

**CITY OF CORVALLIS
COUNCIL ACTION MINUTES**

January 7, 2002

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Decisions/Recommendations
Consent Agenda 1. BPAC Minutes and Correspondence Pages 16-17			<ul style="list-style-type: none"> • Approved
Unfinished Business 1. Acceptance of Property Donation 2. South Third Street Extension of Services Deliberations 3. Integrated Social Services Follow-up 4. Transportation District White Paper Pages 17-26, 30-37	Yes	Second reading of ordinances January 22nd	<ul style="list-style-type: none"> • Accepted donation • Ordinance amendment approved • Proceed with stakeholder forum
Mayor's Report 1. Oregon Geographic Names Board Letter Page 26	Yes		
Council Reports 1. Visit to El Paso, Texas (Gándara) 2. Temporary Closure of Hospital Main Entrance (Wershow) 3. New Year Greetings (Tomlinson) Pages 26-27	Yes Yes Yes		
Staff Reports 1. 2001 Citizen Attitude Survey Report 2. Council Request Follow-Up Report 3. Evening Meeting 4. Fire Chief VanPelt's Retirement Pages 27-28			
Items of HSC Meeting of December 18, 2001 1. Skateboard Ban Expansion 2. Change of Meeting Dates – January and February 2002 Pages 28-29	Yes		<ul style="list-style-type: none"> • No legislative changes
Items of ASC Meeting of December 20, 2001 1. Electrical an Mechanical Fee Adjustment Proposal Municipal Court Building Lease Page 29			<ul style="list-style-type: none"> • ORDINANCE 2002-01 <u>passed U</u> • Approve lease

Agenda Item	Information Only	Held for Further Review	Decisions/Recommendations
Other Related Matters 1. USDOT seat belt grant Pages 29-30			<ul style="list-style-type: none"> • RESOLUTION 2002-01 <u>passed U</u>
Executive Session 1. Separation Agreement 2. Labor Negotiations - AFSCME Page 30	Yes Yes		

Glossary of Terms:

AFSCME	American Federation of State, County, and Municipal Employees
ASC	Administrative Services Committee
BPAC	Bicycle and Pedestrian Advisory Committee
CM	City Manager
HSC	Human Services Committee
U	Unanimous
USC	Urban Services Committee
USDOT	United States Department of Transportation

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The regular meeting of the City Council of the City of Corvallis, Oregon, was called to order at 12:01 pm on January 7, 2002 in the Downtown Fire Station, 400 NW Harrison Boulevard, Corvallis, Oregon, with Mayor Berg presiding.

PLEDGE OF ALLEGIANCE

I. ROLL CALL

PRESENT: Mayor Berg, Councilors Gándara, Howell, Cohnstaedt, Grosch, Griffiths, Brauner, Tomlinson, Wershow

ABSENT: Councilor Butcher (excused)

Mayor Berg directed Councilors' attention to items at their places, including a staff report to the Planning Commission regarding the North Corvallis Area Plan (NCAP); the January 3rd City Council/Benton County Board of Commissioners (BOC) work session minutes, which is included in the Consent Agenda; a memorandum appointing Councilor Howell as Council Liaison to the Riverfront/Downtown Parking Regulations Work Group; courtesy parking permits for the calendar year; and a memorandum from City Recorder Louie regarding the Corvallis Area Chamber of Commerce Celebrate Corvallis event January 30th.

II. CONSENT AGENDA

Councilors Tomlinson and Wershow, respectively, moved and seconded to adopt the Consent Agenda as follows:

- A. Reading of Minutes
 - 1. City Council Meeting - December 17, 2001
 - 2. City Council/Benton County Commissioners Work Session - January 3, 2002
 - 3. For Information and Filing (Draft minutes may return if changes are made by the Board or Commission)
 - a. Airport Commission – November 6, 2001
 - b. Bicycle & Pedestrian Advisory Commission – December 7, 2001
 - c. Citizens Advisory Commission on Transit – December 12, 2001
 - d. Parks and Recreation Advisory Board – October 22, 2001
 - e. Planning Commission – October 17; November 1, 6, 7, and 19; and December 5 and 13, 2001
 - f. Public Art Selection Commission – November 30 and December 10, 2001
- B. Confirmation of Appointment to Committee for Citizen Involvement (Hastings)
- C. Appointments to Riverfront/Downtown Parking Regulations Work Group
- D. Year 2001 Updated Council Policies
- E. Schedule an Executive Session following the regular noon meeting under ORS 192.660(1) (a) and (d) (employment policies and status of labor negotiations)

Councilor Griffiths referenced the Bicycle and Pedestrian Advisory Committee meeting minutes regarding the downtown parking report. She inquired how the report comments will be conveyed to the Council. She expressed concern that the Committee believed the report did not sufficiently address multi-modal accommodations, when she believed the consulting contract focused on parking. She considers multi-modal accommodations to be part of the parking issue, but this was not the focus of the contract. She believes the Committee's comments are valid. City Manager Nelson responded that Councilor Griffiths' perception was consistent with staff's perspective of the study's intended focus. During this morning's Chairs meeting, it was decided that the Committee's meeting minutes should stand within the Council's Consent Agenda; however, the memorandum from the Committee to the Mayor and Council will be forwarded to Urban Services Committee (USC) for review. He noted that a work session regarding the Downtown Parking Commission's recommendations is scheduled for next week. That meeting will include an overview of the study and an opportunity for questions.

Councilor Howell noted that minor corrections to Council meeting minutes were discussed during this morning's Chairs meeting, as follows:

- Page 757 – The first sentence of the first paragraph should read, ". . . variety of criteria were involved, with most of them influencing or being influenced by economic vitality." He explained that his statement related to the Council's discussion that activities such as cultural enrichment and recreation impact the City's economic vitality in terms of firms considering locating in Corvallis.
- Page 757 – The third sentence of the first paragraph should read, "He believes the Council's challenge will involve selecting meaningful measures."

Mr. Nelson added that these two changes and three other minor corrections were made by staff.

The motion passed unanimously.

IV. UNFINISHED BUSINESS

A. Acceptance of Property Donation – NW Highland Drive

Mayor Berg announced that Patricia Noyes offered to donate to the City 4.8 acres along the east side of NW Highland Drive, across from Crescent Valley High School. She referenced a site vicinity map distributed to the Council at the beginning of the meeting. She reported that Ms. Noyes came to Corvallis during 1965 as an assistant professor of zoology and left Oregon State University (OSU) during 1974 as an associate professor. Ms. Noyes' zoological work is in the field of cell biology using electron microscopy; she continued her research at the University of Oregon (UofO) Biology Department. Ms. Noyes' husband, Richard, was a professor of chemistry at the UofO, and Ms. Noyes continues to reside in Eugene. During Ms. Noyes' residency in Corvallis, she was a driving force in conservation activities, especially as an avid bird watcher; she was a member of the local Audubon Society, chaired the local Sierra Club, and was instrumental in protecting several United States Forest Service wilderness areas in the Middle Santiam Region. Ms. Noyes studied briefly with famed photographer Ansel Adams and is, herself, a wonderful photographer and has used her hobby to forward her conservation efforts. Ms. Noyes wishes to donate land to the City to preserve it as open space, trails, and natural area. The donation was originally discussed with Park Planner Rochefort during a NCAP meeting, adding to the success of the NCAP Citizen Advisory Committee.

