

MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Conference Room A
March 14, 2016
6:00 p.m.

Planning Commissioners Present: Jim Patrick, Lee Hardy, Mike Franklin, Bill Branigan, and Bob Berman.

Planning Commissioners Absent: Rod Croteau (*excused*).

PC Citizens Advisory Committee Members Present: Dustin Capri.

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

1. **Call to Order.** Chair Patrick called the Planning Commission work session to order at 6:00 p.m. and turned the meeting over to CDD Tokos.

2. **Unfinished Business.**

- A. **Local Improvement Districts (LID) district policies, case studies, and informational materials.** Tokos noted that he included in the packet the draft ordinance that is set for hearing on the 28th. He said that the Commission has looked at these policies in work session a couple of times. This is an opportunity to have a review of Comprehensive Plan policies in work session; Exhibit "A". In his staff memo he noted that these include a change coming out of the last Technical Advisory Committee meeting, which encompasses the 10% thing. Berman said that's much more reasonable. Tokos said this is against assessed value. If we used market value, it could get drawn into appraisal. The assessed value is what the County says. It will be lower than the market value. It makes it more conservative. Traditionally there's quite a gap between the two. Tokos said that was the primary change. That's the second paragraph under Policy 6.

Tokos said his intent was to touch on the policies and the FAQs; but if anyone had questions on the draft ordinance, he can cover that as well. Berman said in the ordinance under number two in the third line down, there's a typo; and that word should be "how". Two lines down from that, he didn't think that "taxes" should be repeated twice; it should just be "local gas and transient room taxes." Berman noted under number 9 (e) the word "arrangement" maybe is a technical term, but it doesn't make any sense to him. Tokos thought that ties tightly with Goal 11 language; but he will look at it.

Going to the actual policy language itself, He noted that Policy 6 deals with LIDs specifically. He noted that the one piece of language that's new and that the Commissioners haven't seen is the 10% provision. Berman said the first line of Policy 4 seems like it should say "must" be provided to a site. Tokos said the he doesn't think that Policy 4 was intended to be a directive; and that's probably why "must" wasn't used. He's hesitant to change that. Hardy wondered if there's any provision for having the seller's disclosure of the presence of an LID. She said it wasn't disclosed on her property until the middle of the close of escrow. Tokos said that's part of the real estate laws; it's in the disclosure documents. Buyers are responsible for understanding encumbrances. It will show on the title report. Hardy asked if there's any way for the City to provide disclosure to the public. Tokos said only through a lien. If there's an LID effective, the owners are responsible for making the payment. They can make the choice to pay it off; but if they elect to pay over time, a lien is placed on the property by the City, and it would show up in the title report. Berman asked why not just transfer it to the new owner. Hardy said for transfer of clear title, it would have to be paid. Tokos agreed that the lien gets paid off upon the sale. That's a better provision for the City because the City is carrying the risk on all of those. Patrick said you'd only run into that if they were paying cash. He thinks it's best just to leave it the way it is. Berman said it seems like it could be a burden on somebody. Tokos said it's part of the sale and comes out of the proceeds. He said this paragraph gets at that the LID should not exceed 10% of the assessed value; so it shouldn't be so burdensome. If it were developer-initiated, it could be substantial. Patrick asked if the developer has to pay it off when he sells a lot; and Tokos confirmed that's the case.

Capri asked what if the project goes over 10%. Tokos said this is a targeted range for policy. If it were 12% and had substantial support, say a sewer line for ten lots, maybe it would be fine. Capri asked if there's nothing keeping it from being 30%. Tokos thought that would be problematic in a residential neighborhood. It gets at cost. With a PowerPoint, Tokos showed a model that we can use for any kind of LID. The example was for Coho/Brant. It made assumptions where he plugged in LID costs associated with URA for example purposes. He said the point is that for a residential area, it needs to be a modest project. Maybe it's a couple of hundred dollars, or an LID fills in a funding gap; it's not the primary funding. He noted that in this model, there are various inputs. "Assessment" is looking at assessment

