



**CITY COUNCIL REGULAR MEETING
MINUTES
February 5, 2013**

Council President Kehoe called the regular City Council meeting to order at 6:31 p.m. on February 5, 2013 in the City Council Chambers, 380 A Avenue.

Present: Council President Kehoe; Councilors Bowerman, Gudman, Gustafson, Jordan, and O'Neill

Excused: Mayor Studebaker

Staff Present: Tom Coffee, City Manager; David Powell, City Attorney; Catherine Schneider, City Recorder; David Donaldson, Assistant City Manager; Brant Williams, Economic and Capital Development Director; Jane Blackstone, Economic Development Manager

3. EXECUTIVE SESSION

The Council convened in executive session at 6:30 p.m. under the authority of ORS 192.660 (2) (e) to conduct deliberations with persons designated to negotiate real property transactions; (f) consider records that are exempt by law from public inspection; and (h) consult with attorney regarding legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

4. RETURN TO OPEN SESSION

The Council concluded executive session at 6:55 p.m. and reconvened in open session at 7:00 p.m.

5. PLEDGE OF ALLEGIANCE

Council President Kehoe led the Council in the Pledge of Allegiance.

Council President Kehoe took a moment to discuss the tragedy in Mayor Studebaker's family. He noted the memorial trusts set up to benefit the families of Chris Kyle and Chad Littlefield at www.thecraft.com.

6. CONSENT AGENDA

Councilor Gudman moved the Consent Agenda. Councilor Bowerman seconded the motion. A voice vote was taken, and the motion passed with Council President Kehoe and Councilors Bowerman, Gudman, Gustafson, Jordan, and O'Neill voting 'aye.' (6-0)

6.1 REPORTS

6.1.1 Janitorial Services Contract with Diversified Abilities

Action: Move to approve the Janitorial Services Contract with Diversified Abilities for janitorial services in the amount of \$106,097.08.

6.1.2 Extension of the Broadband User's Group IGA

Resolution 13-01, A Resolution of the City Council of the City of Lake Oswego Authorizing the City Manager to Sign an Amendment Extending the Term of the Intergovernmental Agreement Establishing the Broadband Users Group

Action: Move to approve Resolution 13-01

6.1.3 Metro Construction Excise Tax Grant Application Approval

Action: Move to authorize the City Manager to submit letters of intent to apply for Metro Construction Excise Tax Grants

6.2 RESOLUTIONS

6.2.2 Resolution 13-05 – Appointment to the 50+ Advisory Board

Action: Adopt Resolution 13-05, approving the appointment of Ronald Matthew to the 50+ Advisory Board for the remainder of the term ending June 30, 2013

6.2.3 Resolution 13-06 – Appointment to the Planning Commission

Action: Adopt Resolution 13-06, approving the appointment of Todd Hennelly to the Planning Commission for the remainder of the term ending May 31, 2013

6.3 APPROVAL OF MINUTES

6.3.1 April 30, 2012, Special Meeting

6.3.2 November 20, 2012, Regular Meeting

6.3.3 November 27, 2012, Special Meeting

6.3.4 December 4, 2012, Regular Meeting

6.3.5 December 18, 2012, Regular Meeting

6.3.6 January 8, 2013, Special Meeting

Action: Approve minutes as written

END CONSENT AGENDA

7. ITEMS REMOVED FROM THE CONSENT AGENDA

Item 6.2.1 Resolution 13-04 – Appointment of Jeff Gudman to the Comprehensive Plan Citizen Advisory Committee (CAC)

Councilor Bowerman indicated her reason for removing the item from the consent agenda was so that Council could discuss it first. She noted that it was a three year process to come up with the Comprehensive Plan. The Councilor liaison on the CAC is to represent the Council as a whole and not just his own views; this has not been discussed by the current Council. Given that the process is long and that the Plan is such a valuable tool for integrating into the future decisions of the Council, it is to the Council's and the City's advantage to have the Plan come forward so that it can be integrated as the Council's planning moves along. The CAC was established to complete its work in July 2013. She would like to be sure that is the date the Council is looking at in the appointment process, and that they are not contemplating an extension.

Councilor Jordan indicated she thought everyone was in agreement that they wanted to get the Plan done after working on it for two and a half years. She knows there is some concern about how the Comprehensive Plan moves through the Planning Commission and then to Council and at what point action planning gets done. She believes the CAC is on target and is trying to move the Plan through as efficiently as possible, catching things at the Planning Commission stage so that when it gets to Council it is pretty clear. Councilor Gustafson has been involved with this all along and can assist Council in understanding where the CAC is and where it is going.

Councilor Bowerman clarified that the Plan would just need to go through Planning and the hearing stage when it comes to the Council. That time period is moving along. She understands that there have been some requests for extensions, so to formalize the original document and clarify where Council stands right now is what she was interested in.

Council President Kehoe asked for confirmation that Councilor Bowerman was not proposing a different motion, she just wanted confirmation that Council wanted to get the process done.

Councilor Bowerman added that she also wanted confirmation that if the date was to be changed it would be done in a formal way by City Council instead of by the CAC or the liaison to the Council.

Councilor Kehoe indicated that goes back to a prior meeting, where if a Councilor is on a Board or Commission, the Councilor doesn't unilaterally advocate for something if it is a significant issue. He confirmed with the Council that this was their understanding.

Councilor Gustafson concurred that the existing process has provided a nice feedback loop between the CAC, the Planning Commission, and the City Council. The Council having a liaison on the CAC, particularly one that acts as Chair, helps connect the loop together so that Council is intimately involved with the final decision making process.

Councilor O'Neill indicated he attended the meeting last week and he thought Mr. Coffee explained it well to the CAC on the time frames. He thinks the CAC and Mr. Coffee realize that Council will be pushing the CAC to make decisions. He believes that Councilor Gudman will be a great representative for the whole Council. He thought it was a good group with everyone on board; the goal is ambitious but achievable.

Councilor Jordan moved approval of Resolution 13-04. Councilor Bowerman seconded the motion.

A voice vote was held and the motion passed with Council President Kehoe and Councilors Bowerman, Gustafson, O'Neill, and Jordan voting "aye" and Councilor Gudman abstaining. (5-0-1)

8. CITIZEN COMMENTS

- **Gary Buford – 5 Camelot Court, Lake Oswego – wildfire and trees**

Mr. Buford brought up the subject of wildfires. When a fire gets in the crown of a tree, if the trees are continuous, the fire goes from one tree to another and is a disaster. There was an article in the Lake Oswego Review in August 2002 titled "Wildfires burning across state." The article noted there were 463,000 acres of wildfires burning in Oregon. A fire prevention officer with the Lake Oswego Fire Department indicated a solution to that is to separate the tree crowns: trim trees so that the crowns are 15' apart, and lower limbs are 15' from the ground. To avoid a fire, thin the trees and remove trees that are close together. He encourages action in Lake Oswego to protect homes and loved ones. This kind of safety measure needs to be included in the tree code, which is scheduled to be re-written. The Lake Oswego Fire Department has highlighted spots around town that are particularly fire prone, including Cook's Butte, Iron Mountain, Tryon Creek, and the Westridge neighborhood.

- **Shannon Vroman – 4101 Mapleton Drive, West Linn – West Linn Water Treatment Plant**

Ms. Vroman indicated she is one of the neighbors who is being sued by the City of Lake Oswego to take her property rights away so that an industrial plant can be built to provide water to the City of Tigard. She read a letter they have written to Council. It noted that the City of Lake Oswego sued 56 property owners individually. Thirty-one of the residents united together to protect what they held most precious and to share the financial burden.

Lake Oswego's previous mayor, a prominent land use attorney, approved all the necessary Council actions creating the legal basis to bring suit against the City. As negotiations for a settlement started a few weeks ago, the City refused to consider any counter-offer that allowed the neighbors to act as individuals being sued. After two years, the stress and financial hardship became too much for many of the neighbors.

By agreeing to the only terms offered by the City of Lake Oswego, the neighbors as a community and as individuals agreed under the advice of counsel that pursuing the costlier path of an arduous court case would not yield results that would serve to provide individual or community benefits that

were satisfactory to all. The neighbors agreed to disagree and commit to the only offer from Lake Oswego, which was far below a fair settlement in order to avoid the emotional and financial stress of continuing the process.

This should not be construed as recognition that compensation is fair or just. Lake Oswego introduced conditions post-agreement stipulating that payment would be contingent upon the start of construction and final approval by the Council, but no later than two years from the settlement date. Inflexible terms of the City's settlement offer fell short of covering the neighbors' costs to defend themselves, further penalizing those who chose to challenge on principle the taking of their property rights by a neighbor. The neighbors' choice to move forward is a reflection of their values and the priority to maintain long-term relationships with residential neighbors.

This should not be construed as acceptance of the proposed Lake Oswego Water Treatment Plant. Lake Oswego's actions and the unfair settlement offer do not display the behavior of a good neighbor, as the City has protested it is. The neighbors think Lake Oswego citizens would agree and would be horrified by the City's actions if it had sued its own citizens. They continue to stand with the greater Robinwood Neighborhood Association, their neighbors, and many others in opposing the water treatment plant and the conditional use appeals.

- **Thomas Holder – P.O. Box 2023, Lake Oswego – now lives in Mapleton in West Linn**

Mr. Holder indicated he is a former resident of Lake Oswego and was also involved in the lawsuit. He indicated it had been a painful process; there was an emotional and financial opportunity cost to wrestling with this issue. He thinks it is not primarily a money issue. The neighbors do not want condemnation of their covenants. They want to be good neighbors to each other and to Lake Oswego. He believes the tone of the discussion and some of the legal tactics have been very uncomfortable. They would like to engage in a dialogue. He asks Council not to assume that the settlement or the lawsuit or anything to do with that has anything to do with hardship or ill feelings against the respective cities.