Parks and Recreation Director Conway added that the Council reviewed the proposed donation during an April 2001 executive session and requested staff to perform additional investigation of the property. Staff conducted a due diligence environmental survey and a title search. She said staff requested the Council's acceptance of the property donation.

Ms. Noyes thanked the City for accepting the property, saying she was concerned that the property might ultimately be developed into housing, which she did not want to occur.

Mayor Berg expressed appreciation for Ms. Noyes' confidence in the City to continue taking care of the property and using it in the manners most useful to the community.

Councilors Griffiths and Brauner, respectively, moved and seconded that the Council accept Ms. Noyes' generous donation of 4.8 acres of property along NW Highland Drive.

Councilor Griffiths said she was delighted that Ms. Noyes came forward during the North Corvallis Area planning process. She believes this reinforces the citizen outreach efforts of the North Corvallis Area planning process and recognizes and reinforces the NCAP, adding that much of the planning area involves hillsides and streams and is connected to wetlands. Ms. Noyes' property is connected to the Jackson-Frazier wetland and is valuable to preserve. She expressed the City's appreciation for the donation.

Mayor Berg added that the property lies within the Jackson-Frazier Drainageway and is an area identified in the Parks and Recreation Facilities Plan as desirable for open space. The property is predominately comprised of ash woodland and wetlands and is ideal for education and preservation.

The motion passed unanimously.

B. South Third Street Extension of Services Deliberations

Mr. Nelson stated that the Council asked several questions at the conclusion of the December 17th public hearing, and an additional question was asked during this morning's Chairs meeting regarding a lot on the west side of South Third Street (Third).

Associate Planner Young referenced the vacant lot on the west side of Third between lots 4680 and 4710 (indicated as Parcel C on Attachment A). All lots on the west side of Third are zoned Industrial. Parcel C is currently vacant and is owned by the owner and resident of lot 4680. Per County regulations, Parcel C could be developed for any of several permitted industrial uses. Parcel C is approximately 9,500 square feet. Development of the property would involve a front set-back of 60 feet and side and back set-backs of 10 feet each; this would result in 3,200 square feet of developable land. The small size of the lot and the fact that the lot has residential uses to the north and south and is owned by a neighboring residential property owner lead staff to conclude that development of the lot for industrial purposes is unlikely in the near future.

Councilor Howell referenced two additional properties on the west side of Third located at 4920 and 5010 (indicated as Parcels B and A, respectively, on Attachment A) with unknown septic conditions. He expressed his understanding that industrial land uses can utilize alternative above-ground sanitation methods that have limitations but can service up to 15 employees. If Parcel C can only develop for industrial or commercial uses, the alternative above-ground sanitation systems would be available. Mr. Young acknowledged that he was not extensively knowledgeable regarding the Department of Environmental Quality (DEQ) process of allowing alternative sanitation systems. From public hearing testimony provided by Benton County officials, it was his understanding that a holding tank-type system could be used on the three lots for up to 15 employees per lot. He noted that the DEQ standards recently changed. He believed that Parcel B was using an above-ground sanitation system, but there have been problems keeping the system sanitary.

In response to Mayor Berg's inquiry, Councilor Howell explained that he was trying to evaluate the proposed service district, relative to the City's Land Development Code (LDC) eligibility criteria for extension of services. He cited LDC Section 2.7.30, which states that "A health hazard exists on the subject property" and opined that this meant each property, rather than the area as a whole. Since Parcels A and B have not been evaluated and are using apparently satisfactory above-ground sanitation systems, omitting these parcels from the service district may better meet the criteria element of LDC Section 2.7.30, which provides that "service extension will not promote development of property in a manner inconsistent with the City's Comprehensive Plan." He said his greatest concern, particularly with the larger undeveloped and underdeveloped industrial lots, involves connection to City services allowing larger use than would be possible with the available above-ground systems. Even with above-ground systems, the lots would be able to develop to some degree; so omitting them from the service district would not create a situation of the City preventing development. Regarding the vacant residential lots on the east side of Third, there is more evidence that the lots would have problems similar to the developed residential lots. Development of the vacant residential lots would be less in conflict with the Comprehensive Plan than a major development of the industrial parcels.

Councilor Tomlinson surmised that inclusion of the vacant lots on the east side of Third is a cost issue in that including them reduces the per-lot cost for all lots in the service district; Mr. Young confirmed. Councilor Tomlinson noted that the LDC does not address inclusion of lots because of cost issues; Mr. Young confirmed. Mr. Young also confirmed that, because the lots are not developed currently, there is no demonstrated health hazard on the vacant lots.

Councilor Tomlinson questioned staff's response to the Council's question regarding the City's LDC being applied to redevelopment or subdivision of lots within the service district. He inquired whether imposing the City's LDC on a property to which the City extended services would constitute a "taking" situation. City Attorney Fewel responded that, if the property could be developed at a more extensive use and the City somehow reduced the value by extending services, the difference between the pre-extension and post-extension development opportunities could constitute a "taking" situation. He cautioned that the question is still involved in the State Measure 7 issue, explaining that development options existing when State Measure

7 was passed that are later changed and made more restrictive, reducing the property value, create a "taking" situation. He added that staff's response to the question was intended to alert the Council to potential ramifications of decisions in this case. Any property valuation increase or decrease resulting from extension of services and any applicability of State Measure 7 would impact a review of the situation.

Mr. Fewel read an ordinance relating to the approval of the formation of the South Third Street Service District, an area outside the City Limits but within the City's Urban Growth Boundary (UGB), and stating an effective date.

Councilor Howell said he would like to propose an amendment to the service district boundaries, excluding Parcels A, B, and C on the west side of Third.

VI. VISITORS' PROPOSITIONS – None.

IV. UNFINISHED BUSINESS – Continued.

B. South Third Street Extension of Services Deliberations – Continued.

Councilor Cohnstaedt referenced the sensitive timing of the service district proposal and funding opportunities. He inquired whether changing the service district boundaries would negate the existing service district proposal and require Benton County officials to begin again with creation of new service district boundaries that corresponded with their findings.

Councilor Howell acknowledged that changing the service district boundaries would require review by the BOC and re-notification of property owners regarding cost estimates.