amounts per property owners. He noted that amounts get a lot more manageable for 10%. The example was for a fully improved street, sidewalk, storm drainage; and they're pretty modest costs. He said that some vary based on the size of the property and the frontage. He said that's what you get with input, and there are a lot of allocation processes discussed too. There's a table that suggests using different approaches for different LID projects. Sometimes lineal makes the most sense, such as for streets. Capri asked if this is something staff fills out. Tokos said Community Development or Public Works would be putting it together. It goes beyond the engineer's estimate; it gives the dollar cost of how it's assessed over all properties. It could be different for water system improvements; water meters would be a way to do it. There are different options. For storm water improvements, it could be impervious surface. He said if you have a larger property with very small amount of impervious surface, should you pay the same as a property with more pavement. Berman asked how it distinguishes between developed lots and undeveloped where most of the lot is zero impervious surface. Tokos said you will get hit with the cost of SDCs at the point of development. Capri was thinking about the Norman Street project where the owner paid nearly \$19 thousand for permits and SDCs. Infrastructure is pretty inadequate in that whole area. Tokos said it would be a good candidate in the future for an LID. Capri asked if they pay on top of their development costs. Tokos said usually SDC figures have to be used in an SDC-eligible project. It's usually planned improvements to collector streets; bigger than local streets. We could do something in the update to the SDC methodology where you can carve out a project item that is match funds for LIDs so we can funnel some SDCs back as a match. He noted that we may have areas like Golf Course Drive where they probably didn't pay SDCs on the lots. It will vary by where you're at. Now we couldn't use SDCs to drive down the cost of an LID. When we do the methodology as a match, we could use them for that purpose. Capri asked, what about SW 68th. Tokos said that's a great area for an LID. He said there's fundamental interest there to do an LID because they can't develop until the improvements are in place. He noted that it was an addition where the developer went in and partitioned the property, but didn't make the improvements they were supposed to. Since then, we've changed our rules so they couldn't do that. There are three or four parcels in there.

Going back to the policy language, Tokos noted that he was just using the PowerPoint to exhibit that FCS was helpful in creating this tool that will allow on a case-by-case basis to tailor assessments once cost estimates are put together. Capri asked how they will pay Tokos if his staff fills it out. Tokos said if the LID is Council-initiated, we're eating the costs. He said it's discussed under financial policies. If an LID is petition-driven, then the cost should be rolled in. Tokos said going through the paragraph about the 10%, it also talks about a 50% cap; which he thinks is intended to protect the City. You don't want a developer-initiated LID to be too much of a burden, and the developer goes bankrupt and the City is left holding the bag. Berman noted that it says assessed value, how is it assessed? What if you have developed next to undeveloped? Tokos said it's just the assessed value of the land. If lots are running \$40 thousand in value, that's what you have; land value, no improvements. Capri noted that it says that 75% of support with non-remonstrance agreements is classified as substantial support. Berman said the whole percentage thing got confusing. He said there's 2/3, 75%, and 50% mentioned in here. Tokos said this 75% under "Formation by Petition" is basically policy guidance to elected officials. It could say substantial support if 75% or more, period. It's really intended to help the policy-makers. Capri asked if they don't have it, say only 30%, they can't move forward. Tokos said it's not going to move. They will be able to remonstrate and kill it, so why waste time. Berman noted a typo error in the second line of the next paragraph; it should be "then" not "than." Tokos noted that the last part of that section provides that the cost of the engineer's report should be rolled into the overall costs. He said that the bullets under "City Council Initiated LIDs" are to provide guidance under what circumstances they initiate. Branigan asked what is meant by "nature of the area of benefitted," which is the third to the last bullet. Tokos realized that there is a typo there. Branigan asked if Tokos had examples. Patrick said Agate Beach or Golf Course Drive. Tokos said what that's driving at is what the conditions are of the area that's benefitted. He said he could try to put more clarity there. Branigan thought it needs to be more specific.

Franklin asked if under the cost of LID, will that fee be from a fee schedule or will that be just a standard fee. Will it depend on the work? Tokos said we have options there. That's not been fully vetted. He will talk to Tim Gross. We can do it on a retainer basis of "x" amount. If it ends up being less than that, we can apply it to the LID to drive the cost down. Capri asked if the City Council initiated LIDs are really Tokos or Gross making a recommendation to City Manager Nebel, who then recommends it to the Council. Tokos said that depends on the makeup of the Council and how members are with respect to LIDs. He thinks in most circumstances it would be a staff recommendation that moves it up. Capri asked with Public Works what stops LIDs from becoming a way to replace and maintain all infrastructure in Newport and essentially have everyone foot the bill for it. Tokos said it depends on the infrastructure you're talking about and who benefits from it. He said it would be a tough sell to get owners in a neighborhood to upgrade a water line along 101 or replace pump stations. There are certain types, particularly larger capital items, that would be a harder sell for an LID. Patrick said he could see a City-Council-initiated LID with Golf Course Drive where there's a history of lines failing. It'd be the same with the streets by Sam Case that are unpaved; he doesn't think that would ever come before the City Council unless the people wanted it paved. Tokos said if there's enough public support, like for sidewalk infill on the north side. There'd be support for smaller dollar figures over larger numbers. Franklin asked how you decide for example who's responsible for a water main; the people that live there, or the City. Tokos said if it's something big like a collector or arterial serving so many people, it's unlikely to be a candidate for an LID. He said the

PowerPoint's showing here three residential streets. You have about twenty properties here. If you tried to do an LID for a water main down 101, something of that level of complexity is too complex to do that way. We would do a revenue bond. Capri asked if he pays the City anything right now for maintaining water lines. Tokos said yes in terms of water rates, which are used to maintain the system. But that's maintenance; not upgrade and enlarging. Sometimes in maintenance and replacing, we do look to upsize when we have to.