- **Maria Meneghin and Darrel Condra – 1179 Sunningdale Road, Lake Oswego – Library**

Ms. Meneghin noted that in 1995, the City commissioned a study by library professionals to find the best location for a new library, which concluded that the downtown retail district is the best possible location. The criteria used then are still valid today. In the last election, 9,138 voters said yes to the library bond measure. To get to yes, the voter had to be in favor of the entire bond measure wording. Each yes vote agreed on four different points: 1) the City needs a new, larger library; 2) it should be downtown; 3) it should be part of the North Anchor project; and 4) it should be funded partially by tax increment financing and partially by general obligation bonds. She and Mr. Condra think the number of yes votes shows broad support in the community for the library. Disagreement on even one of the four points probably resulted in a no vote, and it is more difficult to pin down those reasons. The City does not know how many disagreed with the proposal because of the mixed use aspect of the North Anchor project, or because they opposed the North Anchor project altogether. It doesn't know how many people would favor a stand-alone library at that site. It doesn't know how many thought other capital priorities should be first. It doesn't know how many people voted against the library because they were opposed to tax increment financing, or how many felt they simply couldn't afford the increase in taxes for a bond right now.

David Leland, who was hired to develop the North Anchor concept, in testimony before Council in 2010, was asked by Councilor Gudman what part of the North Anchor project was the cake and what part was the frosting. The context was on the mix of public, retail, and residential space for the site. His response was that the library was the cake, and the rest was the frosting. To leave the possibility of a new library out of the project is tantamount to investing millions in frosting. Contrary to staff recommendation, Ms. Meneghin and Mr. Condra ask that the LORA board not put out an RFP or an RFQ for development of the site at this time. The City needs more clarity on the ramifications. She and Mr. Condra ask that Council deal first with the more urgent matters in the community and then get an advisory vote or a statistically valid survey of voters about the use of the property at First and B. They do not believe there is a better site for the library in Lake Oswego.

- **Reverend Margaret Hepziban – 15012 Twin Fir Road, Lake Oswego – Public Safety and God’s vision**

Rev. Margaret indicated she was a minister and a prophetess of the nation who has lived in Lake Oswego for about nine years. The country is becoming more diverse. She believes people shouldn’t fight against God.

- **Charles Ormsby – 170 SW Birdshill Road, Portland 97219 – within Lake Oswego urban growth management area – Several resolutions**

Mr. Ormsby indicated the Birdshill Neighborhood Association had its regular meeting on January 23. They passed several resolutions. The issue of an annexation with respect to an address on 13150 Riverside Drive is of concern. It involves a Sensitive Lands overlay; they ask that the Council separate the current practice of Sensitive Land use issues from annexation. They believe Council should let the annexation go forward, and stop the Sensitive Lands overlay application until Council cleans up that issue. If there is an application of offsite mitigation, the Neighborhood Association wants to know what tax lots are being off-site, and what tax lots are going to have the mitigation applied. In City Council minutes, Council is approving reconstruction or coating of the Elk Rock tunnel. In light of the recently released resilience report for the State of Oregon, they ask that Council find out the east wall thickness of that tunnel and discern whether it can survive a subduction earthquake without taking Elk Rock into the Willamette River at approximately river mile 19.0, which is the intersection of Breyman Avenue and Highway 43. At the meeting on February 13, the Birdshill Neighborhood Association would like to have someone from Birdshill appointed to the Portland Bureau of Environmental Services CAC on Tryon Creek. The Birdshill Neighborhood Association borders that plant’s boundary line on the north side of Tryon Creek. He was in conversation with the City of Portland on January 9 and will be in communication with Clackamas County on February 7.

- **Alice Richmond – 3939 Parker Road, West Linn – Water treatment plant in West Linn**

Ms. Richmond indicated she didn’t understand why Lake Oswego couldn’t build its water resources in Lake Oswego. When the water treatment plant was built, it was in the County, however, the population has increased considerably, and Lake Oswego has had ample time to see what would transpire. She wonders why a city would go into another city to put their vital water system. She has lived in Clackamas County, including both West Linn and Lake Oswego for 54 years. The City is pouring millions of dollars into something that is very fragile, destroying another city while preserving itself. She is offended by the City offering money – bribes. She thinks the City should build within its own boundaries.

9. PUBLIC HEARINGS

9.1 Ordinance 2613, An Ordinance of the Lake Oswego City Council Repealing Ordinance 2601, Repealing the Foothills Urban Renewal Plan, and Repealing the Foothills Urban Renewal Area

Council President Kehoe reviewed the guidelines for the public hearing as outlined in the agenda.

Staff Report

Mr. Williams indicated the Plan was adopted on December 18, 2012 under Ordinance 2601 and became effective on January 17. The Framework Plan for Foothills was adopted in July 2012. The previous Council adopted code amendments for Foothills in December. This ordinance does not affect those two actions. The Framework Plan would remain as is, adopted by the Council, as well as the code amendments that were adopted in December. Ordinance 2613 just addresses the Urban Renewal Plan and the Urban Renewal Area, and would discontinue the Urban Renewal District.

QUESTIONS OF STAFF

Councilor Jordan asked for confirmation that this did not affect zoning and that the Council and Planning Commission would need to do more to apply new zoning code to the Foothills Area.

Mr. Williams indicated that as the code was amended in December, the property owners could ask for rezoning of their property. Certain conditions would need to be met for that rezoning to occur; he doesn't think that would require anything additional.

Mr. Powell indicated it would just require execution of a Development Agreement with relation to each specific property. When that happened, the zoning could be changed to the Foothills Mixed Use zone without going back to Planning Commission.

Mr. Williams indicated there was discussion about coming back with clear and objective design standards. As it is written right now, the code and any development could be approved as is. If staff ended up coming back with changes to the code, those would apply at that time. The way it stands now, development could occur if a Development Agreement happened.

Councilor Gudman asked for confirmation that the code amendments work is complete. **Mr. Williams** indicated it was complete in that development can occur as long as the property owner creates a Development Agreement with the City. The City had talked about revising some of those standards when they had time to come back and develop clear and objective residential standards that need to be applied citywide. When the City does citywide clear and objective residential standards, it would also be done to the Foothills area.

Councilor Gudman asked for confirmation that that was going forward, both citywide and for Foothills. **Mr. Williams** indicated it was.

Councilor Gudman asked for confirmation that zoning changes would potentially then need to be requested. **Mr. Williams** indicated they would have to be requested by the property owner.

Councilor O'Neill asked for confirmation that if someone said they wanted to build a nine-storey apartment building on a given lot in Foothills, the person would be allowed to do that. **Mr. Williams** indicated the property owner could do that if they entered into a Development Agreement with the City to guarantee that the development would comply with the Foothills Framework Plan. Otherwise the zoning remains as is, as an industrial zoned property.

Councilor O'Neill asked if another landowner wanted to build a five storey commercial building, and that was within the Framework Plan, whether that was something the City would work on. **Mr. Williams** indicated the City would work on it, and it would be a decision by the Council whether to approve the Development Agreement. There is no guarantee the Development Agreement would be approved, but if it was, the land would be re-zoned as Foothills mixed use, and the property owner could go through the formal development review process for the development. Otherwise, the property would remain industrial as it is currently zoned, and the property owners' current buildings and current uses would stay as conforming uses. If the property was re-zoned today, all those uses would become non-conforming.

Council President Kehoe asked for a discussion of the City's ability to under-levy the Urban Renewal Area and how that might affect the District going forward. **Mr. Williams** indicated the Lake Oswego Redevelopment Agency (LORA) Board could determine that the Urban Renewal District would not levy the taxes, thus keeping the incremental taxes within the District. They could inform the County attorney that they would like for those incremental taxes to continue to be distributed out to the various different taxing districts. Either the Council or the LORA Board would make that determination. **Mr. Powell** indicated that he would need to check, but he believed it was the City Council, and it would need to be done annually before each tax year as long as there is an Urban Renewal District.

Council President Kehoe asked if there was any number of times that could be done, or if it was the length of the District. **Mr. Powell** indicated he did not believe there was any limit; however

there would be no implementation of the Urban Renewal Plan if the Urban Renewal District never collected any of the tax increment dollars. There would be no reason to have an Urban Renewal Plan in place.

Mr. Powell read the full title of the ordinance.

Testimony In Support

- **Timothy Keenen – 2277 Summit, Lake Oswego**

Dr. Keenen indicated that the urban renewal district funding by tax increment financing (TIF) was created in 1952 by the California legislature. In 2001, Governor Brown took on his first action to initiate the February 2012 action that dissolved 425 urban renewal agencies with an estimated savings of \$1.8 million. He wondered why Lake Oswego would ever consider a model that has failed in so many other states. Urban renewal district funding by TIF will increase the City's debt and divert property taxes away from schools and other services. TIF is based on a future promise that didn't pay out in other states. This is necessary to resurrect the streetcar concept that was opposed by a majority of Lake Oswego. If the Foothills project is such a great idea for development, then let private money make investment as was so successful at Lake Grove. The City does not need any more debt or financial risk. He encourages Council to repeal Ordinance 2601.

- **Janine Dunphy – 17151 Canal Circle, Lake Oswego – aging in place**

Ms. Dunphy indicated there were many reasons why Ordinance 2601 should be overturned. Her comments this evening deal primarily with senior issues. For the past several years Council has heard seniors and their housing needs being used as a talking point to justify Foothills development. She does not object to the development of Foothills if it is done with private funding. She thinks affordable housing for seniors or anyone else needs to be accurately described as subsidized housing. Once you take public money, you have very little control over who can and who cannot live in a complex. Preference could not be given to Lake Oswego residents, so this doesn't answer the needs of seniors in this community.

Regarding "aging in place," she has been involved in senior issues in this town and Clackamas County for almost a decade. She is a senior, and many of her friends are seniors. When they talk about aging in place, what they are talking about is single level homes, master suites on the main level, remodeling homes, and discussing whether they will be able to afford to continue living in Lake Oswego. They are not talking about moving out of their homes and into a high-rise in Foothills. There may be seniors in Lake Oswego who would like to move from their existing home into Foothills. If that kind of development is needed in the community, she believes a private developer would be glad to do it.

