

**City of Hood River
City Council Work Session
July 13, 2020**

Council: Mayor Kate McBride, Mark Zanmiller, Megan Saunders, Tim Counihan, Jessica Metta, Erick Haynie, Gladys Rivera

Staff: City Manager Rachael Fuller, City Attorney Dan Kearns, Finance Director/ACM Will Norris, Planning Director Dustin Nilsen, Fire Chief Leonard Damian, Police Chief Neal Holste, Interim Public Works Director Wade Seaborn, City Recorder Jennifer Gray, GIS Analyst Jonathan Skloven-Gill, Planner Jennifer Kaden, Project Manager Rich Rice

Absent:

I CALL TO ORDER – Cell Phone Reminder – 6:00 p.m.

II BUSINESS FROM THE AUDIENCE

Lorraine Lyons, Hood River, OR – she wanted to voice her concern about the news she received today about ODOT not allowing parklets on Oak Street. She stated 96% of her revenue in the last two weeks has come from the parklet. Without it, they will have to close their doors and their employees who just got back to work would be let go. She doesn't know where the disconnect was between the City and ODOT. It seems in the time of COVID, ODOT could be more understanding. They cannot put tables on their sidewalk because of the social distancing requirements. The City approved her business to do this, they did not ask for this and now they are being told it needs to be removed. They are in a really tariffing place right now.

Andrew McElderry, Hood River, OR – spoke about the success parklets are having across the country. He explained what they need right now is time. They need time to figure out a solution to this issue. There are issues with having the downtown main street where they live and conduct business, be a State highway and the limits it puts on business owners on how they can use city streets. We need to figure out a way to own our City streets, otherwise downtown is going to die. You can already see this happening. There are several spots open for lease and they are not being filled. They desperately need time to find a solution. The solution that has been put forth (tables on sidewalks) is not acceptable in, it does not work. He has six city owned items on his sidewalk that inhibits him to put tables. Putting tables on sidewalks and making pedestrians walk around on closed parking spots is going to look terrible. He constructed a quality high end parklet. It was not cheap. If the parklet is taken away, he is going to have to lay off three of his employees, who can no longer go back on unemployment. He hired them back because of the parklet. Please find them a way to get more time. Everyone has to give in this COVID world. We need ODOT to give and give them more time.

Council agreed to speak about the parklet concerns under Mayor Call.

Peter Cornelison, Hood River, OR – he stated on the draft resolution that has to do with social equity,

he would like Council to consider adding language about the impact climate change has on communities of color. Many legislators have made decisions about climate and have not considered equity. He believes the resolution would be improved by adding a couple of sentences on that topic. He added the Warm Springs Reservation is in critical need of help due to their water situation and COVID. He sent an article to the City Recorder for Council to read. He is unsure if there is a way for the City to help Warm Springs.

WORK SESSION

III OPEN WORK SESSION – 6:12 p.m.

IV AGENDA ADDITIONS OR CORRECTIONS

V DISCUSSION ITEMS

1. Council Resolution - Social and Racial Equity, Council Subcommittee Resolution for Racial and Social Equity submitted by the subcommittee for consideration to the Council, as discussed at the June 22 Council meeting.

Councilor Saunders stated the subcommittee took what they heard over the past few weeks, along with what they have been doing at Goal Setting in previous years to try to go in the direction Council was hoping for. The resolution was longer than they expected but there was a lot of be stated.

Council discussed the drafted resolution.

Councilor Zanmiller suggested several edits. He believes there are several whereas statements that could be combined to reduce the length of the resolution. He suggested the sixth "Be it Further Resolved" statement should be changed to a "whereas" statement. He would like the fourth "Be it Further Resolved" statement to read "and other peaceful methods of community debate."

Councilor Haynie agreed with Mayor McBride regarding members of Council to participate in the education and training with City employees on racism and the principles of equity and inclusion. He suggested adding language in the 10th whereas to state Council recognizes the use of social media to encourage nonpeaceful activities and the display of open firearms, can be perceived as threatening.