Capri said that he assumes that Golf Course Drive was never properly fitted. 68th Street is probably the same and was never properly set up. It's not the job of the City; it's not simple maintaining in-kind. It would be dramatically increasing. Tokos said the series of pump stations we're in the process of upgrading and increasing up by the State Park, that's all being done by revenue bonds and also by securing low-interest loans from DEQ that we are leveraging the utility rates against. That's the appropriate way to go about it. It's a period process that every four years we pay it off with utilities. Tokos said if you don't have sewer within 100 feet, if you extend the main to where you can put a lateral in, you have to pay for that. Patrick said you can get reimbursed if anybody downstream taps in. Tokos said we can do reimbursement districts. We haven't done it; but it's an option.

Tokos said that Policy 7 is just that the City can use various means of funding public improvements.

Tokos said the other things to discuss are the FAQs. He asked if there were any comments on that three-page handout. Berman said in the last sentence in the second paragraph, the word "chose" is not right; it should be "chosen." He said there's another reference to a percentage here. He asked what's the process; the City Council by motion or by petition of property owners are the two ways? He said on the second point, it says you have to have 75%. Patrick said that's for private petition. Berman said it's measured by the area. Depending on what it is, you might do an assessment on some other allocation. In doing assessment, you are doing area; but it could be lineal or anything on that chart. Patrick said if you're talking about city blocks, they are all equal lot sizes; but you can get into different areas where people have different-sized areas. Berman said here we are using area, and before it referenced assessed value. Franklin asked can you say 75% of owners in an LID. Tokos will take a look at it. Branigan said if you're doing sewer, size doesn't matter; it's still a house whether it's on a ¼ acre or on a ½ acre. Tokos will look back against the statutes and make sure it's used right per the statute and sync it up as much as possible. Patrick was thinking about streets with a large apartment building. One property owner does half of the street, and the other half is the rest of the property owners. Capri said, like a condo where everyone says okay and you get it right away. It gives more options if you're getting 75%. Patrick asked if we're sticking with 2/3 or it's out. Berman said we already have 75%. The Engineers Report comes out, and unless 2/3 object you're going ahead. That's by owners in the area. Tokos said he will tweak that stuff and sync that up.

Tokos asked if there's a question missing. Does it cover the right topics? Capri thinks it's really helpful. Patrick said this document can change. If you get the same question over and over, you can add it to the list. He said this seems to cover most questions.

Tokos will bring a draft ordinance on the 28th when we have the hearing on policies. The Planning Commission doesn't need to take action on the code. Next meeting will be the public hearing on the policies; and he will have a draft of the ordinance. The policies are a land use action; the ordinance is not. It only needs to be adopted by the City Council; but the Planning Commission can acknowledge it or something of that nature.

3. New Business.

- A. Discussion of City Council goals for 2016-17 fiscal year. Tokos said at the last meeting he provided the Planning Commission with the department goals. The City Council put together draft goals that they should formalize on the 21st. They wanted them distributed to all committees to look at and provide any feedback that you may want to offer on the goals. He noted that the current year's goals are on page 3. The Council would like the departments to provide written summaries explaining how they have been addressed. He said that one challenge with the current year is the way they did the goal-setting. We used to provide what we have in our work program, and the Council would take from that and set their goals. Last year, they did that same thing, and a bunch of goals were there that he didn't know where they came from. There was no context. We need better dialog about this stuff. It should be things that are vetted through committees, implementing goals and strategies developed with public input. He noted that the new goals for Community Development are on page 5.

Berman asked if 15.3.0 is what the City Council thinks the Community Development goals should be. Tokos said they are City Council goals for the departments, and we are one of the departments. They're not our department's goals; they are City Council goals. Hardy asked about 15.3.1.2. Tokos said we do code enforcement for building codes and safety issues and signage and some of that stuff. The bulk of code enforcement happens through the Police Department Community Services. He said that implementing stronger code enforcement is to what purpose. What is the issue? That is part of what the problem is with these. That's the same with beautification; where did that come from? He said

we are having that ongoing conversation when a goal gets put out there. Where is it coming from? We need more context.

