Regular Meeting of the Yachats City Council

December 8, 2016

M I N U T E S

The regular meeting of the City Council was called to order by Mayor Ronald Brean at 2pm in the Civic Meeting Room at the Yachats Commons. Council members present: Barbara Frye, Max Glenn, Sandy Dunn, Greg Scott. Also attending: City Administrator Joan Davies, Water Lead Rick McClung; Wastewater Lead Dave Buckwald; Code Enforcement Officer Don Niskanen, and an audience of 21, including Mayor-elect Gerald Stanley and Councilor-elect Jim Tooke.

I. Announcements and Correspondence

Outgoing Mayor Ron Brean shared that he has had perfect attendance for his eight years, and will have served from Jan. 8, 2009 through Jan. 9, 2017. Outgoing Sandy Dunn will have served from Oct. 8, 2009 through Jan. 9, 2017.

Councilor Max Glenn announced that the "Breakfast with Santa" at the Lions Club had 99 kids in attendance this year. Councilor Dunn announced the opening of the 31st Winter Celebration Opening Ceremony, this coming Saturday at 7pm at the Little Log Church and Museum.

Joanne Kittel announced the 7th Annual Peace Hike will occur January 1. The Ladies Club will provide breakfast and lunch after the hike event for both hikers and non-hikers.

Don Niskanen announced Shoshi Morginn will talk about the Standing Rock oil pipeline access protest in North Dakota this Sunday at 2:00pm at the Commons.

Councilor Glenn explained the food equity program and letter that had been received. Both CK Market in Yachats and Ray's in Waldport have a "Stuff the Truck" promotion running to benefit those in need of food this holiday season.

II. Citizen's Concerns

(None)

III. Consent Agenda

A. Minutes of Nov. 7, 2016 Work Session and Nov. 10, 2016 Council Meeting

B. Bills for Approval

IV. Reports

A. Transit Lane County Transit Advisory Board

Dunn reported the board meets quarterly and they are working on transportation development plans. They will travel to Yachats to talk to the community on January 11, 2017 at 5:30pm at the Commons in the multipurpose room. Councilor Scott added that if

the community ever gets a Yachats-Florence connection, it will be largely due to Councilor Dunn's work, because she has been a "bulldog" on behalf of this project.

B. Dollar General Store

Councilor Glenn stated he has been here 16 years and has not seen such anger from the community over than he saw at the recent public meeting about the Dollar General Store. It is very clear the community has a priority: a gas station, not a discount store. The representative was actually from the builder, not Dollar General Store company. He told the audience of about 150 that he will report their concerns back to Dollar General. Councilor Scott stated that he felt the site was perceived by the developers as a low-cost coastal property, and there may be more to it than the building of the two stores in Yachats and Waldport. Councilor Barbara Frye noted that there were a lot of Waldport residents at the meeting and she didn't think the representative was expecting that people would have done their homework, and would have that much emotion.

Councilor Sandy Dunn provided the information that the land involves fill, and they are not required to have a geo-tech test for construction, but if they are digging up the old fuel tanks from the gas station, it might be required. Councilor Scott stated the Planning Commission Chair Nan Scott and City Administrator Joan Davies had both clarified what Council could and could not do. Some people don't understand the planning process and the role of Council, or its limitations. Mayor Brean asked Administrator Davies to draft a letter to Dollar General and he will talk with City Planner Larry Lewis about the concerns.

C. Council Reports:

1. **Mid Coast Water Plan –** Rick McClung, Water Lead, said he has joined the group organized to work on mutual needs for clean drinking water. He explained that this is a three-year plan involving multiple agencies, and due to strong personalities, sometimes such projects disintegrate. He is getting good ideas from the State people attending and thinks the plan goes along with raw water storage and land swapping. Newport is trying to build one now. Scott stated there is reason to be optimistic about the plan: there is serious State money behind this planning effect and they are taking a comprehensive look at the region's needs.

   Councilor Dunn asked who owns the Yachats watershed, and whether they need to be a member of that group. Mayor Brean stated the US Forest Service owns Reedy Creek and an individual owns Salmon Creek. McClung stated that USFS is a member and they have tried to get hold of the others. Mayor Brean reported that Rep. Caddy McKeown was not listed, but it would be worth it to the group to keep her informed.

2. **Reservoir Update**
   McClung reported that there was a conditional use hearing before the Planning Commission on Tuesday, with several people attending and speaking. Both Councilors Frye and Glenn attended. The tank siting and drainage plan were a "package deal", so it

was of major concern to get the conditional use approved. Civil West engineers provided a PowerPoint presentation, explained details to participants, and accepted their storm drain input. Councilor Scott added that the commission chair allowed those in attendance to directly ask questions of the engineers, which is over and above the usual requirements of a hearing, but they wanted the process to be very open.