Councilor Wershow quoted from Mr. Young's January 3rd staff report, as follows: "Another factor to consider is that reconfiguring the service district boundaries would require the Board of County Commissioners to consider and approve the reconfigured boundaries. This process is predicted to take at least 45 to 60 days, which would significantly diminish the chances of securing grant funding for the project this year."

Community Development Director Gibb responded that the passage read by Councilor Wershow was carefully worded because City staff had not met with County staff to discuss this potential scenario. He said County staff indicated that they were prepared to proceed with grant applications this month. The term "significantly diminish" is appropriate, based upon consultation with County staff.

Councilor Howell expressed concern that the Council was placed in a position, relative to when the service district was presented to the Council, of making a land use decision that does not allow the Council to modify the proposal without regrets. He said he could not support the proposed ordinance without a modification. He expressed regret at not being able to support a benefit that is badly needed, but he does not believe it is needed for Parcels A, B, and C. He noted that the referenced properties are industrial and have options other than connecting to City service in order to develop as industrial properties. Parcel A contains a residence, and Parcel B contains a business; neither parcel has been evaluated for health hazards, so there is no evidence that they meet the criterion.

Councilor Howell moved to amend the ordinance to modify the service district boundaries to exclude Parcels A, B, and C. Councilor Griffiths seconded the motion.

Councilor Griffiths stated that she seconded the motion because she wanted additional discussion, and she wanted to add other conditions. She had not considered removing parcels from the service district because of a concern about how it might impact the proposal as a whole. She noted that Parcel C is aligned with other properties, and Councilor Howell's motion would cause "hop-scotching" over the parcel, which she does not believe is justified. She questioned why Councilor Howell would not exclude the vacant residential lots on the east side of Third that are at the edge of the service district and do not have documented health hazards.

Councilor Howell responded that he did not propose excluding the vacant lots on the east side of Third because of public hearing testimony that the soil type in the area indicated a high likelihood that a septic system on the lots would be unsuccessful. The lots in the area all had similar soil types and sizes, so existing evidence suggested that septic systems would be unsuccessful. Parcel C is similar, in that it is a similarly sized parcel adjacent to failed systems on residential lots; however, Parcel C can develop only as an industrial use, which has other sanitary system options for development. Parcels A and B can also utilize above-ground holding tanks with development. The parcels have other sanitary system options for development under their current County zoning designations. He expects that inclusion of these lots will promote development of the lots, particularly Parcels A and B, inconsistent with the City's Comprehensive Plan, with resultant commercial development greater than is possible with holding tanks; this would lead to a violation of the City's criteria.

Councilor Griffiths observed that, realistically, Parcel C could not be developed unless the owner requested a lot line change to combine it with lot 4680. She inquired whether Parcel C could be developed under the County's industrial standards with a holding tank. She also asked about the ultimate zoning designations of Parcels A and B. Mr. Young responded that he could not rule out the possibility of Parcel C being developed; although, the set-back requirements are extensive, and typical industrial operations need sizeable parcels. Under the City's Comprehensive Plan, Parcels A and B are designated for Light Industrial-Office uses. He elaborated that City and County zoning designations and permitted uses are different. Mr. Gibb added that the City and County development standards are different. Mr. Young explained that a commercial operation is sited on Parcel B, and a single-family dwelling is located on Parcel A.

The motion failed two to six, with Councilors Howell and Griffiths supporting.

Councilor Griffiths referenced the City Planning Commission's Notice of Disposition and stated that she would like to add two conditions of approval. She moved to add Condition of Approval 7, as follows: "The only future hook-ups permitted shall be those required as a result of a documented health hazard due to failure of septic systems." Councilor Howell seconded the motion.

Councilor Griffiths referenced public hearing testimony regarding property owners receiving an advantage of City services without paying City taxes. She explained that the proposed condition would address this concern in the future and reinforce that hook-ups would only be allowed in the service district if a health hazard was identified. She acknowledged that a public hearing may be required to pursue future hook-ups, but the proposed condition would provide additional insurance.

Councilor Grosch inquired whether the proposed condition would allow development under County standards of currently vacant lots on the east side of Third without inclusion of septic systems. He asked whether the houses could be connected to the sewer system and whether building a house on the lots would be considered a health hazard and grounds for denying a building permit. Planning Division Manager Schlesener responded that she understood the proposed condition to address new hook-ups outside the service district. The three vacant properties on the east side of Third are inside the service district and would not be affected by the proposed condition. Additionally, the proposed condition would reinforce one of the City's criteria for a

request for extension of service, which requires existence of a health hazard. She suggested amending the proposed condition to read, "The only future hook-ups permitted to properties outside the established service district shall be those required as a result of a documented health hazard due to failure of septic systems." Councilors Griffiths and Howell accepted the suggested modification as a friendly amendment.

Councilor Cohnstaedt expressed opposition to the motion, stating that it was redundant and that establishment of service district boundaries clearly determined what properties were inside or outside the boundaries.

Councilor Howell noted that some properties were included in the service district for cost or other reasons not associated with a health hazard. He said this fact made it appropriate to clarify why a property might be allowed to join the service district. He added that the proposed condition was consistent with and would reiterate the City's criteria for extension of services.

Councilor Wershow referenced comments that properties were included in the service district because of cost considerations, even though they did not contain health hazards. He noted that, according to the staff report, Parcels A and B "were included [in the service district] because, even without a specific determination that their systems were failing, County Health Department staff determined that, based on the soil type and size of the lots, traditional septic systems would not be viable on the lots in the long term." He questioned whether this assumption would also be true for the lots on the east side of Third. Mr. Young responded affirmatively, explaining that, if and when development occurs, the properties will face the same problems faced by existing development. He confirmed that some properties were removed from the original service district because they did not contain health hazards. The properties with satisfactorily operating septic systems developed a means of piping effluent to a drain field near the river where soils will support such a system; they were able to demonstrate that their properties did not have health hazards and were granted exclusion from the service district.

Councilor Griffiths explained that she proposed the condition of approval in an attempt to clarify intent, although it may inadvertently appear redundant.

The motion passed five to three on the following roll call vote:

Ayes: Howell, Griffiths, Brauner, Tomlinson, Wershow

Nays: Gándara, Cohnstaedt, Grosch

Councilor Griffiths said she wanted to further clarify Condition of Approval 6 and moved to add Condition of Approval 8, as follows: "At the point in time when those properties that are between the service district properties and the current City Limits are placed before the voters for annexation, the property owners included in the service district agree to be included on the ballot for annexation into the City." Councilor Howell seconded the motion.

Mayor Berg inquired whether inclusion of the proposed condition would release the County from responsibility for obtaining Consent to Annex forms. Mr. Gibb responded that staff considered the responsibility part of the basic requirements for the application, so it would remain in effect, unless the Council decided to override the process.

