



## MINUTES

### Coburg City Council

Work Session

February 26, 2008 - 7:00 P.M.

Coburg City Hall

91069 North Willamette - Coburg

COUNCILORS PRESENT: Mayor Judy Volta; Jerry Behney, Bill Judd, Brian Pech, John Thiel, Mike Watson

COUNCILORS ABSENT: John Fox

STAFF PRESENT: Don Schuessler, Sammy Egbert, Craig Gibons, Milo Mecham,

RECORDED BY: Dan Lindstrom

### I. CALL TO ORDER

Mayor Judy Volta called the Work Session meeting of the Coburg City Council to order at 6:00 p.m. She stated that the purpose of the meeting was to allow extended discussion of important matters to come before the Council and that no decisions would be made.

Minutes Recorder Dan Lindstrom called the roll, noted the absence of Councilor John Fox, and stated that a quorum was present.

### II. PACIFIC POWER AND LIGHT FRANCHISE

City Attorney Milo Mecham referred to Agenda support material regarding a nonexclusive franchise of the City with PacifiCorp (Pacific Power and Light Company) to provide to electric power and necessary equipment to businesses and inhabitants of Coburg. He explained that it was a ten-year contract begun in September 1998, with an automatic renewal, unless renegotiation of it was requested. He recommended that a decision to terminate and renegotiate the franchise be made at the March 2008 Council meeting.

Mr. Mecham reviewed terms of the contract: For permission to use streets and trim trees, PacifiCorp paid the City five percent of its monthly gross revenue from Coburg customers. He suggested that the franchise be renegotiated (1) because of the possibility of increasing the franchise fee, (2) to ensure that it met the newly established City Tree Policies, and (3) to establish a requirement that wires be placed underground in new developments. He said the negotiations could also consider shortening the length of the agreement to no more than five years.

Councilor Jerry Behney asked if it would be possible to negotiate a franchise agreement with a different service provider. Mr. Mecham replied that such negotiations would be

possible and that there had been reports of interest in doing so with the Emerald People's Utility District (EPUD) which also served customers in Coburg.

City Administrator Don Schuessler reported that his research showed that the City had had an agreement with EPUD that expired in the early 1990s. He said the district continued to provide power and services to a number of residents and that it currently paid a 3.5 percent franchise fee. He said the most recent report showed that EPUD paid franchise fees of \$3,400 and PacifiCorp paid \$3,500 in December.

Councilor John Thiel asked if it was possible for a small city to establish its own utility district. Mr. Mecham stated that Drain, Oregon, had such a district and that he had learned from discussion with its City Administrator that it was a good revenue source, but that staffing issues and negotiations with the Bonneville Power Administration were ongoing complications that outweighed its financial benefit. Finance Director Craig Gibbons said he believed it would be unwise for Coburg to assume responsibility for developing a new infrastructure service, in light of its current development of a wastewater reclamation system and the upgrade of its water system.

Don Nelson, 91099 Austin Street, stated that during his tenure as a member of the City Council, he had contacted representatives of EPUD and learned that the district was interested in establishing an exclusive franchise to provide power to Coburg residents, and that it was willing to assist with eminent domain processes that would be required of the City for EPUD to use wires and other equipment currently owned by PacifiCorp. He said the Council had taken no action on his recommendation to explore the option.

Mayor Volta said that she had held a similar conversation with representatives of EPUD, but that the utility district had not followed up its offer with any specific action or information. Mr. Nelson retorted that he had seen a lengthy letter from the district about the subject.

Mayor Volta determined that there was interest in discussing options regarding renegotiation of the electrical service franchise agreement with PacifiCorp at the March 2008 meeting of the City Council.

### **III. LOCAL IMPROVEMENT DISTRICTS**

Mr. Mecham referred to an undated memorandum regarding the use of Local Improvement Districts (LID) and Service Development Charges (SDC) as tools for repaying loans incurred in the design and building of the Coburg Wastewater Reclamation System. He explained that revenue generated by the Coburg Urban Renewal Agency (URA) and federal/state grants were other resources available to pay the cost of constructing the system. He said monthly user rates were proposed to be dedicated to operation and maintenance of the completed system only.

Mr. Mecham explained that LIDs were charges assessed on properties that would benefit from the improvement immediately and that SDCs were assessed on undeveloped properties that would benefit from it in the future. He said LID charges would be assessed on all currently developed properties, would become a lien on the properties, and could be repaid with a single or monthly payment. He said SDCs would be collected as building permits were issued for undeveloped properties.

Mr. Mecham reviewed possible allocations of URA revenue, LIDs, and SDCs and the level of "risk" involved in each. He also reviewed options for allocation of grants already received and the already incurred planning costs for the system.

Mr. Mecham discussed a series of Risk Reduction Opportunities – (1) Adding a loan reduction surcharge to the monthly sewer rate. (2) Using a less conservative growth of property value projection, increasing the URA contribution to loan repayment. (3) Using a less modest development growth projection, increasing SDC contributions. (4) Including income from currently non-existent development or annexation agreements fees. (5) Securing additional grants.

Mr. Mecham reviewed a Chart included in the memorandum entitled "Impact of Choices on the LID and Risk." He distributed and reviewed spreadsheets of calculations related to the allocation of system costs entitled "Construction Cost Calculator and Inflation Adjustments," and "Cost Allocation Calculations." He also distributed and reviewed an untitled list of LID cost calculations for specific properties using three identified calculation alternatives. He noted that the costs were made using a combination of property square footage and number of Equivalent Dwelling Units (EDU). He emphasized that all calculated numbers were to be considered accurate, but that they would be affected by policy decisions made by the Council and the possibility of additional grants or higher/lower actual costs.

Councilors discussed the presentation at length, asking questions, discussing alternatives, and offering opinions regarding preferable scenarios.

Mayor Volta suggested that the discussion showed Councilors appeared to support a medium to low risk alternative for allocating resources and costs, together with exploration of possible less conservative growth projections, developing a proposal for development/annexation agreements, and continuing to work for additional grants.

The meeting adjourned at 7:50 p.m.

ACCEPTANCE

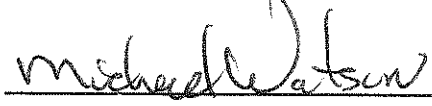
Yes: 4

No: 0

Abstained: Councilor Fox abstaining from voting because he had not attended the meeting.

Passed: Yes      Rejected:


Signed this 11th day of March 2008



---

Michael Watson, Council President

Attest:



---

Sammy L. Egbert, City Recorder