Councilor Rivera stated she wanted to highlight the statement regarding Council denouncing actions that detract from sense of community safety, including any forms of intimidator or harassment. Council is here on a volunteer bases to make meaningful changes in the community. In the last couple of weeks, she can say her experience regarding being on Council has been questioned and she has received a lot of negative backlash and attention, for simply having a seat at this table. She does not have intentions in going anywhere, for those who want her to leave. This document is two pages long but they are things that need to happen because the City is growing. They are simply trying to be better and hopefully other cities will follow.

McBride asked Council if they are okay with the combining of statements that are similar and the other changes discussed. Council agreed. The subcommittee will make the revisions and bring back the final draft at the next meeting.

2. Housing Code Project Update and Next Steps, D. Nilsen
Nilsen presented a PowerPoint; it was added to the record.

Background:

Creating opportunities for an inclusive, equitable, and diverse housing inventory through updates to the municipal code is a project in the City's 2020 Workplan. This strategy will be implemented this year, in part, by including "middle housing" into the Hood River Zoning Code which is intended to encourage the development a wider variety of housing options within the City.

Over the past year, the City has sharpened its understanding of the Hood River housing market, regulatory framework, and institutional barriers to the construction of middle housing. Building upon the City's Buildable Lands Inventory and housing needs analysis from the Comprehensive Plan, recent work and collaboration with stakeholders, the University of Oregon Sustainable Cities Institute, EcoNorthwest, and State of Oregon has informed the work that City staff will initiate with this project. The purpose of the project is to engage a subject matter consultant to write the middle housing code this summer and then introduce before Planning Commission and Council as a legislative update to municipal code.

The Shaping the code to fit Hood River's needs and circumstance required local knowledge and input. The City's approved housing needs analysis included public outreach and served as the basis for two project advisory committees made up of representatives from the community, partner agencies, landowners to evaluated draft code updates presented over the past 2 years. This input, and the aforementioned work completed in 2020, shall shape the Zoning Code amendment to allow middle housing that reflects HB 2001 (relating to duplexes in medium sized hood river cities) and the standards that define and allow the development of middle housing types (duplexes, triplexes, cottage, and cluster housing models) within the City's residential zones. In preparation of this middle housing code development, staff would like to gather additional input from Council to ensure the policy questions that are important to Council are taken into consideration.

To share the development and updates staff will prepare a project page on the City's website and share results with community partners and the public.

Staff requests Council input related to the middle housing code work, as staff initiates the code development and legislative process before Planning Commission.

Mayor McBride stated staff has questions for Council to answer; regarding Senate Bill 2001 incorporating that into the process and general process questions or directions.

Councilor Metta noted she would like to see more diverse housing, but she does not want to see tear downs of smaller older structures, that are replaced with large housing structure that do not fit in the neighborhood.

Councilor Saunders stated she would like to see diversity of ages, family sizes, incomes, and everything in neighborhoods. The way to achieve that is to have a full range of diversity of housing types and sizes. She is supportive of looking at all the potential

middle housing products that could be developed. She believes House Bill 2001 is one part of that mix. She would like to see the increase the supply of smaller/medium housing instead of large ones.

There was consensus among Council to incorporate Senate Bill 2001 now, rather than later.

Mayor McBride stated she believes looking at middle housing and House Bill 2001, will be a great start. It will help if everything is not done through a PUB or condition use permit. If they make the process simple for developers to do these types of projects, it is her hope they will see more of them developed.

VIII ADJOURN WORK SESSION – 7:29 p.m.

REGULAR COUNCIL MEETING

I OPEN REGULAR COUNCIL MEETING – 7:29 p.m.