She does not believe it is fair to ask taxpayers to pay for the housing wants of a few people in the community, whether for subsidized housing or for the public/private partnership currently in the plan to develop Foothills. She encourages Council to vote yes on Ordinance 2613 regarding the urban renewal plan and urban renewal area.

- **Joe Dahl – 1104 Boca Raton Drive, Lake Oswego**

Mr. Dahl indicated he had lived in Lake Oswego most of his life. He is very much against urban renewal in the Foothills area or most any area. While it might help the schools and increase tax revenue in about twenty years, at the beginning money is taken away from the schools and the roads. He encourages Council to vote yes on Ordinance 2613. Lake Oswego does not need to subsidize Homer Williams; if the development works, someone will build it.

- **Mike McCulloh 1198 Boca Raton Drive, Lake Oswego**

Mr. McCulloh indicated that he believed many Americans have reached the conclusion that government is the answer to every human need. He disagrees; he thinks there are a number of

taxpayers in the community that feel that if Foothills redevelopment is to be achieved, it should be done with private money.

- **Charles Ormsby – 170 SW Birdshill Road, Portland – representing Birdshill Citizen Participation Organization/Neighborhood Association (CPO/NA)**

Mr. Ormsby indicated that Birdshill CPO/NA is a joint Clackamas County community planning organization and Lake Oswego neighborhood association with a ratio of tax lots in and out of the City of about 95:5. At their meeting on January 23, they passed a resolution to ask that the urban renewal be rescinded. Birdshill CPO/NA's primary concerns with this are that people have said that Foothills will bring young families to Lake Oswego. Page 21 of the recently released Lake Oswego School District population report refutes that. Second, the full faith in credit clause in urban renewal bonds is a scary clause. If an urban renewal district goes toes up, everybody in the City of Lake Oswego and probably the Urban Growth Management Area gets encumbered with the tax lots. The debt load in Lake Oswego and across the State is scary. This is why Birdshill CPO/NA has come out urging Council to repeal Ordinance 2601 and cease action on the Urban Renewal District.

- **Rod Grimm – 5974 Meadowcreek Court, Lake Oswego**

Mr. Grimm indicated he was the second generation of Grimm's Fuel Company, which he believes is the oldest business in Lake Oswego. He and his mother built some apartments and built a half street improvement; they did not have the government come in and subsidize them to put the street in. When they decided to fill the County rock quarry on South Shore and McVey where the Palisades Market now sits, they asked for no money; they did it on their own and saved the City money because they took the dirt from Lakeridge High School and filled it. They took the dirt from Hallinan Grade School. At their expense, they placed the dirt in place, compacted it, and asked for nothing from the City other than support, which was rather difficult to get. Throughout his history, they have had a difficult time getting support from the City. He would like to see more support from the City. When it comes to the Foothills urban renewal, the City is going to take citizens' tax money and support them to build something to compete against the rest of the people in the City. He thinks instead of doing that, the City needs to get its house in control regarding the spending. He can see arguments for the City subsidizing Foothills with urban renewal, but he asks Council to get behind the people who are down there. Work with them to be able to develop the property that they own instead of coming in and dictating to them what they are supposed to do. The City should focus on getting its house in order. He believes Council should emphasize getting rid of the inefficiencies in City government.

Councilor Gudman asked Mr. Grimm to please contact the city manager when he noticed inefficiencies. **Mr. Grimm** indicated that for one thing, the City could do with about a third fewer managers.

- **Yvonne Campbell – 4330 Orchard Way, Lake Oswego**

Ms. Campbell requested the City repeal the ordinance for urban renewal in Foothills. She would prefer that it is done with private funds rather than through urban renewal. If it turns out that urban renewal is the best avenue, she would prefer that the plan implemented called for significantly less density and significantly less height than has been planned.

- **Diane Cassidy – 3601 Wren Street, Lake Oswego**

Ms. Cassidy indicated she thought there should be no Urban Renewal District in Foothills. There has been no vote of the citizens whether or not they wanted this tax on their properties. There is nothing wrong with Foothills; it is an industrial district. Someday a developer will decide the area is right for development just as it is and take a gamble on it, but the powers that be are in a hurry to put their stamp on the City now and make it into something few people in Lake Oswego want to see: dense and urbanized with tall buildings, transit oriented development within our small town. They want the public to contribute to this investment or debt with no guarantee that after the interest payments on the bonds, income will be there to cover the obligation. Public money

corrupts the need qualifications of a development, and an urban renewal district (URD) bypasses the public will. She understands the Council is under great pressure from citizens wanting to keep the URD. There is a lot of money at stake. They will likely say that it doesn't matter if it exists as long as it isn't funded. She disagrees; even if there were no obligation to fund any future projects, the pressure to do so will be greater with every incremental step. If left in place, the URD signals to developers that the City of Lake Oswego, acting as a developer and a bank, is open for business and looking for partners. No one will look seriously at the district as a wholly private investment.

Many people who are not here this evening believe the election was a signal to the Council that things had to change, and are pleased to see this ordinance on the Agenda tonight. Change is not easy, but that is what people are asking for tonight and when similarly difficult decisions must be made. The City is currently facing future debt for infrastructure and capital projects that run into the hundreds of millions of dollars. The City does not need another urban renewal district. The corporate welfare or crony capitalism at work here is not fair to other businesses that have built this City and sustained its residents. For all of these reasons, she asks that this should be the end of the road for the City of Lake Oswego's financial involvement in Foothills, and that the City approve Ordinance 2613.

- **Denny Hageman – 17841 Cardinal Drive, Lake Oswego**

Mr. Hageman indicated he fully supports redevelopment throughout the Foothills District. He believes it will be good for vendors, employees of those vendors, and the City. He has heard that a generous return will be realized from every redevelopment dollar that is invested in Foothills. However, the country's economic growth is fundamentally founded on private but not public investment. The currently proposed redevelopment district draws upon another tax incremental financing to handle the upgrading of the infrastructure throughout Foothills. This would be the third TIF in Lake Oswego. Realizing that such tools were originally designed for such blighted areas as downtown Oakland and other economically deprived inner cities throughout the country, it is irresponsible to continue to use such a tool to stimulate economic growth within one of the wealthiest cities in Oregon.

It has been made clear this financing tool suspends tax revenues from going to School Districts, Fire, and safety departments pending repayment of the redevelopment loan over a 20-30 year period. With Lake Oswego already utilizing two redevelopment districts, developing a third district is imprudent. If the investment returns that are projected for the Foothills project are as rich as many contend, there should be many private developers eager for the opportunity. As the country pulls out of the recession, Foothills should become a far more attractive opportunity to developers. Now is not the time to sacrifice financial resources that are badly needed by the schools, the Fire Department, and the Police Department. City infrastructure needs override redevelopment projections which have yet to clearly demonstrate positive economic growth. The City does not need another redevelopment district. He has no problem with a plan to pursue future private development within Foothills. The current plan that includes a TIF financing tool needs to be repealed.

- **Kay Kerr – 4 Gershwin Court, Lake Oswego**

Ms. Kerr indicated she thought the view of Mount Hood should be saved for the City; it's important. The City does not need 9-storey buildings that block the view, and the City needs to be careful about how development is done. She opposes Foothills Urban Renewal at this time because the City has enough on its plate.

- **Jim Bolland – 16925 Denney Court, Lake Oswego – Testifying on behalf of the Lake Oswego Neighborhood Action Coalition (LONAC) and for Carolyn Krebs; discussed financing of URA**

Mr. Bolland indicated that at last Saturday's meeting of LONAC, the membership voted unanimously to support the dissolution of the Urban Renewal District and asked Mr. Bolland to present testimony. On April 13, 2010, there was a study session for the City Council. Bruce Wood,

a principal partner in Opus Northwest, a highly respected development firm that developed Bridgeport Village, was at that study session; Mr. Wood was the project manager for Bridgeport Village. He told the Council that he didn't believe that in his business lifetime there would be funding for the kind of mixed use development that was being proposed for Foothills. He explained the economics going forward for the next 10-15 years, and was adamant that there was no way that a project that looked like Foothills would go forward. Secondly, several times during the process in the last year or so, Council was told by both Dike Dame and Homer Williams in Council study sessions that the Foothills plan depended 100% on the streetcar going in, and that it was not a viable project without that. Third, last year the Foothills CAC, when they endorsed the Framework Plan, chose not to endorse the financing plan. They could not understand it to the degree they felt was necessary and responsible to endorse that aspect of it. They worked at least a year on that. Fourth, last year part of the financials for the urban renewal funding strategy were dependent on getting a waiver from Metro for the cut and fill part to deal with the floodplain. Metro sent a letter to the City last spring indicating they would not support that waiver. He believes that may invalidate some of the financial projections. Fifth, the Lake Oswego School District just completed a study. They commissioned Portland State University (PSU) to do an analysis for them for future enrollment to help them strategize where they're going with enrollment in the schools. They asked PSU what the impact would be if the Framework Plan as it stands was implemented. The answer from that study was an extensive, detailed, in-depth analysis, and it concluded that there would be zero effect on the school population of Lake Oswego if the high-rise apartments were built. Sixth, one of the things that hasn't been considered in the financing of Foothills is the planned upgrade of the Tryon Creek sewage treatment plant by the Portland Bureau of Environmental Services (BES). The City has not funded or budgeted for this, and doesn't know what kind of costs will be involved. To think about moving forward with this kind of debt without considering that impact would be a mistake.

It is a highly risky development due to the site challenges and the fact that the sewage treatment plant is there. Ten years ago at a Council goal-setting session that was attended by several of the property owners, the property owners indicated that in order to make development work down there, they needed the sewage treatment plant either closed or masked. Closure of the sewage treatment plant is again being discussed.

The current estimate for the project is \$6.9 million in risk capital from Lake Oswego in the form of some kind of debt.

Mr. Bolland noted that Elaine Howard had written a memo recommending the City consider under-levying the District but leaving it in place. Mayor Studebaker had a meeting ten days ago with Tom Hughes and Carlotta Collette from Metro; Councilor Collette indicated the streetcar would end up coming to Lake Oswego whether Lake Oswego wants it or not.