Councilor Griffiths stated that she did not intend to override the process; she wanted to reinforce the process. She noted that Condition of Approval 4 requires property owners to sign an agreement to annexation. She explained that she was attempting to deal with the issue of timing of annexation of the service district

properties. She noted past problems of citizens contending that property owners were "leapfrogging" development by obtaining health hazard annexations. Under her proposed condition, the service district properties would join the City at the same time as annexation of the surrounding properties, avoiding further piece-meal annexations.

Councilor Howell expressed concurrence with the intent of the proposed condition. He questioned whether the Council could independently add to an annexation proposal or whether the annexation proposal connecting the service district to the City Limits and the service district properties must be presented as separate annexation measures.

Mr. Gibb explained staff's understanding that the current Consent to Annex process would give the City the option of adding the service district property to an annexation measure involving property between the City Limits and the service district. Mr. Fewel stated that, if the City has Consent to Annex forms from property owners in the service district, it has total discretion when to process an annexation. He confirmed Councilor Howell's summation that the proposed Condition of Approval would clarify the issue for property owners and give a recommendation to a future City Council regarding timing.

Councilor Brauner noted that City law requires voter approval of non-health hazard annexations. He inquired whether the service district property should be combined into one annexation with the property between the City Limits and the service district or be presented as a separate annexation. He cautioned that combining the two areas into one annexation could present complications.

Mr. Fewel explained that annexation of property contiguous to the City Limits and the service district would require all of the property to be placed before the voters at the same time as one annexation proposal. Councilor Griffiths concurred.

Councilor Grosch expressed opposition to the motion. He understood the intent of the motion, but he accepts the provisions of Condition of Approval 4. He expects that there could be reasons not to mandate inclusion of the service district area with any other annexation. He believes the Consent to Annex forms will give the City opportunity to make an appropriate decision in the future. Today's Council discussion should provide information to future City Councils regarding the intent of the current Council.

Councilor Howell noted that, by the time an annexation measure is presented to the Council, there would not be enough time for staff to generate another annexation application for review by appropriate bodies. Mr. Fewel acknowledged the concerns expressed, noting the City had not been in this situation previously. If an annexation were begun for the intervening property, the service district properties would be added at some point during the process to create one annexation proposal.

Councilor Griffiths explained that Condition of Approval 4 states that the property owners will sign the Consent to Annex forms, but it does not specify the process. The proposed Condition of Approval 8 specifies a time for future annexation action.

Councilor Cohnstaedt understood that the proposed Condition of Approval was directed toward property owners, rather than City government. Noting this issue and the fact that proposed Condition of Approval 8 is tied to Condition of Approval 4, he expressed objection, stating that it is redundant and not necessary or is in addition to what is already required. This second point, he feels, raises a "red flag" and may be more than voters are willing to support. He elaborated that the City was asking the service district property owners to give up their right to oppose annexation and would then ask them to take affirmative action. He suspects that

this may be over-reaching the City's rights.

The motion failed one to seven on the following roll call vote:

Ayes: Griffiths

Nayes: Gándara, Howell, Cohnstaedt, Grosch, Brauner, Tomlinson, Wershow

Councilor Tomlinson expressed support of the amended ordinance. He noted the sensitivity in the community regarding extension of services to undeveloped property. He questioned whether the Council should include the undeveloped properties, which, because they are undeveloped, do not have demonstrated health hazards. He said he was convinced by public hearing testimony that the undeveloped properties should be included. He did not want to change the service district boundaries, adding that the issue must be concluded. Citing Planning Commission and Council public hearing testimony regarding extension of services, he believes the City must determine how to address undeveloped parcels for health hazard issues.

Councilor Griffiths expressed support of the amended ordinance, opining that it was supported by the Comprehensive Plan and the LDC. She believes the Condition of Approval 7 reinforces that the service district is being formed to address a health hazard. She referenced the staff report to the Planning Commission, which stated that the proposal was consistent with the purposes of LDC Chapter 2.7 regarding expediting "provision of services needed to alleviate an identified health hazard." The proposal was presented to the Council as a health hazard situation. She believes that the currently undeveloped properties could not install septic systems under current regulations. She suspected that the other commercial properties were included, even though they may or may not be able to support above-ground sanitary systems. Although there are differences between the City's and County's standards, she does not believe the properties would be developed inconsistently with the City's Comprehensive Plan, which is another criterion. She opined that the properties were not being added to the service district merely because of cost, stating that the services must be expedited to a very large area with a very serious health problem

Councilor Howell said he would not support the ordinance, even though he had been concerned about the health hazard in the area for several years. He did not believe that the proposal, including the industrial properties, meets the City's criteria. He said it was unfortunate that the timing of the presentation created a problem and that the industrial properties were included. He disagreed that a general industrial development under County standards was likely not to conflict with the City's Comprehensive Plan; rather, he expects that it is more likely to conflict. He explained that the County's general industrial designation was much broader in terms of the types of uses and impacts. He believes it will be difficult with current developments to deal with gateway issues as the area urbanizes, including building orientation, setbacks, and rights-of-way. Many issues are not problematic to development with the currently existing limitations of holding tanks. The properties can develop under County standards without a sewer system and would stay at a level of development intensity that would allow easy re-development. The addition of City sewer services could greatly increase the types and sizes of development. The industrial properties have options other than a sewer system to address health hazards. There is no documentation of an existing health hazard or that such a hazard could not be remediated on the properties. The options available pose a limitation on how much the developments can increase. He stressed the importance of establishing a limit on the proposal. He believes the service district size should be further reduced.

Councilor Cohnstaedt expressed opposition to the ordinance because he was opposed to the City's annexation policy. He noted that Councils have consistently applied the policy. While he has long disagreed with David Griffiths and his testimony regarding the policy, he found the testimony very compelling. He noted that the

City has a policy of not extending services more than 1,000 feet beyond the City Limits or beyond the contiguous boundaries of the City. He believes the proposal violates these fundamental policies, which have been defended by previous Councils.

Councilor Howell countered that extending services is allowed and is proper, as stated in the City Charter and the LDC criteria. He believes the vast majority of the proposal meets the established criteria. Leaving the issue to the State for a health hazard annexation would contradict the intent of the Charter and the Code to a much greater degree and leave the community with the consequences of financing, or assisting the property owners in financing, resolution of the health hazard without the resources the County has available. Additionally, intervening property owners would be required to pay property taxes and be faced with developing their properties with the associated high costs of extending infrastructure. The 1,000-foot limit on extending services is part of an agreement between the City and the County and is not part of the City Charter or the LDC; he feels this issue is less compelling than the established criteria of the LDC.

The amended ordinance passed six to two, with Councilors Cohnstaedt and Howell opposing, and will be read a second time during the January 22nd Council meeting.