II AGENDA ADDITIONS OR CORRECTIONS

III CONSENT AGENDA

1. Council Meeting Minutes – June 8, 2020 and June 22, 2020
2. Capital Project Management Consulting Contract Award, W. Norris, R. Rice
3. Microsoft Office 365 Licensing & Migration Agreement, W. Norris
4. Amendment No. 2 to the Strategic Communications Assistance Professional Services Agreement with Pageworks Design Inc.
5. OLCC Permit Application Approval
 - Downwinder, 200 Portway Ave, Limited On-Premises
 - Votum Restaurant, 503 13th Street, Full On-Premises

Motion: To approve the Consent Agenda.

First: Saunders

Second: Counihan

Discussion: Council made note the address for Votum Restaurant is on 2nd Street.

Vote: Motion passed (roll called)

Ayes: McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays: None

Abstentions: None

Excused: None

IV REGULAR BUSINESS ITEMS

1. DKS Contract Approval for Transportation System Plan Amendment, D. Nilsen

Management of the local transportation system is a core function of the City, emphasized in its adopted Goal to “Promote an efficient and safe multi-modal transportation system that alleviates traffic and parking congestion and encourages biking, pedestrian access and public transportation” and serves as the basis of the Transportation System Plan Amendment Project identified in the 2020 Work Plan.

As discussed with Council in February, staff has continued to work on scoping and preparing an Amendment for the Transportation system plan. The proposed update and project scope are intentionally narrow but still constitute a significant update to the TSP that relies on the Streets and Pedestrian Framework recommendations project guidance. Specially, the scope involves updating: 1) Bike and pedestrian trail routes, 2) Arterial street alignments, 3) Typical street cross sections, 4) The Mount Adams intersection on Cascade with a possible roundabout, and 5) Infrastructure cost estimates and financially constrained project lists for vehicle, bike, and pedestrian modes.

Update:

At the June 22nd meeting Council request clarifications on Task 2 of the scope as well as previous Planning Commission recommendations relating the TSP update. Included with the packet is a DKS review of PC recommendations, which calls attention to the PC recommendation to incorporate “advisory shoulders”. To incorporate an experimental technology and approach is possible but will require an extended process and legislative work not built into the 2011 amendment. As mentioned by DKS, such an effort may be better suited to be included in a full TSP update.

Task 2 includes a revised traffic scenario based on a full movement intersection at Wine Country and Mt. Adams. This was originally restricted to right turns in the Westside Area Concept Plan, but both staff and Planning Commission expressed concern over limiting movement to the west where significant access will be needed to accommodate redevelopment along Cascade, Sherman and Rand. A single revised scenario outlined in Task 2 will be evaluated and results reported as part of the legislative hearings.

Status and Next Steps:

Transportation System Plans are periodically updated and processed in coordination with the Oregon Department of Transportation. They typically require a consultant-driven, staff-supported project and legislative process that meets Oregon Administrative Rules and Statutes.

Staff has prepared an anticipated budget and work scope to be performed by a lead transportation consulting firm. In preparing the scope, and after discussions with Public Works Engineering, and Legal Counsel, it appears that a sole source contract to DKS was the most logical choice to see the work completed in a cost effective and timely matter.

Key facts to staff findings are that 1). DKS is the owner and operator of the City's traffic model needed to perform the analysis for the amendment and 2). DKS was the firm who has prepared the transportation analysis and findings needed to approve the amendment in compliance with the Transportation Planning Rule. If the City were to select an alternate consultant at this stage of the project, that consultant would be required to subcontract DKS to perform the traffic modelling and would be required to evaluate or redevelop the assumptions that DKS has prepared in anticipation of the Transportation System Plan Update. Alternatively, an alternative consultant could develop a new model to run the traffic analysis, but that is not feasible given the time and budget constraints anticipated for the project.

It is anticipated that the Next full Transportation System Plan update will not include a proprietary model not owned by the City as part of the project deliverables. Given the narrow scope of the project and the background already work completed to support

the amendments proposed as part of the Transportation Plan Project, staff recommends approving the DKS work scope and contract to complete the Transportation Engineering and TSP Amendment.

