

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, JULY 20, 2009

The City of Springfield Council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, July 20, 2009 at 6:26 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Lundberg, Wylie, Leezer, Ralston, and Pishioneri. Also present were City Manager Gino Grimaldi, Assistant City Manager Jeff Towery, City Attorney Joe Leahy, Recorder Amy Sowa and members of the staff.

1. System Development Charge (SDC) Credits and Allowances.

Assistant Public Works Director Len Goodwin presented the staff report on this item. Over the past two years staff has implemented the Council's goal of working toward the objective that growth pay an equitable share of the cost of developing infrastructure. The difficult task of balancing the needs for capital resources, and already high user rates has led to substantial increases in SDCs, to assure that the most pressing capital needs can be met. Even with the current balance of user fees and SDC revenue anticipated in the future from the newly adopted methodologies, the Council has taken steps to defer all but the most critical capital projects called for in the Capital Improvements Program due to the lack of sufficient funding. Recognizing that the new SDC increases can be a challenge to development, staff have identified four general areas within which the Council could choose to adopt policies to mitigate the impact of SDC. These are as follows:

- 1) Overall reduction in SDCs: a decision to impose a lesser percentage of the maximum permissible charge generated by the methodology.
- 2) Targeted discounts by area: currently the City has a program of providing discounts against SDCs for development in downtown. That program is temporary and the most recent extension ends in December of this year. Similar discounts could be applied in other areas, for example, in an urban renewal area.
- 3) Transferability of credits for qualified public improvements: the current SDC ordinance contains the statutorily required credit for construction of offsite qualified public improvements. In Springfield's ordinance the credit available can be applied only to charges associated with the project for which the improvement was constructed. It cannot be used by the developer on other projects nor can it be transferred to another developer for use on other projects.
- 4) Impact reduction allowances: the City could, along the lines of a citizen suggestion last year, allow for some impact allowance against SDCs for development which reduces the intensity of system impact.

Staff does not recommend the first option, because it impairs the delicate balance necessary to fund capital. While the third option does not impair future funding streams, and staff recommends considering implementation, both the second and fourth options require further staff study before Council will have adequate information if it chooses to proceed.

Mr. Goodwin said this topic was brought up by community members John Brown and John Lively during a past Council meeting. Staff had looked at ways to address their comments. He described the options and noted comparable programs in place in other cities. He discussed Council's policy that growth should pay for itself. The SDCs were something the City would be collecting anyway and if we gave back the additional amount the developer had put in, we hadn't lost anything. If we continued our current system, we would get more than enough needed for some developments.

Mr. Goodwin discussed the targeted discounts by area and impact allowances. He explained each. It was hard to say if transferring the impact would incentivize development. Those two options needed much more study. Staff was recommending Council direct staff to go back to look at the 2nd and 4th options.

Councilor Pishioneri said staff had been given direction to recover City costs for development, and the developer paying for infrastructure that directly affected the development.

Mr. Goodwin said the developer paid an SDC which went into the pool of funds that were used by the City for future development. He explained how the methodology worked with a project list that was developed and the SDC funds were established to pay.

Councilor Pishioneri said the developer needed to pay for the burden their new development put on the system. He said it didn't make sense to charge more than the impact. If this was a way we could retain it to encourage development elsewhere, that was fine, but we should not be keeping funds that weren't needed.

Councilor Ralston said those that build should pay. He was not interested in the transferability, allowances for reduced impacts, or overall reductions. He would be willing to look at the targeted discounts by area.

Mayor Leiken asked if there could be legal issues regarding the transferability issue for non-profits only.

Mr. Leahy said there was the potential, but they had not yet researched that.

Councilor Leezer said when Aquila and Priscilla's opened, SDCs were transferred from another restaurant. She would like to encourage business to come to our community, so was interested in allowing SDCs to be transferred.

Mr. Goodwin said that was not a transfer per se. The SDC for the center where Acquila and Priscilla's was located was assigned one set of SDCs. When they opened, they received the benefit of what was available within that shopping center. It was similar to what was done in PeaceHealth, where the project was defined as the entire master plan. PeaceHealth could then use any SDC credits for any of their projects in the master plan.

Mr. Leahy said transferability had sometimes occurred during the sale of a business where the seller transferred to the buyer at a price slightly below what the SDC would normally be charged by the City. Someone was still paying.

Councilor Wylie said she would like to support staff's recommendation of looking at targeted areas and impact reductions. She asked if Housing and Urban Development (HUD) funds could be considered as well, adding some criteria for a reduction of SDCs.

Mr. Goodwin said criteria were appropriate as long as they were non-discriminatory. Council had flexibility on the criteria. Before the existing downtown discount, there was a discount for professional and commercial development downtown. They needed to carefully review the alternatives.

Councilor Wylie said Wynant's and the Relief Nursery both received urban renewal funds, making them eligible if we had that type of criteria.

Mr. Goodwin said they needed to look at that carefully as it could undermine the purpose of the urban renewal district, which was to generate funds to build infrastructure.

Councilor Lundberg said she was in favor of any tools we could take a look at in terms of encouraging development. They needed to consider how to publicize whatever was put into place. She liked the transferability, as it seemed to work in other communities, and the targeted areas.

Councilor Pishioneri said they needed to remember that the end justified the means and make sure the tools were worth it. He wanted to know how much these things would generate, compared to the cost of studying the issue. These were good ideas, but he didn't want City staff to put too much time on something that didn't produce a positive effect.

Mr. Goodwin said he didn't put numbers in because he didn't have anything statistically valid. Over the last two or three years, of all the applications that came in, the idea of impact allowance would have generated about \$200 - \$300.

Mayor Leiken agreed with Councilor Lundberg. If we could have tools in place to put staff time to better use, he was supportive. Transferability sounded great at the time, but based on the information, it would be limited. He would like Mr. Leahy to check into limiting that to non-profits.

Mr. Leahy said the City had been creative with SDCs. There was not a lot of case law about SDCs. He would do his best to research the options.

Councilor Pishioneri said it seemed these could be reviewed at staff level on a case by case basis.

Mr. Goodwin said staff needed Council authority and policy direction.

ADJOURNMENT

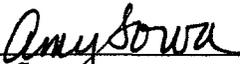
The meeting was adjourned at 6:52 p.m.

Minutes Recorder – Amy Sowa



Sidney W. Leiken
Mayor

Attest:



Amy Sowa
City Recorder