Mr. Fewel read an ordinance relating to the extension of sanitary sewer service to an area outside City Limits but within the City's UGB and stating an effective date.

The ordinance passed seven to one, with Councilor Cohnstaedt opposing, and will be read a second time during the January 22nd Council meeting.

C. Integrated Social Services Followup

Mr. Nelson stated that the Council asked staff to provide information regarding proposed housing and social services forum participants and an anticipated forum date. He referenced Mr. Gibb's January 2nd memorandum, which identified potential stakeholders and forum attendees. He noted that Community Services Consortium and the Linn-Benton Housing Authority will be invited to the forum, which will be held in lieu of the Council's January 22nd evening meeting. The Council will be asked to discuss the forum comments and provide staff direction during the February 4th Council meeting. He outlined the proposed agenda for the forum.

Councilor Wershow inquired whether Commission on Children and Families (CCF) would be included in the forum. He noted that CCF is considering reorganizing its funding profile. Mr. Nelson noted that CCF was included in the group of Benton County representatives. He added that the BOC is interested in the discussion and will probably attend the forum.

V. MAYOR, COUNCIL, AND STAFF REPORTS

A. Mayor's Reports

Mayor Berg requested the Council's approval for her to write to the Oregon Geographic Names Board on the Council's behalf. She asked that any edits to her proposed letter be submitted by January 8th.

B. Council Reports

Councilor Gándara reported that he spent one week of the Christmas holiday season visiting family in El Paso,

Texas, where he watched the televised City Council meeting. He noted that El Paso recently passed a smoking ban and became the first Texas community to impose a ban. Many letters to the local newspaper were generated by the Council's action. Additionally, El Paso installed a bicycle lane in a downtown block and removed some parking; this action also initiated many letters to the newspaper regarding lost business resulting from the bicycle lane and the need for improved bicycle transportation. He said it was refreshing to see that problems the Corvallis City Council addresses are also problems in larger communities. In response to Mayor Berg's inquiry, he reported that the El Paso smoking ban was a Council decision; the vote was six in favor and one opposed.

Councilor Wershow referenced the Council Request Follow-up Report item regarding the temporary closure of the Good Samaritan Hospital main entrance. He said he requested that this information be provided to the Council in case Council members receive questions from constituents. The Corvallis Transit System buses to the hospital will be re-routed during the temporary closure of the hospital's main entrance.

Councilor Tomlinson wished citizens a happy new year, noting that 2002 will be a busy year for the Council. He added that the BOC will consider January 8th whether it will approve holding an election in March regarding the vehicle registration measure; if the election is held, he hopes voters will support the measure. He requested the community's support throughout the year regarding the issues that will come before the Council.

C. Staff Reports

1. 2001 Citizen Attitude Survey Report

Mr. Nelson noted citizens' positive comments regarding the City government organization. He said he was very pleased with citizens' reaction to the survey. He added that staff will spend more time working with the survey results in connection with next year's budget. The survey report is intended as a resource document for the Council in its future decisions. He referenced the survey question regarding how much the City should emphasize future services, compared with current service levels. He noted that "affordable housing programs" was identified as the service that should be emphasized the most. He also referenced the changing citizen attitudes regarding the rate at which Corvallis is growing. He noted that question 11 regarding formation of a regional transit system was timely for the Council's discussion during this evening's meeting. He added that question 12 regarding downtown parking related to next week's meeting of the Council and the Downtown Parking Commission.

Councilor Griffiths said she enjoyed reading the citizens' comments. She referenced question 8 regarding the amount of emphasis that should be given to different programs and noted that "juvenile crime prevention," "books for the library," "drug enforcement," and "long-range land-use planning" ranked second, third, fourth, and fifth, respectively, for increased emphasis. She added that the last item surprised her because the ratings for this issue are traditionally not as high as others; she said it is evidently a high priority warranting attention.

Mr. Nelson added that Councilor Griffiths' comments reinforced the hard work the Budget Commission, the Council, and the community are being asked to do this year by considering different revenue alternatives.

2. Council Request Follow-up Report – January 3, 2002

Mr. Nelson referenced the citizen inquiry regarding a cover for the skate park. He said this issue will be reviewed by the Parks and Recreation Advisory Board for consideration of the Capital Improvement Program Commission next year.

Mr. Nelson announced that tonight's meeting will begin at 5:30 pm, with the Council meeting as the Local Contract Review Board. The Council will then reconvene from the noon meeting and discuss the transit district "white paper."

Mr. Nelson reported that Fire Chief VanPelt announced his retirement from City services effective March 31, 2002. He added that Chief VanPelt had been a "rock" for the Fire Department and the City government organization. He said he had enjoyed working with Chief VanPelt.

Councilor Griffiths commented that she has been enjoying retirement. She expressed hope that Chief VanPelt will stay in the community and be a valuable resource as a volunteer.

Mayor Berg noted that the Citizen Attitude Survey will appear in "*the City*" newsletter soon. She added that not all of the comments will be included in the newsletter. She expressed appreciation to the citizens who responded to the survey and included their comments, adding that all citizen comments were included in the report. She said the full survey results report is available at the Library and City Hall.

VIII. & IX. STANDING COMMITTEE REPORTS AND ORDINANCES, RESOLUTIONS, AND MOTIONS

A. Human Services Committee – December 18, 2001

1. Skateboard Ban Expansion

Councilor Gándara reported that Police Chief Roskowski discussed with the Committee current skateboard policies and laws inside and outside the region. He said it is illegal to rapidly pass anyone on a sidewalk, whether by foot, skateboard, or bicycle. He said there seemed to be a swell of community interest that the issue was presented to the Committee. He referenced a notice, included in the meeting packet, that appeared in a neighborhood as a self-policing effort. The Committee believes the local skateboarding community understands that skateboarding on sidewalks is a privilege, the park is a nice amenity that should be protected, and it is important to respect other citizens while skateboarding. The Committee determined that the current City law covers any situations that might be considered dangerous. Information regarding skateboarder rights and responsibilities will be distributed through local businesses to reinforce proper skateboarding behavior. The Committee decided that the current law should not be amended and the current skateboarding ban area should not be expanded.

Councilors Gándara and Wershow, respectively, moved and seconded not to take any action at this time regarding skateboarding laws or skateboarding ban areas. The motion passed unanimously.

2. Change of Meeting Dates in January and February

The Committee agreed to hold meetings January 23rd and February 20th.

B. Administrative Services Committee – December 20, 2001

1. Electrical and Mechanical Fee Adjustment Proposal

Councilor Brauner explained that the City's electrical and mechanical fees had not been adjusted since 1990. The City tries to set fees at a level that will cover the costs of administering the permit functions. Staff recommended to the Committee that it was time to adjust the fees and to add a new fee for an issue for which the State now requires inspections. The Committee reviewed the information from staff and similar fees in comparator jurisdictions and determined that it was appropriate to increase the fees as recommended. The Committee directed staff to prepare an ordinance reflecting the Committee's decision.