3. 101 Update

McClung stated that project contractor Pacific Excavation is finishing the storm drain this week, then starting the franchise utilities. It is a whole new set of trenching.

Administrator Davies advised the Council that she had met with two representatives from Dahl Disposal, and they are working on a plan to provide debris containers to homes for a number of cities, and wanted input from Yachats. Councilor Dunn said home dumpsters are already a part of the service for Yachats, but that you have to also have garbage service, in order to get the debris container. She said that is a problem for absentee owners who want to come and trim up the yard, but don't have an existing garbage can agreement. Mayor Brean stated that he had arranged several years ago for the big debris dumpster that residents can take debris to without charge. Councilor Scott added that there are 72 lots in Quiet Water they have had an internal recycling of yard waste for about 10 years. An on-site person picks up debris from the curb.

V. Public Hearing On Ordinance 345 – Vacation Rentals

Mayor Brean stated that the hearing has been held open for several months, without comment, and since the Council is not yet ready to take any action, he is closing the hearing and it will be removed from the agenda.

VI. A. Resolution 2016-12-01 Indigenous Peoples Day Designation

Mayor Brean read the Resolution into the record. Councilor Glenn deferred to Councilor Dunn to make it her "parting motion", and she did so; all ayes, motion carried.

B. Re-finance General Obligation Refunding Bond and Water Revenue Funding Bond

Councilor Scott moved to have the City Administrator proceed with re-financing the water bonds, as soon as possible; all ayes, motion carried.

C. Recommendation from Planning Commission on formula business restriction

Scott moved to have staff develop language for an ordinance, based on the work the Planning Commission did on it. Councilor Dunn stated it seems like a blind filter for what businesses are excluded, but is very specific to two types of businesses. Councilor Frye remarked that there had been a lot of discussion about increased plastics and trash from a store like Dollar General. Mayor Brean pointed out that there are limits as to how limiting the City can be. Planning Commission member Ron Urban was present and said the proposal was based on what other communities have done, and that they had wanted in particular to preserve the ability for real estate agencies, gas stations and banks to locate here. They wanted the ability to have a business apply for a conditional use so that Planning would have some control, some input on a business.

D. Ordinance 347 Affordable Housing (request to defer SDC fees)

Mayor Brean accepted a speaker phone call from developer Layne Morrill, advising Mr. Morrill that the Council was about to consider whether an ordinance should be enacted for deferring system development charges for his housing project.

Tom Lauritzen spoke to the Council about the need for a program that increases rental stock, and to address the fact that vacation rentals here are so lucrative that the available rental inventory tends to not be for month-to-month tenancy. He said that building complexes of subsidized housing was not the answer – just build the inventory and the market will sort it out. He then deferred to Administrator Davies, who summarized the discussions and opinions of Council and residents, adding some comments from the City Attorney, and concluding with her personal opinion that it was not in the best interest of the City, other developers, the employers seeking workforce housing, or the employees needing housing but unable to qualify for "Affordable Housing", to support the requests from Mr. Morrill to have half the SDC fees deferred for 30 years, and to impose a one per cent Construction Excise Tax on building.

Councilor Scott stated that the Council needs to be leaning toward a programmatic solution. They need to pause and allow staff to catch a breath: the City is implementing a new accounting system, new budget format, and will have a new mayor and one new council member. They need to have ample time to get that in effect. He said that in that context, he was ready to vote to not approve deferring SDC for Mr. Morrill's proposed apartment complex.

Councilor Dunn stated she disagreed with not taking action at this time, because they might not get such a proposal again for a 21-unit complex. She did not feel that deferring half the SDC, as the task force had first recommended, because $52,500 would not be received to the City anyway, if the land remains undeveloped. There would at least be construction jobs. She said when a developer applies for grants, they have to show community support. Deferring the SDC would show a financial commitment from the City, and the City would more than it lost.

Councilor Frye stated it is not her area of expertise, and she had needed more information about the impact on programs and planning. At the end of the task force meeting, she was of the same opinion as Councilor Dunn, but with explanations obtained in a second meeting with Tom Lauritzen, Rick McClung, Joan Davies, Mayor Brean and Mayor-elect Stanley, it does not look good to her. She respects what they had to say, and the local employers were not in favor of it, either, so she agreed with Councilor Scott that there needs to be a programmatic approach, and the Council needs to be judicious in its planning. This is not the right time.

Councilor Glenn stated that he is feeling disappointed, because he knows the city is desperate for workforce housing, but there is no guarantee of that type of housing in

this project. He is not comfortable in voting for the ordinance, and will vote to take no action due to his discomfort.