Berman asked if parks is part of Tokos' department. Tokos said the Parks System Master Plan is something we are involved in because it goes into the Comprehensive Plan. We have it coming up this year. He doesn't think there's an appetite other than to get funding in place to pay for the plan and initiate it by the end of the next fiscal year.

It was reiterated that Section 15 are last year's goals; and Section 16 are new. Tokos noted that 16.3 are this year's goals for Community Development. The first one, the parking study, has been initiated. Regarding 16.3.2, Tokos said that something that could apply there is the construction excise tax for workforce housing that just came out of the Legislature. We can bring that forward with the SDC changes and let the policy-makers see the whole package. Berman asked what the "C" and numbers after each goal means. Tokos said that means consensus, all the City Council members agreed; and if the number's less than four, then that goal's not as strong. The next goal is to review the roles and functions of the City advisory committees. He said that has more to do with when he gets a senior planner, will that person be taking back the bike and pedestrian committee; we'll look at that structure. He's said he's not sure where 16.3.5 regarding the bike system came from. A trail was discussed along the reservoir as part of the major plan of bringing the properties in. He said we can't do a whole lot until we do the Parks System Master Plan Update so we can see where we should put resources. Goal 16.3.6 has to do with the fact that there's some interest in seeing the Armory moved to the Airport for example and not having it in downtown. Franklin thought that in case of a tsunami, the current location would be a good place to have it. Tokos said if it's at the Airport, you would have the heavy equipment where additional supplies would be flown in. It could go up north, but we're seeing some of that industrial land being developed. Maybe where they are right now certainly may not be the best for downtown redevelopment. Tokos noted that the other things identified are not a goal, they were just talked about. He said that each department made a presentation to the City Council. The Council had the same information that he had provided to the Planning Commission; his memo with our work summary. The Council sat down and wrote down a bunch of things that may or may not relate to that and put them up on a wall and voted. Then there was a set of things relating to affordable and workforce housing that were Attachment "A" that were specific things being discussed.

Tokos asked if there's anything in here that the Commissioners want to comment on. That's what the City Council is looking for. Is there something that should be higher priority or maybe not as high? Is there something not included that the Commissioners want to voice their opinion on? Hardy suggested getting away from "foo-foo" things and do things that achieve functionality and quality. Tokos said that the Council had the presentations and know what the departments' priorities are. Now they are looking for the Planning Commission's opinion. He said if there are things on the Council's list that the Commission thinks should be priority or things that should not be, they want to hear that. Of if there's something that you feel strongly about, they want to know. Capri said he would like to see the property tax exemption for multi-family development in the goals; he'd like to see some traction with the County on that program. Hardy wants to see affordable housing achieve more than lip service. Expand the goal about promoting housing or all income levels (16.3.7). The Commissioners believe that the housing goal is an important one.

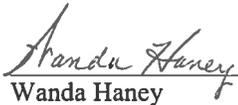
Patrick thought the Commission had pretty much caught up on our work program. The only major one is the Parks System Master Plan update. Tokos said we do have several capital facility plans that need to come through; the storm water and sewer. With storm water, it will lead to putting in place requirements for managing storm water on private property. We've been holding off on an erosion control code because we were waiting for the Storm Water Master Plan and because we needed a full-time building official. He's still not sure we can implement the code right yet. We don't want to put in a code that requires more staff hours than we are capable of doing because we can't enforce it. Then people get upset when the code doesn't work right. Erosion control does require people to go out there. Tokos said those two capital facility plans are in our department's work program. We need to move them forward because they are important. A policy question with sewer for example is when connections are required. How do you use that to get properties inside the city limits? He wondered if getting more aggressive in annexation in South Beach is something that's needed. That's not something on the goals now. Patrick thought we need to address infill and need to normalize the city boundary. Capri said especially because there's development happening in South Beach and then they get annexed and may not meet city requirements. The County might not be looking at development long-term and what the City's needs will be. Tokos said that annexing those properties surrounded by city limits won't be easy. There will be substantial number of owners that would fight it because it would mean their taxes would go up. It's not an easy task. Berman said that he would like to see that goal back on; not only in South Beach, but also some on Highway 20.

Tokos said that the construction excise tax will be an interesting discussion. We can work it in with SDCs. That would give you dedicated funding source to tackle some of those things on Attachment "A". The biggest challenge with workforce and affordable housing is that there's no money to work with.

Tokos noted that there's a placeholder on tonight's regular agenda for the Commission to make a recommendation on the goals.

4. **Adjournment.** Having no further discussion, the meeting adjourned at 7:03 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wanda Haney". The signature is written in black ink and is positioned above a horizontal line.

Wanda Haney
Executive Assistant