He believes that without the URD in place, it will be very difficult for the streetcar proponents to get federal funding for the streetcar project without a way to finance that transit oriented development in Foothills. That is why Council is being asked to leave the entity in place.

He believes that Lake Oswego residents spoke very clearly on this issue in November, and voted for a new direction in taking care of the basics and moving away from the high risk grand development schemes. He asks Council to please remember that when voting on this ordinance.

- **John Surrett – 1685 Edgecliff Terrace, Lake Oswego – Full Faith and Credit Obligation Bonds (FFC)**

Mr. Surrett indicated he is definitely in favor of repealing the ordinance and having no urban renewal district in Foothills. Before Robert Galante, the former urban renewal and economic development director for the City left, he and Mr. Surrett talked regularly. When Mr. Surrett asked him what increment had been forecasted for Lakeview Village Plaza Urban Renewal District, Mr. Galante indicated it was about 4%; he said that today they would be lucky to get 2%. That says something about increments and how pie-in-the-sky they can be, and yet they are buttressed by full faith in credit obligation bonds. They are just like a general obligation bond, but the voters don't

get to approve them. The collateral for those bonds is City property taxes. This speculation with the City's money by the Council, particularly over the last twelve years, has been atrocious. With regard to the Lake Oswego-Tigard Water System, citizens were originally told it would cost about \$78 million to upgrade the water system; that figure has increased to \$140-\$150 million. Citizens didn't get to vote on that either. The City's debt load will be even worse if it speculates with Foothills. The City is getting very over-leveraged and it is a huge concern. People are moving out of town due to the water bills. The City could get into a death spiral if it doesn't have revenue to be able to pay the water bonds, if they are ever issued; he hopes they won't be. The City has some serious problems and it is not the time to consider an urban renewal district in Foothills.

- **Steve Schopp – 10475 SW Helenius, Tualatin, Oregon**

Mr. Schopp noted that Clackamas County voters passed Measure 3-386 by 70% requiring a County-wide vote for any use of urban renewal. One of the problems with urban renewal in the County is that it has piled up a lot of Portland-style debt that has to be paid every year. The current drain County-wide is \$29.7 million a year. This figure can be looked up on the State website, where every city in the County is listed. The only way that is going to get fixed is by doing the same thing the County did, which was to effectively end urban renewal. It is incumbent on cities throughout the County to help reduce that and make sure that they don't follow the Portland model any longer.

Mr. Schopp indicated he was looking forward to the County and the Cities in the County setting the gold standard for budgeting and spending, because he thinks Clackamas County will show the rest of the State how it is done.

- **Earl Bowerman – 595 D Avenue, Lake Oswego – Questioned the legality of the adoption of the Ordinance and Councilor attendance at meetings via speakerphone.**

Mr. Bowerman noted that the City Charter speaks about what constitutes a quorum; a quorum occurs when four people are present. The minutes of the meeting in which this urban renewal was passed indicates that the Mayor and five Councilors were present. The vote was 3-3. If the minutes reflect that the vote was 4-3, then they were counting the vote of an absent Councilor. He believes that the original ordinance did not pass according to the City's Charter and was in fact a tie vote. He would like the legality of the vote investigated. He would like to know if people are considered present when they are on the phone; he would like to know what constitutes being present.

Mr. Powell noted that Oregon public records law talks about convening for the purposes of quorum and recognizes that can occur electronically. The interpretation of the Charter has been for some time that presence includes electronic presence.

- **Lauren Hughes – 18711 Westview Drive, Lake Oswego – speaking on behalf of LO Stewards**

Ms. Hughes requested on behalf of LO Stewards that Council adopt Ordinance 2613 to repeal the Foothills Urban Renewal Plan. While they support the rights of the Foothills property owners to develop and use their properties, they do not support the urban renewal financing scheme, particularly as it relates to the funding of \$4.3 million in floodplain mitigation. Last year the Foothills private property owners were gifted with the potential for significant upzoning and the most generous opportunity to fully use and develop their properties, with buildings up to 90' tall, 120 units per acre, and up to 100% lot coverage in the floodplain. This dense development of the floodplain is contrary to the Comprehensive Plan policy, and nowhere else in the City can property owners develop to this extent, particularly in an environmentally significant area. Given this gift of upzoning, at the very least, the Foothills private property owners, not the taxpayers, should be responsible for the costs of the mitigation for the damage that their dense development will cause to the floodplain. When Sensitive Lands property owners develop their properties, under significant land use restrictions and far less opportunity for use, they are required to mitigate and pay their own mitigation costs. Private residential property owners whose properties are nowhere near as environmentally significant as the river floodplain are burdened with arbitrary Sensitive Lands designations and told that the Sensitive Lands designations are for "the good of the community."

However, there is not a penny of compensation or tax relief despite the loss of use of their properties being for the public good. Therefore LO Stewards objects to the Foothills owners and developers being provided with \$4.3 million of public money to pay for mitigation costs for damage to the Foothills floodplain. They encourage Council to repeal the urban renewal financing scheme.

As the mother of three children, two of whom are still in Lake Oswego schools, she is very concerned about the overuse and abuse of urban renewal financing in the State. Urban renewal takes from the education of today's children. According to the Oregon Department of Education, \$75 million was taken from K-12 education last year alone. Lake Oswego School District (LOSD) estimates that amounted to more than \$800,000 lost to LOSD last year. That is significant. With the School District projecting very dire financial scenarios for the next few years, that is \$800,000 that could go a long way to preventing larger class sizes, reductions in electives, and reductions in teachers. Urban renewal has its purpose and place for truly blighted areas, but there is absolutely nothing blighted about Lake Oswego, and the City should not be overusing and abusing this financing scheme that benefits developers while taking from the education of today's children.

LO Stewards asks Council to adopt Ordinance 2613 and repeal the urban renewal financing plan.

- **Mary Olson – 18453 Tamaway Drive, Lake Oswego**

Ms. Olson noted that tonight's hearing is not about whether or not development should occur in the Foothills District or what kind of development should occur there. It is simply about the urban renewal financing tool. Foothills is not blighted; it could be improved, but at whose expense and whose profit should be carefully considered. If you choose to invest in property in a floodplain next to a sewage treatment plant, it should not be your neighbor's responsibility to mitigate those problems for you so that you can turn a profit.

The City is being asked to write a blank check to a few developers and property owners who want to create a speculative development project in the Foothills floodplain. The basic question is whether taxpayers should accept enormous risk for the benefit of a few private property owners and developers, especially in these times of scarce resources. When Councilors were running for this office, they heard about careful spending of taxpayer monies and a focus on core community values. That is the clear message that was delivered in the last two elections.

Ms. Olson asked that Councilors consider the priorities that are important to the community. There are longstanding projects like the Lake Grove Village District, the Wizer block, and more light industrial development in the Pilkington area that would give the City a better return on its investment and demand fewer services than developing Foothills. The other projects don't require any of the extraordinary and unknown infrastructure costs that Foothills would. In the Council packet in December when she was still on the Council, it said that there is need for an up-front interim loan in the amount of \$6.9 million to jump start this project. Even if the City had \$6.9 million, it is questionable that this is the best project to spend it on. She believes it would be better to pay down the mortgage on the West End Building; that issue remains unresolved after seven years. The Council decided repeatedly that the City needed a new Police/911 center; the money needs to come from somewhere. The Foothills CAC was not comfortable making a supporting recommendation on financial feasibility.

Ms. Olson asked that Council not be distracted from the community's priorities and desires for a return to fiscal restraint and a focus on core services. If the Foothills District has such huge potential for fabulous returns, the developers should be knocking down our doors.

- **Lisa Volpel – 5655 SW Kenny Street, Lake Oswego**

Ms. Volpel indicated that she doesn't like the way Lake Oswego does urban renewal. It would be really nice if people got to vote on these things. Maybe LORA with the concrete plant in Foothills was a good idea when it started out, but urban renewal is supposed to be for blighted areas. It is supposed to be a catalyst to kick start development. As far as she can see, it just begets the need for more urban renewal. The District has grown; the time has increased; the level of allowed indebtedness has risen. She is concerned that this would turn into another son of LORA, where the

City is spending money for things like façade grants and for flowers and plants and landscaping. She thinks this is like getting a second mortgage on your house and buying annuals; it doesn't seem like a wise use of money. She thinks that urban renewal causes confusion and uncertainty about zoning, with heights being raised, density bonuses, and such. People don't like uncertainty, whether it's financial or zoning. She doesn't think people like living next to an urban renewal district without understanding how the zoning is going to be changed, what it is going to look like, and how it is going to impact their neighborhood.

She hopes the City passes this Ordinance repealing the urban renewal.

Testimony In Opposition

- **Tom Cusack – 4055 Jefferson Parkway, Lake Oswego – affordable housing**

Mr. Cusack indicated he submitted written testimony for the hearing today that has more detail than he can provide in oral testimony. He has lived in Mountain Park for 32 years. He is opposed to the repeal. He supports the Foothills Urban Renewal Area because of the considerable need for affordable housing in Lake Oswego. In the Lake Oswego School District, nearly one in eight children qualify for reduced or free lunches. There are 800 children who qualify in the District; that is an increase of 146% in the last decade. In 2009, 47% of Lake Oswego jobs had average wages that would qualify for income restricted affordable housing. He thinks there is some confusion about affordable housing and subsidized housing. People think that because there are units in the marketplace that have affordable rents that those units are available to people with incomes that need those units. The reality is that people at higher incomes take those units. For people at the lowest income range, there may be a limited supply that is theoretically affordable, but the reality is that the numbers that are actually affordable and available is substantially lower. In Clackamas County there are roughly 1500 housing choice vouchers. In Lake Oswego, there are only 40 vouchers in use. One of the reasons that income restricted affordable housing in Foothills would be so useful is because those projects have to accept voucher holders. That would greatly expand the supply of affordable housing for people with vouchers at no additional cost to the City.

