction and a waiver. We requested a waiver, but since one of the lots is compliant, it is actually a reduction to the standards instead of a waiver for all lots.

The City recently hired EcoNorthwest to prepare a Housing Needs Analysis and Economic Opportunities Analysis. This is similar to the analysis they did in 1998 for the City's Buildable Lands Inventory. On page 5-10 of the June 2016 Draft Report under "Conclusions about Housing Need" they conclude that "Corvallis needs additional smaller units and more diverse housing types. Demographic trends suggest that there will be an increase in demand for more affordable housing, such as smaller houses and lots sizes for single-family housing".

In closing, we hope the Planning Commission recognizes the importance of providing modest entry level housing in South Corvallis and that the addition of interior chases for rooftop solar systems mitigates the loss of passive solar options for the non-compliant structures.

We appreciate your thoughtful consideration on this matter.

Sincerely,

David Dodson

David j. Dodson, AICP

WATERSHED MANAGEMENT ADVISORY BOARD
MINUTES
September 29, 2016
DRAFT

Present

Jessica McDonald, Chair
 David Hibbs, Vice-Chair
 Charlie Bruce
 Mark Dolan
 Steve Rogers
 Joel Hirsch, City Council Liaison

Staff

Jennifer Ward, Public Works
 Tom Hubbard, Public Works
 Mark Miller, Trout Mountain Forestry

Visitors

Jim Fairchild

Absent

Jacque Schreck
 Richard Heggen

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Call Meeting to Order/Introductions • Election of FY 16-17 Leadership	X		
II. Review of Agenda	X		
III. Review of August 24, 2016 Minutes			Approved with one minor change
IV. Community Comments	None		
V. City Council Report	None		
VI. New Business • Implementation of the Corvallis Forest Stewardship Plan • 2016 Peacock Larkspur Report	X X		
VII. Old Business • None			
VIII. Staff Reports	X		
IX. Board Member Requests and Reports	X		
X. Adjourn	6:40 pm		

CONTENT OF DISCUSSION**I. Call Meeting to Order/Introductions**

Chair McDonald called the meeting to order and those present introduced themselves.

Election of FY 16-17 Leadership

David Hibbs was elected Chair and Steve Rogers was elected Vice-Chair. Chair Hibbs took over as chair of this meeting immediately after being elected.

WMAB Minutes
September 28, 2016
Page 2 of 3

II. Review of Agenda

Ms. Ward circulated two copies of the final Forest Activities Report. The report will be available on the Watershed web page after it has been provided to the City Council on October 18.

III. Review of Minutes

Board Member Bruce moved to approve the August minutes with a single minor change; Board Member Rogers seconded the motion and the minutes were approved unanimously.

IV. Community Comments

None.

V. City Council Report

Councilor Hirsch had nothing to report.

VI. New Business

Implementation of the Corvallis Forest Stewardship Plan

Visitor Jim Fairchild provided his background with the Board and the watershed. Mr. Fairchild expressed concerns that forest thinnings are actually becoming variable retention harvests. Mr. Fairchild questioned the City's willingness to work with neighbors of the watershed and he would like to see that improve. In response to the question of what would he specifically like the City to do, Mr. Fairchild recommended that the City talk to neighbors before taking on management activities, especially when those activities affect the neighbors. Councilor Hirsch, speaking for the Council, apologized for any offence or inconvenience the City may have caused and agreed that the City should do better.

2016 Peacock Larkspur Report

Ms. Ward stated that there are three sub-populations of Peacock Larkspur on the watershed which are inventoried every year when they bloom. She stated that the numbers of Peacock Larkspur are up in all areas from last year, but so are the numbers of other larkspur species which compete and hybridize with Peacock Larkspur. Staff is continuing to remove competitive species of plants to help Peacock Larkspur thrive. Staff is working with the Native Plant Society to establish a pure stand.

VII. Old Business

None.

VIII. Staff Reports

Mr. Hubbard stated that he is still researching the USGS stream monitoring station, as requested by Board Member Heggen at a previous meeting.

Ms. Ward responded to questions from the Board about creating a reserve fund for the watershed. The first question was, excluding harvest costs, what does it cost to run the watershed for a year. She stated that for the current fiscal year, approximately \$111,000 has been budgeted for expenses related to the watershed, plus \$22,000 in grant funds for meadow restoration. Anticipated expenses include the consulting forester, Northern Spotted Owl surveys, stream temperature surveys, fish surveys, education and outreach, Peacock Larkspur management and

WMAB Minutes
September 28, 2016
Page 3 of 3

augmentation, timber tax, and materials and supplies for the annual tour. The second question was related to budgeting for the Watershed Program Specialist position. Ms. Ward stated that the Watershed Program Specialist is paid from the watershed fund; in addition to the expenses mentioned, \$17,630 has been budgeted for the Watershed Program Specialist. In answer to the third question, the unaudited ending balance from last fiscal year is \$888,761. Ms. Ward stated that the next question asked about projected harvests over the next ten to fifteen years. Mr. Miller stated that the Stewardship Plan does look ahead fifteen years, but exact harvest volumes have not been determined. The plan is to have similar harvest volumes every year, but that the value of those harvests will fluctuate from year to year. The final question regarded the City's procedure for creating a reserve. Ms. Ward said that she asked Finance Director Nancy Brewer, who told her that the Board would need to identify the source of the funds, the use of the reserve, the limitations of the reserve, whether there is a minimum or maximum amount for the reserve, how to create a permanent funding source, and how the sources and uses would be different from current sources and uses. Ms. Ward reported that Ms. Brewer offered to attend a meeting to discuss this with the Board. The Board discussed the next steps for the working group to take and agreed that having Ms. Brewer attend a meeting would be a good idea.

Mr. Miller reported that the bid process for the next two fiscal year's harvests is complete. He stated that three bids were received, with Cross and Crown as the low bidder. Preliminary road work is set to start on Monday, October 3, with logging planned to start near November 1. The contract goes through the end of October 2017, but the contractor plans to have the work completed within the current fiscal year.

IX. Board Member Requests and Reports

Chair Hibbs reported that the Habitat work group took the summer off, so has nothing to report, but he and Board Member Bruce are planning to spend September 29 on the watershed.

X. Adjourn

The meeting was adjourned at 6:40 p.m.

NEXT MEETING: October 26, 2016, 5:15 p.m., Madison Avenue Meeting Room