Staff Request:

On tonight's agenda, approve a resolution and work scope to DKS and Associates to amend the City's Transportation System Plan.

Motion: I move to approve the resolution with the corrected amount and work scope to DKS and Associates to amend the City's Transportation System Plan.
First: Metta
Second: Saunders
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta, Haynie
Nays: None
Abstentions: None
Excused: None

2. Resolution Establishing a PERS Side Account under the State of Oregon's Employer Incentive Fund program, W. Norris

The long-term funding challenges facing Oregon's Public Employees Retirement System (PERS) have been well publicized. Oregon's system is better funded than most other States, but the problem is serious and has already placed strain on public budgets. The Hood River City Council recognized the upcoming PERS funding challenges and responded by setting aside \$500,000 in a PERS Stabilization Reserve in 2016. The balance of this reserve has grown to \$531,240 earning interest in the State of Oregon's Local Government Investment Pool.

The Oregon Legislature has also responded to the State's PERS challenges with several recent laws. These include appropriating funds to provide 25% matching deposits for local governments that create a PERS investment "side accounts" under their Employer Incentive Fund program (EIF). Other actions include increasing employee cost sharing and modifying employer funding formulas to smooth the rate impact from retirement programs provided to public employees that started work before 2003 reforms.

The City Council received a staff report and presentation on the EIF at their October 28th, 2019 regular meeting. The City Council directed staff at that time to apply for the maximum available PER match amount of \$409,684.40 for a total PERS side account of \$2,048,422. The City of Hood River successfully submit its application immediately upon the opening of the application period. All available State of Oregon EIF matching funds were fully allocated within 15 minutes.

Discussion:

The City of Hood River's PERS Side Account deposit is schedule for July 20th, 2020. A Resolution authorizing payment is attached with this staff report. The City may elect to delay the side account deposit to as late as December 1st. Delaying payment risks the availability of State of Oregon match as discussed below under Timing Considerations.

Fiscal Impact:

PERS provides a rate projection tool to estimate future rate credits from the creation of a side account. The tool estimates a \$2,048,422 side account will return \$3,543,962 in rate credits over the next ten biennia, decreasing the City's projected PERS expenses by 11.3% annually. The rate projection tool uses a 7.2% assumed investment rate of return. The assumed rate of return is set by the PERS Board in consultation with investment advisors. PERS Investments have not met this rate of return over the last five-years (returning 5.73% annually) but have also exceeded this rate of return over the last 10 years (returning 7.96% annually). In 2019, the last full calendar year, the PERS investment fund earned 13.92%. Investment returns reported by Oregon PERS in calendar year 2020 through April have been -5.04% with the impact of COVID19.

The City of Hood River 2020-21 Adopted Budget includes the full PERS deposit, first using the PERS Stabilization Reserve and distributing the remaining costs to all other Funds proportionately based on PERS liabilities. The General Fund's proportional responsibility is \$755 thousand.

Timing Considerations:

The \$100 million that the State of Oregon appropriated to for EIF match monies are State General Fund dollars and subject to budget adjustments until invested. The Oregon Legislature intends to hold a special legislative session at a yet to be announced date to address budget shortfalls related to COVID19. It is possible that uninvested EIF matching funds may be rescinded. This adds urgency to establishing the City of Hood River's PERS Side Account to lock in match monies ahead of the next special legislative session.

As of July 1st, 55% of the EIF has been invested as match against PERS employer side account contributions. Fourteen (14) other PERS employers with approved EIF applications have scheduled deposits in July. These employers cumulatively will draw \$4,876,650.90 in EIF matching funds. Seven (7) other employers with approved EIF applications have elected to move their deposit dates forward to May/June from July/August, presumably to reduce risk that matching funds will be reallocated. The cumulative draw on the EIF from these employers is \$4,058,250. Five (5) other employers with approved EIF applications have moved their deposit dates backward, presumably due to revenue uncertainty from COVID19. The cumulative draw on the EIF from these employers is \$19,468,750. Forty (40) PERS employers are on the waitlist for the EIF, fourteen (14) of which have committed to the creation of a PERS side account without or without state match.