The second reason that he has supported Foothills is that the financial benefits to the City are substantial. The projection was that there would be 150 affordable units created. Those units carry with them long term affordability requirements which would convert into 9,000 years of affordable housing. Foothills was projected to add \$1 million in construction excise taxes for the School District. The Foothills Urban Renewal increase in assessed value was projected to generate \$35 million in revenue that could be used outside of the District.

Mr. Cusack doesn't think the Framework Plan by itself is sufficient to develop the housing that is reflected in the Citywide housing needs analysis. Looking at that, there is clearly a need for affordable rental housing. Without some requirements for affordable housing, Foothills will not produce that housing. He thinks killing the Foothills Urban Renewal Plan will adversely impact those who are the primary beneficiaries of income restricted housing, typically women, the elderly, families with children, and minorities. There will be a disproportionate impact on those groups. It could end up pushing the need to develop income restricted housing outside of Foothills into other neighborhoods in Lake Oswego. He believes it will send a message to other cities in the Metro area that Lake Oswego really doesn't care about affordable housing. There are unknown reactions to what that will be.

Mr. Cusack recommends that Council suspend the action for 120 days to see if people can't come up with some way of reducing the up-front City funding that has been talked about previously. He believes there are ways to do that but people will need to sit down together to do it. Second, he noticed that there are two staff who have recently come from Tigard. Tigard has had a property tax exemption ordinance in place for sixteen years that provides property tax exemption for low income housing. That tool could be used in Lake Oswego to make sure that Lake Oswego is doing something to try to be more welcoming for affordable housing.

- **Richard Reamer – 398 Furnace Street, Lake Oswego – Chair of Old Town Neighborhood Association**

Mr. Reamer indicated he participated as a CAC member on the Foothills activities for more than a year. When that group of more than 14 citizens began, some were skeptical, some were neutral, and some were in favor of the proposal. There were multiple iterations, including removing the streetcar. In the end there was consensus and that was presented to the City. He believes what Mr. Bolland said about the financial plan was wrong. The group did not disown the financial plan, but said they were not financial experts and couldn't validate the financials. The group concurred with the financial plan that was presented.

He supports the use of the urban renewal district and TIF. The financial plan set up huge safeguards for the City, and it doesn't need action until there is real development proposed. By removing the capability, Council is eliminating the possibility of development, let alone one that meets the needs of the City. It is also eliminating a huge potential increase in the tax base that would easily enable the future implementation of most of the capital projects that are proposed. Currently the assessed value of the Foothills property is minuscule. The contribution of the tax income from that area to the City and the School District is minimal. When Mr. Reamer became involved in his neighborhood organization, there was a fear of increased density requirements for the neighborhood. They are currently zoned multifamily, with a design district overlay. The neighborhood is currently more than 70% multifamily, and increasing the density in the neighborhood would mean eliminating single family homes. A solution that was discussed and agreed to by the City and many of the neighborhoods was to put the increased density in Foothills.

He believes that what Council is proposing is an insult to him and his fellow citizens. It says Council doesn't value their efforts, and Council's agenda is more important than the view of the citizenry. He doesn't think a decision on this issue needs to be made at this time, without serious and civil discussion. This effort has been going on for four years, and this Council has been in office for one month.

Mr. Reamer is disappointed by this ordinance.

- **Michael Buck – 3155 Edgemont Road, Lake Oswego, Oregon**

Mr. Buck noted that he did not support the streetcar. He realizes that for any successful plan completion and strategy for implementation, the whole community has to have a high level of consensus. This has not happened with Foothills. The City has a Plan that has been well-refined by public participation, but the City is still in evolution over many different areas. He urges Council to digest all viewpoints and to give the City something that will facilitate positive development in Foothills. He seeks a scenario that goes beyond stakeholder and citizen interest. Foothills has so much potential for the City that such good, productive efforts should not be sacrificed for some less than reasoned perception. Without urban renewal, the toolbox for feasible implementation goes away. The City faces a need of more revenue to support expanded costs for personnel. Both east and west Lake Oswego need enhancement that has occurred downtown. If the urban renewal district there was brought to a conclusion after work on Second Street, the City would have accomplished more than ever imagined at the outset of that urban renewal district. Future increments could be turned to providing help to run necessary services in town, and the two fledgling urban renewal districts in the east and the west could resort to the progress we would like to see.

Mr. Buck asks Council to help the community be engaged, informed, and attuned to the evidence for the best course of action. The common ground for people at the meeting tonight is that they all care deeply about the City.

- **Doug Cushing – 4311 Glacier Lily (residence) and 2 Centerpointe (office), Lake Oswego**

Mr. Cushing indicated he is currently serving on the Comprehensive Plan CAC. The Foothills Area is denominated as one of the main areas for future mixed use development. The Framework Plan

recognizes that, and he is very pleased to hear that doesn't seem to be at risk. Urban renewal is probably not the only way to move the project forward, but there are not many other methods under which the City can move forward to build the City's part of what would be Foothills: the infrastructure. Buildings will not be built with public money; the City will build the infrastructure. There are undoubtedly lots of places around the City where streets have been improved or developed by the private developer. SDCs contribute a lot to that, but the history of development in Lake Oswego shows that there is a lot of infrastructure that is built by the City. Many urban renewal districts around the State have worked and continue to work. He believes the CAC's work on the Comprehensive Plan says to do what the City has to do to get Foothills going. He doesn't think defunding it is necessary. It has not been in place long enough to see if a private developer will come to the City and want to do it under the urban renewal, let alone with any other proposal.

From his perspective as head of the Chamber's government affairs committee, the Chamber has been a long supporter of the Foothills Plan, and remains a supporter of the urban renewal funding of it. He doesn't believe the streetcar will happen. Foothills is the only place he can envision a coherent, significant addition to the City happening. There are a few places to fill in on Kruse Way, and there will be some development in the southwest area that will probably be site specific. From the Chamber's perspective, the economic development effort for the City will have to be continuing and strong. The discussion of aging in place and the senior population continue. The City cannot trust people will keep coming here because we have been nice; we need to do something to move forward. This would be one way to get there, and he asks Council to not vote tonight to take this step. This needs to run its course, see what happens, and keep hopes alive that the Urban Renewal District will come through.

- **Linda Brown – 17917 Kelok Road, Lake Oswego**

Ms. Brown asked Council to recall that development stimulated and encouraged via TIF in a new urban renewal district in Foothills directly benefits the finances of the Lake Oswego School District in many ways. The School District's excise tax, which is levied at the time a developer purchases building permits, provides money which can be used immediately to refurbish, repair, or add classrooms wherever they are needed. This money can add safety and program enhancements to the schools. It can purchase and support technology. Implementation of the Foothills Plan and the attendant funding for infrastructure through TIF can serve to attract development in the area. Even when building lots in the community were selling at a premium, this land with riverfront views and within walking distance of downtown did not attract developers. This was likely because the streets, water, sewer lines, and floodplain mitigation and remedies did not exist.

The loss of tax money to the School District and to the State Common School Fund is minimal due to the currently very low taxable value of this land. Eventually increased taxable value would significantly enhance the revenue stream for schools via revenue sharing, which applies to new urban renewal development under legislative rules adopted in 2009. Tax money would be distributed to the School District long before the urban renewal district expires. The Foothills Plan includes a large number of new dwelling units, so it would enhance the money available to the School District through the local option tax. Tax increment financing in Foothills would stimulate development, which would positively impact schools, and would eventually pay its own way via deferred taxation. Without significantly impacting infill in the established neighborhoods, urban renewal and TIF have revitalized downtown.

Ms. Brown asks that Council retain the Plan with the urban renewal funding through a new urban renewal district to partner and provide the necessary infrastructure to encourage this exciting addition to the established downtown.

- **Pegge McGuire – 506 SW 6th Avenue, Portland 97204 – Executive Director Fair Housing Council of Oregon**

Ms. McGuire indicated her agency's mission is to eliminate illegal discrimination in housing anywhere in Oregon and southwest Washington. She has no opinion on the streetcar issue; for her this is an affordable housing issue. She believes that hardworking people should be able to afford

rent and the basic necessities of life. Many different studies have shown that in Lake Oswego there is a huge need for affordable housing. This is a great opportunity.

In the thirty years she has been doing this work, it has been her experience that busloads of people from somewhere else are not going to move here. It is more likely that people who already have a connection to the community are going to move into the affordable housing that the City would build: emergency medical technicians, day care providers, home health care givers, citizens' children and grandchildren, and disabled veterans.

The Fair Housing Act calls for policymakers to affirmatively further fair housing, which means identifying and removing any barriers that prevent equal access to housing. If there is even a single dollar of federal funding in the community, public safety dollars, energy dollars, or education dollars, the City is required to affirmatively further fair housing. Housing providers have a number of tools in their toolkits that can help with this. Low income housing tax credit funds can provide incentives to build housing and make it affordable. Section 8 vouchers and VASH vouchers that the VA provides can help provide rent subsidies to ensure that families can afford the rent over the long term. Local developers can build housing, which creates jobs in the community. It is incumbent on policymakers to ensure that their decisions do not create artificial barriers that prevent opportunities to affirmatively further fair housing. She believes that failing to support the Plan will create a disproportionate negative impact on groups of people who are protected under the Fair Housing laws, and she feels the Plan was developed with robust and healthy community engagement process. Many hours of citizen involvement and input have been provided.

She urges Council not to repeal the Plan.

- **Karen Stewart – 230 4th Street, Lake Oswego**

Ms. Stewart indicated she was opposed to repealing the Foothills Urban Renewal Project. She is a recent resident to downtown Lake Oswego and a longtime resident of Lake Oswego. She moved downtown because she liked the direction and the vitality of what the City was doing. She believes in a walkable City, a City with a great library, and the vision of what the public input was building with the Foothills project. The thought of opening the City down to Foothills Park and revitalizing that area seemed like something she wanted to be a part of. She believes that the Tryon Creek Waste Treatment Plant is perhaps on its last legs regardless of what happens with the Foothills project. However, making that part of the Foothills renewal project has a hope the City can retain some of its property tax dollars to be used to deal with the updating, changing, and moving or whatever needs to be done with that facility. She doesn't know that people will ever again see the interest rates that are available today to help with capital improvements. When a City is developed, it can't be done a brick at a time. She was surprised to have a project the magnitude of Foothills being voted on prior to the Town Hall.