Mr. Fewel read an ordinance related to an increase in mechanical and electrical fees and to establish rates and plumbing fees to include medical gas system inspection fees, amending Municipal Code Chapter 8.03, "Fees." Mechanical and electrical fee increases shall be effective February 1, 2002; and the additional plumbing fees for medical gas systems shall be effective April 1, 2002.

ORDINANCE 2002-01 passed unanimously.

2. Municipal Court Building Lease

Councilor Brauner reported that the City had been leasing the Municipal Court building from PacifiCorp, which had been leasing the building from the Marc Gregory Weinberg Trust (Trust). PacifiCorp terminated its lease with the Trust, and the City must now lease directly from the Trust or vacate the building. Staff negotiated with the Trust a new lease with the same terms as the previous lease. The new lease arrangement is justifiable and favorable to the City and provides a good facility for the Municipal Court.

Councilors Brauner and Grosch, respectively, moved and seconded that the Council approve the lease with the Marc Gregory Weinberg Trust for the term February 4, 2002, through January 31, 2022. The motion passed unanimously.

C. Urban Services Committee – None.

D. Other Related Matters

Mr. Fewel read a resolution accepting a United States Department of Transportation seat belt grant in the amount of \$3,000.

Councilors Tomlinson and Griffiths, respectively, moved and seconded adoption of the resolution.

RESOLUTION 2002-01 passed unanimously.

The Council entered Executive Session at 1:40 pm.

Assistant City Manager Volmert, Police Chief Roskowski, and City Attorney Fewel reviewed a proposed separation agreement.

Ms. Volmert briefed the Council regarding the status of labor negotiations with American Federation of State, County, and Municipal Employees (AFSCME).

Mayor Berg recessed the Council at 2:28 pm and reconvened the Council at 5:41 pm in the Downtown Fire Station, 400 NW Harrison, Corvallis, Oregon.

I. ROLL CALL

PRESENT: Mayor Berg, Councilors Gándara, Howell, Cohnstaedt, Grosch, Griffiths, Brauner, Tomlinson, Wershow

ABSENT: Councilor Butcher (excused)

IV. UNFINISHED BUSINESS – Continued.

A. Transportation District White Paper

Public Works Director Rogers explained that there are two basic types of transportation districts: Mass Transit District (MTD) and Transportation District (TD). Staff compiled comparative information regarding a third type, also known as a MTD, but authorized under a separate State statute at the request of Salem, Oregon. He reviewed the major points for each type of transportation district, as outlined on Attachment B.

- *Governing Body* – Salem requested a special type of MTD because it wanted a MTD with an elected board and voter approval of most funding sources.
- *District Territory* – Under a MTD the district territory would not exceed the boundaries of Benton County because the district territory must be contained by the County with a Metropolitan Statistical Area (MSA). The only MSA in this area is Corvallis. The Salem MTD is more specific and must include (be no smaller or larger than) the city's UGB. A TD has no territory restriction but cannot include any other TD.
- *Finance Methods* – MTDs can be financed by ordinance, allowing the governing body to institute various financing methods, such as payroll taxes. Funding of the Salem MTD and TDs are determined by election.
- *Designation of Service Areas* – There could be multiple service areas within the district. This situation does not exist in Oregon but does exist in California. The concept involves service areas with lower levels of service paying less into the district, depending upon the financing method. This is possible with the MTD and Salem's MTD; it is unknown whether this possible with a TD.

Councilor Brauner surmised that a district formed under one scenario must be dissolved to be re-formed under another scenario; Mr. Rogers confirmed.

Mayor Berg inquired when the Salem MTD was developed. Transit Manager Barrett responded that the district formation date was not known, but strong political issues existed when Salem tried to form a district with the business community. Because of the political environment, Salem went to the Legislature for specific legislation regarding election of the board and how the district could be financed.

Councilor Griffiths inquired whether Salem's MTD was the only district that could be formed under the specific legislation. Ms. Barrett explained that the legislation does not specify a community and merely refers to a MTD formed "in this way." A MTD could be formed under either State statute. In response to further inquiry, Ms. Barrett stated that there are no other districts formed under the Salem model. She did not know why Salem was the only district formed under the special statute. She stated that only three areas with MTDs meet the qualifications for a MSA, which is larger population. All other districts formed in recent years are relatively small and do not meet the definition of a MSA. She explained that MSA is a federal government definition regarding city population of 50,000 or area population of 100,000 with a specific density. Corvallis meets the MSA definition because it has exceeded 50,000 population; this designation makes all of Benton County a MSA, with Corvallis being the "central city."

Councilor Tomlinson noted that the Salem MTD elects its own governing body, and the city council does not serve as the district board; Ms. Barrett confirmed. She also confirmed that the City would still have a governance issue regarding the district. She explained that, when the Salem MTD was formed, some city councilors were working with the business community to develop a compromise transportation district that the businesses would support or at least not oppose.

In response to Councilor Tomlinson's inquiry, Mr. Rogers confirmed that service of a MTD could not extend outside Benton County. He said the MTD could grant money to the Linn-Benton Loop, just as the City does today, for operation of the Loop. The MTD boundaries would not include all of the Loop service area; therefore, the Loop users would not be funding the operation in the amount the MTD granted to the Loop. The MTD could fund some of the Loop system but would not do so through the MTD directly.

Mr. Nelson added that, in a regional system, a MTD would prevent partnering with Albany. A Benton County MTD could have a contract for services with Albany, but both communities could not be under the same district. A TD would be required to include Linn County in the service area.

Councilor Howell noted that some stakeholders would prefer election opportunities for as many financing methods as possible; the Salem MTD model would allow this but would not allow including Philomath or any area outside the Corvallis UGB. Mr. Rogers responded that staff understood this scenario to be correct. He noted that the Salem MTD includes the City of Keizer, so it is still questionable whether Philomath could be included.

Mayor Berg opined that the Salem model did not seem well suited to Corvallis.

Mr. Rogers referenced the staff report and noted that Mass Transit Assessments (MTA) are also termed "in lieu of" assessments. The terms refer to payroll taxes on State agencies within the district, with tax rates not exceeding .6 percent. This assessment would be in lieu of any other taxing source that might be present, such as property or employer taxes.

Mr. Rogers stated that Benton County receives special transportation funds (STF), which is a portion of the cigarette tax allocated from the State to the County for providing transportation to senior and disabled residents. In areas with transportation or transit districts, the funds are allocated to the district first. If there is no district, the funds are allocated to the County. If a district is formed here, the funds currently being allocated to Benton County would be allocated to the district. The district would then be responsible for providing senior and disabled services within the district and throughout the County.