Brean asked Administrator Davies for an explanation of what is allowed by code, in terms of SDC deferral, and how they were forgiven for the last apartment complex project Mr. Morrill built. He then said he did not know if they needed to pass any ordinances, if they just wanted to provide project support by way of deferring SDC fees. It could become a part of a program to develop. He said he would not approve any ordinance today. Councilor Scott then moved to take no action to change code for SDC deferral: Councilor Dunn voted no; Brean, Glenn, Frye and Scott voted yes.

Councilor Dunn pointed out that if they didn't take action, it would affect Mr. Morrill's project. Mayor Brean replied that it was not the Council's concern. He said it was about the timing. He asked if the Council was comfortable enough to recognize that an SDC benefit will be part of a program in the future. Councilor Glenn stated that he is there today. Councilor Dunn said there are very few ways to incentivize, but deferring or waiving SDC fees is one. They could reduce utilities bills, take money out of the General Fund or Visitors Amenities – but the real question is whether they want to do anything. Councilor Scott said he would like to know more about what is available at the State level. Mayor Brean asked if the Council was ready to make concessions relative to SDC fees, and both Councilors Scott and Frye said they were not. Councilor Glenn said he was ready to forgive 50 per cent of SDC fees on all projects, without the payment at the end of 30 years, as Mr. Morrill had proposed.

Councilor Scott argued that they could not make that long-term commitment, without knowing the cost of future Capital Improvement Project commitments. Future councils would not want to have to tell the public they needed to raise rates because this council gave money to developers. Mayor Brean cautioned that it is a relatively small amount of money. Councilor Frye reminded them that the City staff and financial advisor were also saying that this is not the time.

Councilor Dunn repeated that without the project development, the City was not getting any SDC anyway, but if the project is supported, the City will get $52,500, at least. McClung told the Council at that point that it's about water availability. Every summer, the city enters a drought, so they are now building the south reservoir. The Fisterra development would roughly have a 4.7 per cent water demand on the 1.4 million gallon reservoir, which is $65,000, and he doesn't look at it the same as Councilor Dunn. If they don't build, maybe the City will not have to go into Level 1 or Level 2 drought restrictions. He said he would love to sell the water to the new apartment occupants, but on the other hand, you can't just give away money without consequences.

At that point, Councilor Glenn moved to waive 50% of the SDC ($52,500) for housing projects that provide workforce housing. Councilor Scott asked him how it could be

guaranteed to be workforce housing, since it has not worked out that way before. Councilor Glenn then said he would withdraw his motion. Mayor Brean said his intention is to not vote for any SDC deferral.

Councilor Dunn then moved for the Our Coastal Village Fisterra development project, the City enter into an installment plan of half the SDC ($52,500) paid up-front, and half ($52,500) due in 30 years, at an interest rate of one-half of a per cent. McClung commented that if it was 10 years, it would fit the Urban Renewal District plan, but not at 30 years. The vote was Councilors Dunn and Glenn, yes; Brean, Frye and Scott, no.

Mayor Brean said he sensed no appetite from the Council to go with imposing a Construction Excise Tax at this time, either.

G. Management Discussion and Analysis

At this time, Administrator Davies read the annual MD&A into the record. Mayor Brean asked Tom Lauritzen if he had been able to get a good sense of how the rate increase was working out. He said the City has collected about $700,000 this year, against $560,000 last year. The bulk came from a higher rate of occupancy. The City collected $213,000 in July, which is $60,000 more than last year.

He added that now that the General Ledger agrees with the auditor, as of July 2016, staff has reconciled every line, with no hard problems in coordinating with the audit team. The auditor will be re-publishing his 2014-15 report, which had columnar errors, with the Secretary of State's office. He added that a lot of good things have happened in the past two months, in terms of getting the accounting system corrected and moving to a new system.

Administrator Davies thanked Mr. Lauritzen for his commitment to the City in getting years' worth of accounting errors corrected. Councilor Scott pointed out that he was also instrumental in obtaining the $2.5 million loan that half will be forgiven on.

VII. Mayor Report:

Mayor Brean read his final report to the council, reminding them of what they have accomplished and what they still have to work on – from raw water storage to dark sky initiative to energy production (published in the January newsletter).

From the Council:

Councilor Scott said he wants to incorporate the report with the Council Goals so that they can periodically refer back to the list and integrate the items into what they are working on. He said that the Planning Commission has placed the work on the Dark Sky Initiative back in the Council's court, and he agrees that they need to engage the business community and obtain community-wide commitment. He wants it as a shepherding goal.

B. From the Staff

(None).

The meeting was adjourned at 4:27pm. A small celebration for outgoing Mayor Brean and Councilor Dunn followed.

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Ronald L. Brean, Mayor

Attest:

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Joan Davies, City Administrator