- **Ed Darrow and Randy Tyler – 3080 Ruth, Wilsonville and 5027 Foothills Road, Lake Oswego – Real estate developers with seven projects in the City (built the Oswego Pointe Condominiums)**

Mr. Darrow gave a PowerPoint presentation. He noted that the projects he and Mr. Tyler had built in the City currently produce annual revenues of about \$2.2 million: Oswego Pointe, the condos in that area, the office complex, the office and restaurant complex, and the Riverbend condominiums. The Riverbend condos were 65' high in a 50' zone due to the way the land is elevated. They also built a 105 unit subdivision in Marylhurst in cooperation with the City, and one single family lot. They built Oswego Pointe 25 years ago. Within three years after that project was built, the City was able to borrow \$4.6 million to start the redevelopment of Lake Oswego. If the redevelopment had not been there, the downtown redevelopment would not have begun at that time. It created new jobs and increased major recreation to the area. Three high schools are using the water sports center for sculling; a major effort was done in the greenway for habitat enhancement. They tore down the old plant there and recovered \$500,000 worth of steel from the project. They ground up all the concrete and used it for road base; what they didn't use, they pushed into the millpond and

used it to surcharge the pond to get all the water out of it so it could be used for future development.

At Riverbend they built 32 high end condominiums; that project continued the pathway. They donated the water frontage as they had at Oswego Pointe. At Oswego Pointe, they traded 7.5 acres for about 4 acres where they built office buildings. The waterfront was converted to a usable property for the public. Contiguous to Riverview, the City asked them to develop the property and give the City a continuation of the path. At Oswego Pointe, the amphitheater was brought in at a cost from the City of about \$950,000; Mr. Darrow and Mr. Tyler built it as a private entity for \$450,000.

They built a project in Vancouver that is contiguous to a treatment plant. A major project, it has 84 acres on the Columbia with 132 condominiums, office space, a recreation center, and a marina. Public meetings were held for the project, and the treatment plant was a good partner. They are currently doing a project in Oregon City which is next to a treatment plant; the treatment plant was recently upgraded by \$92 million. There are no negative impacts from the treatment plant. Oregon City is putting up \$10 million for a combination of infrastructure and some of the initial work that was done on the project. \$7 million is for infrastructure; the City owns the property. The property was appraised for -\$12 million (negative \$12 million), meaning that it was not developable. The project is very similar to what Lake Oswego is doing in the Foothills area; it is unable to be developed by a developer because of the high cost of the infrastructure. It has a lot of public amenities, similar to what was done at Oswego Pointe. There is a water sports center, a couple of marinas, an esplanade, and about \$58 million of product in the first increment of the project that will cover the \$10 million Oregon City is putting in. It is a unique and positive approach to development; a developer sometimes needs support. Without it, some projects won't happen. If there are physical constraints on a property, Mr. Darrow and Mr. Tyler will walk away from it if they can't get support. If a project has a typical pro forma that provides a return on capital, they do not expect to be subsidized. The City needs to provide assistance so that Foothills development can occur on a level playing field.

Assessing a property for development, they consider physical and political constraints, entitlement risks, financial feasibility, and the community support. If any one of those is a major issue, they consider it a fatal flaw and they walk away from the project. Right now it takes anywhere from \$1.5-\$7 million to begin a project; they have \$8 million in the Cove project and haven't broken ground yet. That is a major financial commitment, and the same thing will have to happen in the Foothills area. This is simply supporting new development. The City could potentially take the Foothills area and do a progressive program there. The City does not have to jump in with both feet and do the whole thing. Mr. Darrow does not particularly like the design and look of the Foothills project, but he believes the overall concept and the densities are very valid. They believe the City should keep the District. The City has the opportunity to look at each phase and make a decision; they believe the map of zone changes should be followed through. They have no financial commitment in the project nor any affiliation with the developers who are putting the project together. They would consider the project as a potential opportunity if it were to move forward. The City has a very good opportunity and they should not lose it.

Council President Kehoe asked if the projects Mr. Darrow and Mr. Tyler had done were funded by urban renewal. **Mr. Darrow** indicated that the only one with urban renewal funding was Oswego Pointe.

- **Paden Prichard – 204 6th Street, Lake Oswego – On behalf of Evergreen Neighborhood Association – member of Foothills CAC**

Mr. Prichard noted that as a representative from the Neighborhood Association on the CAC, he believes the neighborhood was very receptive to what was going on. At the last board meeting, he gave an update on the urban renewal plan and how tax increment financing worked, indicating the importance of the financing tool as a mechanism to help pay for all of the necessary infrastructure. The board chair asked for a vote of the board to determine their support. The vote was 6-3 in favor

of the Neighborhood Association asking the City Council to support the urban renewal plan and financing mechanism. While the vote was not unanimous, he believes that it was a good cross section of the neighborhood and perhaps the community.

At the last Council meeting where this was discussed, Councilor Gudman made it clear that he was only interested in discussing the financing plan, but the Agenda indicates Council is planning to discuss the urban renewal plan, which is the entire list of infrastructure needed to develop Foothills, not just the financing mechanism. Some people say that Foothills is to be developed and the existing property owners should just pool their resources and go at it. By removing the urban renewal plan, even if they were able to develop on their own, the easiest and best blocks would be built first, and the opportunity to create the street grid and other amenities would be lost. With the urban renewal plan and all of the development guidelines, there is no downside to the City to leave this urban renewal plan in place. There can be no development until a responsible developer steps forward and agrees to a Development Agreement. If no developer steps up, there is no appreciable cost to the City.

It has been said that this kind of development might not provide a significant number of opportunities for school age children, but there are families with children moving into condos in other parts of town. Foothills could provide a good starting place for entry into Lake Oswego's tight housing market. Section 5.1 of the Framework Plan outlines the anticipated demographic mix. The goal was to have a mix of units, apartments and condos of various sizes. A total of 1,735 units are proposed with 1,025 units being in the north part of the district. The CAC always thought it was important to have affordable housing in Foothills; it was assumed that would be accomplished by inclusionary zoning requirements, with those units mixed into each building. The request for a change in the urban renewal plan that provided a dollar amount for affordable housing came from the community at large. He believes the CAC would still prefer that affordable housing be mixed in instead of a stand-alone project. The number of units that were to be provided would be determined by the results of the Comprehensive Plan and the percentage by each part of the City.

Lake Oswego has very little vacant land. Foothills is the City's only opportunity to add a significant number of housing units that will be more accessible to young families. As new houses are built in the close-in neighborhoods by tearing down an existing structure, they are snapped up by empty nesters wanting to live closer to the action. At \$900,000-\$1 million each, few young families can afford them. Five are under construction now on two blocks in First Addition alone. Foothills is anticipated to be a 10-15 year process or longer. To stop now would be a shame. The City needs the planned infrastructure improvements, and it needs the increased property tax revenue that would be generated by the District. If the Urban Renewal Plan is left in place, the City can be shaped in a positive way. If the Urban Renewal Plan is scrapped, then there will be no improvements to Highway 43 at Foothills Road, no Willamette Steps for improved access, no plaza overlooking Foothills Park, and no opportunity for a variety of housing. At risk is the attempt to push higher density and development farther into existing neighborhoods. Developers are asking for reduced setbacks, greater heights, and less parking, risking our neighborhoods in order to increase profits. Building in Foothills puts no neighborhoods at risk. Lakeview Village has a 300 car parking facility, Millennium Plaza, and the activity center, which were constructed as an urban renewal project with a public/private Development Agreement, exactly as is being proposed in Foothills.

Mr. Prichard asks to keep Foothills Urban Renewal. If Council chooses to vote to rescind Foothills Urban Renewal, he asks that a full explanation of reasons why be given.

- **Rob Fallow and Rick Moraine – Owners in Foothills Area – testifying on behalf of all of the owners who have signed the Pre-Development Agreement with the City**

Mr. Fallow indicated he wanted to clarify that as owners and developers, they were not in agreement as to the zoning timing and mapping of the zoning until there was a Development Agreement. This was a decision that was made by the City late last year, not as they anticipated this process to be going forward.

Mr. Fallow read a letter to the Council that indicated many Foothills owners have been working for a decade to redevelop their properties. They are Lake Oswego property owners, residents, and business owners, many of them with properties that have been in their families for generations. With the adoption of the Foothills District Framework Plan, they felt that the time was finally right to begin the redevelopment process and transform this underutilized property into Lake Oswego's next great neighborhood. The City's approval in 2012 of an urban renewal area (URA) is critical to the redevelopment. The URA provides a means to finance critical public improvements in the area, including upgrading crumbling sewer lines, providing for public pedestrian access between downtown Lake Oswego and the river, and improving transportation circulation and capacity in Foothills and along State Street. They do not want to see this URA repealed. The Framework Plan enjoyed broad support from many of the surrounding neighborhoods, the Chamber of Commerce, Lake Oswego School Board, downtown businesses, and other Lake Oswego stakeholders. Years of expert study resulted in a Plan that is financially viable for both public and private sectors. The URA is a critical component of this financial viability. Leaving the URA in place does no harm. LORA is empowered to decide, based on specific development proposals, whether to appropriate TIF revenue to specific public infrastructure in the Foothills District. LORA can weigh the benefit of the project against the TIF revenue allocation as projects are considered. Repealing the URA would leave the City and the property owner without this important opportunity to finance needed public projects. Before considering a repeal of the URA, Council should comprehensively review the URA Plan and consider the economic advantages of the URA to Foothills and to the City.