Mr. Rogers cited the existing public transportation operations in the area, including Corvallis Transit System (CTS), Philomath Connection (contracting with CTS for services), Linn-Benton Loop (serving Corvallis, Albany, and Linn-Benton Community College), Albany Transit System (a municipal system funded by the City of Albany), and Dial-A-Bus in Benton and Linn Counties (supported by STF).

Staff is developing more information regarding what the local operation is doing for the community and the profiles of typical CTS patrons. He noted that OSU students, faculty, and staff comprise 33 percent of CTS patrons. Youth comprise 21 percent of CTS patrons, with middle and high school students using CTS to travel between school and after-school activities or from home to an out-of-area school. Disabled patrons comprise a large ridership percentage. All other patrons comprise 25 percent of ridership. He noted that these figures are from survey data almost one year old; ridership surveys will be conducted during January and March.

Councilor Tomlinson observed that OSU students comprise the same ridership percentage as their percentage of the local population.

Councilor Griffiths inquired whether a district could be formed in a manner that built in guarantees to address some of the concerns raised by the BOC regarding use of the funds. Mr. Rogers responded that the inquiry may require some legal review, but he suggested that it may require an agreement between the district board and the BOC. He noted that the district board would not exist until an election is held or the members are appointed by the governor.

Mr. Nelson added that, when City officials sought support from the last Legislative session, they indicated that the Council would be willing to work with the County's existing advisory committee, and this seemed to be acceptable.

Ms. Barrett commented that district STF funds must be used within a county and are not allocated only to the district, which may operate in only a portion of the county. Mr. Rogers added that a separate STF committee must be established for oversight activity.

Mr. Rogers reviewed the geographic locations of the Corvallis and Philomath City Limits and UGBs and the possible future Corvallis urbanized area (Attachment C). He explained that the urbanized area is different from the MSA. The urbanized area is a federal designation based upon the 2000 census. The proposed Corvallis urbanized area includes most of the UGB for Corvallis and Philomath and extends to the north beyond the Corvallis UGB. Once the Corvallis urbanized area is established, it will determine the metropolitan planning organization (MPO). He emphasized that use of an urbanized area for a transit district is the only potential connection between transit districts and MPOs.

Mayor Berg noted that an urbanized area is defined as encompassing 1,000 people per square mile; Mr. Rogers confirmed.

Mr. Rogers reviewed the policy decision points, as outlined on Attachment D. He noted that the desired level

of service would determine the need for funding and the amount of funding needed.

Councilor Griffiths highlighted a key point inferred by stakeholders involving how the City will obtain stakeholders' desires and input and how the City might negotiate with stakeholders.

Mr. Nelson referenced the December 10th staff report regarding stakeholder meetings. He noted that one stakeholder meeting (a City County Managers Association meeting) had been held, at which the "white paper" was shared with Linn and Benton County managers. All meeting attendees were interested. Mr. Nelson said he intended to discuss with the area managers whether they were interested in investing funds for researching development of a regional TD. A timeline for development of a regional TD has not been established, but significant work would be involved to accommodate stakeholder needs.

Councilor Cohnstaedt requested an estimate of when a district might be implemented, noting that this information was critical to some stakeholders. He concurred with Mr. Nelson that appropriate implementation of a district and adherence to Council Goals of revenue enhancement would involve a Council discussion of potential district boundaries. He noted that the district boundaries seemed to be a determining factor in what type of district to pursue. He would like a policy decision made before he discusses the proposal with stakeholders.

Councilor Tomlinson opined that it would be best to have a MTD to the County boundaries. He acknowledged that there may be problems extending a district to the County boundaries, rather than the City boundaries. He noted that more service would not necessarily be provided simply because of a larger district area. Mr. Rogers responded that, if the district extended to the County boundaries but services were only provided within Corvallis and Philomath, depending upon the funding source, there would be potential for the remainder of the County to pay for services not being received because they are still within the district. Mr. Nelson added that, when considering the MTD, the Council must consider the environment and time in which they were created. He believes the consultant recommended a MTD because it is the most flexible for the City in terms of revenue choices. Staff and area managers discussed whether a MTD would be successful in the current environment.

Councilor Brauner opined that, from a philosophical standpoint, a larger region seemed better; however, having a large region in the initial stages could be politically difficult. If the district has a more limited boundary, he would seek the most flexible means of expanding the district to what it should be, such as a two-county TD. He noted that a TD or a MTD would give the flexibility to expand beyond Corvallis; but the MTD is less flexible, in that it cannot extend beyond the County boundaries, except by contract. From an administrative standpoint, he prefers handling issues by ordinance. He believes it would be more acceptable to communities to have a system that required voter approval. Considering these factors, he favored a TD.

In response to Councilor Wershow's inquiry, Mr. Rogers stated that district boundaries could be changed by ordinance of the district board. He confirmed that the Council would not have control over the decisions of the district board. He added that the Council would no longer review transit budget reports. In addition, the Citizens Advisory Commission on Transit (CACOT) would no longer report to the Council. The district would be separate from the Council. The Council would serve only in an advisory capacity.

Councilor Tomlinson expressed doubt that the City could meet the deadline for a May 2002 election. He suggested that it may be necessary to re-schedule the measure to the September 2002 election or adjust the operating levy and re-schedule the measure to 2003.

Councilor Griffiths inquired about the financial implications if the May 2002 timeline was not met. Finance Director Brewer explained that the "white paper" included a discussion of revenue that did not include capital construction. The "white paper" addressed operating revenue to operate a transit district. The January 2nd staff report responding to Councilors' questions provided full transit-related expenditures, including capital construction, classified as Transit Capital Projects, such as the intermodal mall, bus shelters, and a transit operations center. The Transit Capital Projects are not included in the revenue information in the "white paper."

Councilor Griffiths inquired whether staff had ideas regarding how the consultant reached a recommendation. Mr. Nelson responded that the MTD has flexibility associated with financing and adding service areas. The MTD model is much more flexible than the elections required for financing or adding service areas to a TD

Mayor Berg recognized funding support for transit in the City of Corvallis. She noted the successes of CTS, Philomath Connection, and Linn-Benton Loop. The MTD model is a long-range view of transportation, but it is a more assured means of gaining reliable support.

Councilor Brauner expressed concurrence regarding the district boundary. He believes starting with Corvallis is logical because of local support and services. He questioned whether a TD or a MTD is appropriate and whether the voters will entrust giving to an appointed board an operation they have entrusted to elected officials; this was his concern with the recommendation.