Foothills owners are encouraged after meeting with Mayor Studebaker and Councilor O'Neill that they agree the zoning and entitlement work that was started last year needs to be completed. This can be accomplished by mapping the Foothills mixed use zone and adopting the design and development standards that were submitted to staff in August. This work will require minimal staff time, and will result in an entitled and marketable property. Without this work, the City's investment to date will remain completely unrealized and there will be no interest in property redevelopment. The Mayor and Councilor O'Neill also offered to explore other potential City financing for public infrastructure in the District. Based on expert studies of ECONorthwest, Mr. Fallow and Mr. Moraine continue to believe that the URA is the City's best and perhaps only financially viable approach for District financing. If the City has other ideas for financing and achieving the Foothills vision, they are open to evaluating those before the Council makes any decision on whether to repeal the adopted URA.

Councilor Gudman asked for elaboration on the difference between Mr. Fallow and Mr. Moraine and Mr. Williams in describing the work that needs to be done. **Mr. Fallow** indicated that the City has Comprehensive Plan in the zone, but it is sitting above the land. If someone wanted to build or sell one lot, it is impossible right now without knowing where future streets are going to be and how the infrastructure is going to eventually be laid out. They would like the zoning to be mapped on the land. Councilor Gudman inferred that owners would like to see this done immediately, and Mr. Williams is suggesting that no zoning would be put on the land before there is a Development Agreement. **Mr. Fallow** indicated their understanding when they went into the Pre-Development Agreement process was that there would be no construction or cost to the City for any infrastructure there unless there was a Development Agreement in place.

Councilor O'Neill asked why, since Mr. Fallow had put the group together and got Mr. Dame to the table, Mr. Darrow and Mr. Tyler weren't at the table, since they had done so much development in Foothills. **Mr. Fallow** indicated that at the time they looked at it, they used Group Mackenzie to provide a list of developers they should talk to and put an RFP out to those developers. They approached seven or eight large development people that had experience on the West Coast. The City participated in some of their interviews with the developers.

- **Jan Castle – 16181 Parelius Circle, Lake Oswego**

Ms. Castle indicated she was opposed to the repeal and to the streetcar. She is in favor of the development of the Framework Plan on its own merit. She has heard a lot of discomfort expressed tonight about urban renewal in general. This is understandable given the way California has run

wild with it. She does not believe that has been the case in Oregon. Lake Oswego's experience with it has been good. She asks that Council consider it on its own merits. In an email yesterday, Elaine Howard proposed the under-levy mechanism to put this on hold until Council is certain what direction they want to take. Ms. Castle proposes delaying the vote until they have sufficient time to consider Ms. Howard's proposal and all the ramifications of repealing the Foothills Urban Renewal District. Tens of thousands of hours have been spent by citizens on this project developing this Plan. She believes this new Council owes it to the citizens to be sure Council understands citizens' process and reasoning before dismissing the results of their work. She asked Council to consider that by repealing the District, development will likely only be delayed, not eliminated. It will be developed eventually, but it is not likely to attract developers without urban renewal because of the remediation that needs to be done. A delay of several years could mean increased costs in construction materials, labor, and interest, all of which are at all time lows. It would also require updating the financial statements and projections as well as the Plan.

Ms. Castle urges Council to consider the results of the February 12 Town Hall meeting thoughtfully before making a decision.

- **Angel Pilato – 5055 Foothills Drive, #G, Lake Oswego, Chair of the Oswego Pointe Condo Association, retired Lt. Col. U.S. Air Force**

Ms. Pilato noted that she represents 112 owners. For several years, they have heard how wonderful Foothills redevelopment would be and how it would improve their property values. The people who were talking against this don't look at the Foothills property, which is not commensurate with the way Lake Oswego is being developed. Foothills is an industrial area that needs to be improved, in part to generate more taxes. If the Foothills area was developed with the City's blessing and assistance with infrastructure, more taxes would be generated. She asked if it would cost the City anything to leave the Urban Renewal District in place.

Mr. Powell indicated that the issue was that if the District is left in place and it collects tax increment, it doesn't cost anything, but the City is collecting that portion of tax increment that can only be spent on debt that is used to finance capital improvements. One suggestion was leaving it in place but waiving or undercollecting tax increment. In that case there might be little expense. Just having the Plan in place doesn't cost anything.

Ms. Pilato suggested tabling the motion and waiting for more input from the Town Hall meeting. She noted that citizens have waited a long time for this. She thinks it's time the City think about how it's going to develop Foothills so that it ties in the Foothills Park. She still looks out on the recycling area and collects dust from the cement plant. The residents of the neighborhood would like it to be improved. They would also like to be a voice at the table for what goes into Foothills; they do not want a hodge-podge.

Councilor Bowerman indicated the vote was not a *fait accompli*.

- **Deborah Lopardo – 48 Hillshire, Lake Oswego**

Ms. Lopardo indicated she was very tired of certain groups of citizens doing financial fear-mongering. She asked Council to publish a statement of accounts of the City. She wishes the Urban Renewal District had been defined at the beginning; there are many misstatements made. Lake Oswego's past management of the East End Urban Renewal District has been very successful. She believes this Council can do as good a job with Foothills. She is offended by the statement that citizens should worry about the statewide URDs. That is the State's job; Council's job is to take care of, enhance, and protect Lake Oswego. Foothills is assessed at \$12 million now, and Lake Oswego gets \$55,000 in taxes from it. At build-out, which is long term, it could be assessed at \$575 million, which would return \$3 million annually to Lake Oswego. She doesn't understand why Council would repeal the URD; she thinks it would be foolish and fiscally imprudent. She saw the document today from a statewide expert on URDs, which said that due to new legislation in 2009, urban renewal agencies have the ability to under-levy an urban renewal area. They can make this decision on an annual basis; this means the urban renewal agency could

make the decision to not take any division of taxes in the Foothills area until they are sure that was the right thing to do. This allows a new Council to learn more about the Foothills project and to identify their issues with the urban renewal plan, see if there are any areas of compromise to be achieved, and to test the waters to see if there is a private development that would occur without that.

Testimony in Favor:

- **Carolyn Krebs – 16925 Denny Court, Lake Oswego – co-chair of LONAC**

Ms. Krebs indicated she had to leave earlier for a work related reason, and appreciated being allowed to give her testimony out of order. The November 8, 2011 memo to the Council from the Foothills CAC stated that the CAC's recommendation "does not extend to the independent financial analysis." The City Council has the opportunity to stop the funding of the Foothills Urban Renewal District by rescinding the Urban Renewal Plan. Some may argue that the Urban Renewal Plan can be kept, but not fund the District at this time. This would keep open the possibility of bringing the streetcar project back to Lake Oswego. The community has been told that the Foothills Area isn't viable for development without the streetcar. The majority of the former City Council withdrew support for the streetcar not because of the overwhelming opposition of its citizens, but because there was an election coming up. Now that there is a new Council majority that doesn't favor the streetcar project, proponents need a different tactic to keep it alive. This Urban Renewal District is exactly that tactic. She asks Council to remember why it is against the streetcar project; it is not about being anti-rail, but about being careful and prudent managers of the limited public money available in Lake Oswego for all the projects that the community needs.

There are arguments about how Foothills Development will bring in so much money that the City would be foolish not to do it. She thinks that those who supported the Beaverton Round probably thought the same thing. She doesn't want Lake Oswego to make the same mistake. Urban renewal financing carries substantial risk to Lake Oswego citizens as debt is incurred now with the thought that it will bring in additional tax revenue in the future. It weighs a promise of long term benefits against short term sacrifices. The question of who is benefitting and who is sacrificing needs to be considered. In the short term, the benefits are to developers who receive public money to fund projects that aren't viable without it. If the projects fail, it is the citizens who are on the hook for paying the debt service that taxes can't cover. In the short term, the schoolchildren pay by receiving less money from State sources for their education. In 2011-2012, the State School Fund lost \$74 million due to Statewide urban renewal. As a result, Lake Oswego School District estimates that it received \$700,000 less than it otherwise would have. As schools close in this community, citizens need to consider whether they wish to continue paying this price. It could be argued that urban renewal is being used everywhere else, so Lake Oswego should use it. Citizens should look at what happened last year in California. In February 2012, California dissolved its 425 redevelopment agencies to try to begin the process of recovering lost revenue at the State level. Washington state doesn't have urban renewal, and California has abolished it. Oregonians need to be aware of the risks and consequences of urban renewal. Citizens in Lake Oswego expect Council to factor these realities into their decision making.

Neutral Testimony

- **Gary Buford – 415 N. State Street, Lake Oswego (office building on the east side of State Street just north of A Avenue)**

Mr. Buford indicated he is a civil engineer and surveyor. He has been doing land development projects in Lake Oswego and Oregon for more than forty years. When he started doing land development, if land was ready for development, a developer hired consultants, worked with the appropriate governmental agency, and started designing the project. They also did the public improvements that were necessary for the development. The government, if it was appropriate to share in the cost of the improvements, did so. That used to be the normal way to start a development or redevelopment. He thinks it would be great to have Foothills redeveloped. He disagrees with the procedure in which it was undertaken. The \$1.3 million and more that was

authorized to be spent to study it was well and good, but without a developer with money for development and ready to pay for the proposed improvements, he thinks it was like putting the cart before the horse and didn't make sense. He discussed this in the first meeting in which it was proposed, and was told things are done differently now. He thinks when the land is ready for development, someone will step up and develop the land. He is opposed to urban renewal money being spent for development or redevelopment of this land. He is a taxpayer.

Councilor Gudman moved adoption of Ordinance 2613. Councilor Bowerman seconded the motion.

DISCUSSION

Councilor Jordan indicated she thought a number of good points had been made this evening, particularly about the timing of the decision with a Town Hall meeting coming up and consideration to be given to what might happen with the wastewater treatment plant. She has been to the Vancouver treatment plant and seen what a nice mixed use development could be developed near a treatment plant. Much of the plant was hidden from public view; it has meeting space, a museum, and amenities that Tryon Creek currently lacks. There are opportunities for the redevelopment area that Lake Oswego hasn't touched upon. Unless the City retains an Urban Renewal District there, the City won't have those opportunities. People talk about urban renewal as taking their tax dollars away and putting them in private investment. But it is really taking the tax dollars of the property owners in the area that is bounded by the urban renewal district, and reinvesting it in the area to provide the infrastructure: roads, sewers, pedestrian amenities, and things that make it a neighborhood. She is not sure how that is different from what Councilor Gudman supported with regard to Lake Grove. That urban renewal district is concentrated on creating a better road than a road that exists right now.