Councilor Howell expressed concurrence and noted that the Council must gauge public reaction, through stakeholder groups, to some issues on the comparison chart. He expects that the greatest hurdles will be Governor-appointment of a MTD board that would have direct taxing authority. He queried whether there were advantages of a MTD that would entice voters to risk having less control of the district. From the stakeholder meetings, he believes the Council will gain insight into whether there is interest outside the City Limits to warrant district expansion. He expects the main support will be within the current transit service area. The stakeholder input would indicate whether additional work was warranted for a future expansion of the district.

Councilor Tomlinson expressed disagreement with Mayor Berg, saying he believed the district boundary should be the County. He suggested that responses to the Citizen Attitude Survey clearly support regional transportation. He expects Hewlett-Packard (H-P) and OSU officials will say that up to 40 percent of their personnel live outside Corvallis. He added that this could potentially limit the City's taxing ability because it would seem unfair to impose a payroll tax on all employees within Corvallis but constrain the district area. He noted that OSU has already requested a regional transit approach. He believes OSU should remain revenue neutral. He expects that constraining district boundaries will create more discussion issues with stakeholders. He does not foresee major problems in establishing a MTD extending to the County boundaries.

Councilor Wershow opined that a TD would be better than a MTD for a regional district, noting that a MTD would be limited to Benton County. He added that many H-P employees live in Albany but would not be helped by a MTD that stopped at the County border.

Councilor Tomlinson said he would like to increase funds to Linn-Benton Loop to increase their service to areas a County-wide MTD could not serve.

Councilor Howell stated that it is difficult to obtain support from areas that have not had transit service and do not see the benefit of service to their area. He expects that support would diminish with greater distance

from Corvallis. It would also be difficult to provide service to remote areas of the County, and support of these areas would probably involve graduated rates. While Corvallis residents want a regional transit district, it is not known whether Alsea residents share this view. If all communities in the County supported the district equally, Corvallis service would decrease in order for service to be provided to remote County communities.

Councilor Tomlinson expressed concurrence with Councilor Howell regarding rural support for a district, noting that Cascades West Council of Governments conducted a survey several years ago that echoed Councilor Howell's points. He opined that Councilor Howell described the same issue that faces the Council regarding the vehicle registration fee. He expects that Corvallis voters would provide stronger support for a regional transit district than would rural County voters. He would like to determine whether a district would create a deficit in the OSU budget. He expects there are ways that a MTD or a TD could help OSU, such as incorporating operation of the campus shuttle. He expects local businesses to cite the number of Corvallis employees living outside Corvallis. This could involve intergovernmental agreements through a MTD to service those areas. He noted that OSU is determining where its employees live.

In response to Councilor Cohnstaedt's inquiry, Mr. Rogers explained that the "employee tax" indicated on Attachment B would be paid by employers based upon payroll.

Councilor Cohnstaedt referenced page 26 of the "white paper" and questioned whether the Federal and State governments would be exempt from a payroll tax. Mr. Rogers responded that Federal government would be exempt from a payroll tax, but State government would pay a payroll tax or a MTA.

Councilor Cohnstaedt expressed concurrence with Councilor Tomlinson, stating that the key to a successful district involves not compounding the problems of the stakeholders and attempting to keep the district revenue neutral for larger stakeholders. Ms. Barrett explained that Oregon Revised Statutes allows the City to tax State payroll under the MTD but not also under the MTA. All employers would pay only one tax or assessment. The MTA is only applicable to State employees. Federal agencies cannot be taxed, per Federal law. She confirmed that OSU is at risk for a payroll tax or a MTA. If a payroll tax is instituted, OSU would be subject to the payroll tax; if an income tax is instituted, OSU would pay the MTA. She explained that the MTA was implemented during the mid-1980s by the State. If State payroll is present within the boundaries of a MTD or a TD, the State is required to assist in paying for the transit services. The MTA is the same rate as the payroll tax, and can be as much as .6 percent in a MTD.

Ms. Brewer explained that, theoretically, the MTA would not be paid from OSU's budget; it would be paid from the Department of Administrative Services (DAS) as a direct payment to the district or by DAS increasing OSU's budget to accommodate the MTA. If the City charged a payroll tax, it might be paid from OSU's budget. She suggested that a MTA might be more likely to hold OSU's budget stable. OSU has indicated concern regarding difficulty seeking increases for new programs or other purposes during the year the payroll tax or MTA might be implemented.

Mayor Berg noted that, in Eugene, Portland, and Salem the MTA has been paid by the State and not by the universities. She suggested that this might be because the fees were instituted 20 years ago under different scenarios.

Councilor Cohnstaedt stated that the Council wants to do as much as possible in working with OSU and other stakeholders to make the transit district a team effort for the benefit of the City and all stakeholders into the future.

Mayor Berg cautioned that it is not appropriate for the City to be committed to providing transit services without a source of funding.

In response to Councilor Gándara's inquiry, Mr. Rogers explained that a transit district could not assess more in a MTA than is received in another main funding source.

Mr. Nelson reviewed the Council's follow-up questions:

- Determine the relationship of Salem's MTD with Keizer.
- Update the "white paper" with information from today's presentation before sharing the "white paper" with stakeholders.
- Obtain more information regarding the financial implications of not pursuing the transit district formation measure during May 2002 and the impact of this action on the November 2002 levy election.

Staff will conduct stakeholder meetings, as outlined in the December 10th staff report. The Cities of Albany and/or Philomath may be added to the stakeholder meetings. At the February 4th Council meeting, staff would present feedback from the stakeholder meetings, if the meetings could be held by then.

Mr. Rogers announced that a public meeting with CACOT is scheduled for January 24th. In response to Councilor Griffiths' inquiry, Mr. Rogers explained that the meeting will be an opportunity for CACOT members to hear from citizens. The meeting will include a presentation of model comparisons, and the "white paper" will be available. The meeting will be advertised in buses and the local newspaper.

Councilor Gándara suggested that Council representation be included in each stakeholder meeting, rather than trying to schedule all Councilors for each session. Mr. Nelson confirmed that this was staff's intent.

Councilor Cohnstaedt referenced page 26 of the "white paper" and said he presumed that a substantial percentage of the 1999 payroll in Benton County was attributable to H-P. He asked that H-P management be included to the stakeholder meetings. He expects that H-P's payroll may be declining because it did not operate during the recent holidays.

Councilor Tomlinson noted that payroll taxes is a major opportunity this year for the City to shift from a property tax-based taxation.

In response to Councilor Wershow's inquiry, Mr. Rogers explained that the nature of the TD or MTD would determine whether the district board or the voters would establish the funding source. A subsequent change in funding would be determined by the board and/or voters.

VII. PUBLIC HEARINGS – None.

X. NEW BUSINESS – None.

XI. ADJOURNMENT

The meeting was adjourned at 6:56 pm.

APPROVED:

MAYOR

ATTEST:

CITY RECORDER