There are no roads in Foothills that can accommodate the plans that citizens have been working on for several years. Unless it is developed that way, none of those property owners will be able to realize the kind of vision that the citizens are hoping for. She is not sure why Council is moving so quickly to dissolve the Urban Renewal District. It doesn't cost the City anything to keep it and have another discussion in six months where Council figures out what the best direction to go is. There are nearby cities which are giving out property tax waivers to have someone come in and develop in their town so they can attract business development. Lake Oswego is not talking about cancelling property taxes. She does not think an urban development district impacts Lake Oswego students; it is the State that decides how much to fund each District. The local option, which would be boosted by development in the Foothills District, and the excise tax that would be produced by development of any of the buildings in Foothills that would go directly to the School District would not be shared in the State School Fund. Compression is a bigger problem for this State with regard to education funding than urban renewal is. The Legislature might do something about that. That could add to our discussion if we wait and see where this is going. There are a lot of things in play that we don't have a grasp on right now, and to act so quickly on something people have been working on for several years doesn't feel appropriate.

Councilor Jordan is concerned that people keep bringing up the streetcar; it is a straw man. She sits on the Joint Transportation Advisory Committee for Metro. This is not an opportunity for the streetcar to come back to Lake Oswego. She talks regularly to Metro Councilors and no one says there is money for a streetcar coming out to Lake Oswego in probably the next fifty years. She encourages Council to deal in facts, not opinion. She believes this vote is far too premature at this point in time with this Council.

Councilor O'Neill indicated he had talked to a lot of people in the last week on this subject, and he is torn on the issue. It is clear to all, both those in favor and those against, that Foothills is an opportunity for development. He feels that the Tryon Creek Sewer Treatment Plant is still the elephant in the room. Without knowing what is going to happen with that sewage treatment plant, he thinks it is difficult for anyone to say they have a good understanding of how the development would lay out. He knows a lot of people have put a lot of time and effort into the District, and he

appreciates it, having been in that seat himself. He believes if the City can come up with some kind of solution for the plant, it makes the most sense for the plant to stay within a couple of hundred yards of where it is. He understands that the Vancouver plant is a good example of how a sewage plant can be hidden right next to a development.

Councilor Gustafson indicated he thought a lot of good testimony had been heard this evening, with a lot of different perspectives. There are a lot of concerns about whether the Foothills Plan is the right one. Some people think the Plan is good but the financing isn't good. He feels like there are some unknowns. The community is divided on the issue, and there is clearly a lot more work to do to build consensus to make Foothills happen. He thinks the opportunity tonight for the new Council that is really trying to listen to all the different points of view is how to take the different points of view and come up with a compromise that allows everyone to feel they have been listened to, that doesn't commit the City to any course of action or spending, yet leaves opportunities open and lets people feel like they have contributed in a meaningful way.

Councilor Gustafson will propose tabling the motion. He indicated that nothing would happen in Foothills without Council's approval. If the door can be left open for answers to come in, the process to continue, and goodwill to be built, that would be ideal. He would like Council to come up with a compromise where no one had a major loss. He thinks leaving Foothills open until there are more answers and more process would be a good thing.

Councilor Gudman indicated that after the vote, he has some recommendations which he thinks can move the process forward in a positive way. He doesn't want to offer amendments since he believes they are confusing. He has gone back and forth on the tabling issue and has come to the conclusion that tabling is not the best solution because Council has sufficient information to make the decision. People always want more information; he believes the decision should be made this evening. He would like to address the legitimate concern that if this project in its current format with the urban renewal district doesn't go forward, there will be pressure to increase density either in adjoining neighborhoods or perhaps in other neighborhoods. That will not be the case unless the community and Council choose to do so. The Metro code clearly states that residential neighborhoods in existence at the time this ordinance was adopted by Metro will not be required to increase density unless that particular City chooses to increase density. There was a suggestion made to close down LORA and use that money to help the City. That would cost the City hundreds of thousands of dollars to do, and he does not believe it is a good idea.

Councilor Bowerman concurs with what Councilor Gudman said about not tabling the motion at this time. She was struck by the reminder that this issue was voted on by the prior Council with no vote of the citizens, and to her that is a significant matter when it involves a lot of taxpayer money. She believes citizens should have the right to vote on it. She believes that to move forward would be to speculate with taxpayer money. She believes that to continue the Urban Renewal District without acting on it would have the City set itself out as a developer and a bank for the project, which she does not feel is appropriate, particularly as the City considers other priorities and determines the best use of taxpayer money. She concurs on the concern about the sewage treatment plant and how much it will cost to go forward, and whether that is the best use of taxpayer money.

Council President Kehoe indicated he would be supporting the motion. He believes urban renewal districts affect school funding. The State sets the level of funding, but the money going to the State has an impact. He has watched numerous presentations on urban renewal in Foothills. Foothills has gone from developers telling Council there is no way it makes any sense down there unless really tall buildings are built; there's too much cut and fill from the floodplain; there's the sewage plant issue; there's too much expense. Now Council has approved a Plan that the City can build nine-storey buildings down there. For him that is a deal killer. He views urban renewal in this case as the entrée to building nine-storey buildings. He doesn't believe citizens want nine-storey buildings or density there. He supports development in Foothills but not nine-storey buildings. He hears concern about the "rush." He sat through two years of pushing and shoving to push the Foothills Urban Renewal District through, and does not believe that rescinding it is a rush. Some of

the people sitting on Council now campaigned heavily on certain issues. Mayor Studebaker is missing this evening, and this was an important issue to him. Also missing tonight are the voters who elected a new Council with different priorities.

Councilor Gudman indicated he agreed with many of Council President Kehoe's comments; he thinks urban renewal districts do have an impact on school funding statewide. However, the tax base in this particular urban renewal district is so small that the impact to Lake Oswego and to the State School Fund is minimal. The construction excise tax has an immediate benefit.

Councilor Gustafson moved to table the motion indefinitely. Councilor Jordan seconded the motion.

Councilor Bowerman sees no reason to table the motion and defer a decision which the Council has sufficient information to make. She does not see tabling the motion as a compromise; compromising would leave the current situation in place.

Councilor Gustafson indicated that the compromise would be to allow time for questions to be answered and for public input at the Town Hall. A compromise would be to leave the door open without committing the City to anything.

A roll call vote was held on the motion to table, and the motion failed with Councilors Gustafson and Jordan voting 'aye.' Council President Kehoe and Councilors Bowerman, Gudman, and O'Neill voted 'no.' (4-2)

A roll call vote was held on the motion to approve Resolution 2613, and the motion passed with Council President Kehoe and Councilors Bowerman, Gudman, and O'Neill voting 'aye.' Councilors Gustafson and Jordan voted 'no.' (4-2)

Councilor Gudman presented four recommendations for Mr. Coffee and his staff to carry forward, since he believes the Foothills project has merit. First, a project (the Willamette Steps) was transferred out of the LORA Urban Renewal District to the proposed Foothills District; he proposes that project be transferred back to LORA where it will be weighed against the other LORA projects. Second, based on the judgement of Mr. Coffee and the staff, a number of capital projects were listed in the Urban Renewal Plan. Many if not all of them have merit. They should be added into the Five Year Capital Improvement Plan as they are public infrastructure projects, where they will be weighed against other City public infrastructure projects. Third, the City should proceed in the code zoning amendments, so those can be adopted along the lines that Mr. Fallow recommended as soon as possible. Fourth, to get an answer to the factual question as a prelude to the policy question as to whether it is possible to geographically extend the LORA District as a finger extending into the Foothills Area where it might be able to include the new or upgraded wastewater treatment plant. If it is possible, the City can have a substantive policy debate about proceeding with that project by funding with LORA dollars which does not require an additional dollar from any individual taxpayer. It uses existing resources to help fund a necessary infrastructure project.

Council President Kehoe asked Mr. Coffee if those would come back at a LORA meeting.

Mr. Coffee indicated staff would prepare a report answering those questions and bring it back to Council.

10. INFORMATION FROM THE COUNCIL

10.1 Councilor Information

Council President Kehoe indicated that Mayor Studebaker wanted Council to go ahead with the Town Hall on Tuesday, although he will not be in attendance.

10.2 Reports of Council Committees, Organizational Committees, and Intergovernmental Committees

There were no reports.

11. REPORTS OF OFFICERS

11.1 City Manager

There was no report.

11.2 Review of Council Schedule

Mr. Coffee indicated that tonight’s LORA meeting Agenda would be postponed until the 19th.

11.3 Review of Council Digest

There was no review of the Council Digest.

11.4 City Attorney

Mr. Powell indicated that staff had proposed to bring Council an ordinance on the 19th that would conclude the Community Forestry Commission. Its meetings used to take on all tree code appeals, formerly done by the Development Review Commission (DRC). Those were quite infrequent and it ended up that the quasi-judicial development related proceedings often didn’t go as well as they could have because they met so infrequently they were not used to doing it. There was great service by people on the Committee. The Council in 2006 decided to take those back to the DRC and leave only the non-development related tree permits with the Community Forestry Commission, which made their meetings even less frequent. At this time all the positions have expired and there have only been two or three applicants. There is one tree code appeal pending. Rather than re-staffing the Committee, staff will recommend that the Committee be concluded. The DRC Chair is willing to accept all tree appeals coming back to the DRC, and that would be more efficient. Unless Council does not want staff to bring that on the 19th for a decision, Council should move quickly so that appeal can be resolved.

Council President Kehoe adjourned the meeting at 10:57 p.m.

Respectfully submitted,

Catherine Schneider /s/
Catherine Schneider, City Recorder

APPROVED BY THE CITY COUNCIL:
ON March 5, 2013
Kent Studebaker
Kent Studebaker, Mayor