Staff Recommendation:

Authorize the full \$1,638,737.60 deposit into a PERS Side Account to obtain the maximum amount of matching funds for a total side account amount of \$2,048,422. The ongoing impacts of COVID19 and resulting recession introduce risk to the City's finances. However, the City does not face any near-term liquidity problem. Drawing \$409,684.40 in State of Oregon matching dollars to offset existing PERS liabilities is a prudent use of accumulated fund balances under the City of Hood River's financial policies. Reducing known and unavoidable PERS expenses is an unqualified benefit to the City's ongoing financial position irrespective of COVID19 revenue impacts.

Councilor Saunders thanked Norris for his work on this and this seems like the most fiscally responsible thing to do.

Motion: I move to adopted Resolution 2020-12, directing the establishment of a PERS Side Account under the State of Oregon Employer Incentive Fund program.
First: Saunders
Second: Rivera
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta, Haynie
Nays: None
Abstentions: None
Excused: None

V REPORT OF OFFICERS

A. Department Heads

Norris gave an update on the framework for the remaining amount of the COVID relief funds. The initial application for approximately \$50,000 was approved and the money is in hand. The League of Oregon Cities with the Special Districts Association of Oregon and Association of Oregon Counties came together for a framework on how to distribute the rest of the money the Governor's office has signed on to. The City's allocation is \$244,000, in addition to what has already been reimbursed. A few meetings past, staff brought Council an economic redevelopment program. In light of these monies, and the treasury guidance staff will reconfigure that and bring it back to Council with more discrete proposals at the next meeting. They are expecting to have some non-profit assistance, small business assistance and individual assistance. They will also set aside some money for the city's direct expenses responding to COVID, as well as a reimbursement program for anyone who has had to any major outlays, in order reconfigure their business for COVID. This could also be a place to recommend creating a grant program for businesses who spent money on parklets, and who are now needing to remove them by ODOT. 90% of the financial detriment to the City from COVID has been in revenue loss. That is not what the money can be used for, so they will put it to the best and highest use possible.

Norris stated the cleanup of the transient lodging tax code will be coming to Council soon. The focus will be getting booking intermediaries to remit tax on behalf of their properties. BRBO already does this. Air BnB has stated without municipal code stating this process, they will not do it. Norris has been in discussion with Air BnB over the past few weeks. They have come to an agreement on language that would give them authorization to collect for properties.

Norris stated there might be a contract amendment coming to Council regarding the electric vehicle share with Forth, that is going to be placed at City Hall. There is issues with the wiring infrastructure at City Hall and a billing arrangement is needed.

Kearns stated he has news on the legal front on the decision from LUBA on the City's decision to rezone a portion of Morrison Park. LUBA affirmed Councils decision; they have the authority to rezone the portion of the park. There is a 21-day appeal period, but at this time point City Council has been affirmed by LUBA. Kearns will send Council the LUBA response.

VI MAYOR

Mayor McBride and Council discussed the parklet issues. Council and staff expressed their disappointment and frustration with ODOT for not allowing parklets under the circumstances business are facing, due to COVID.

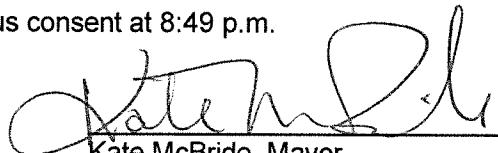
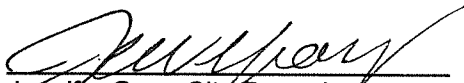
Council agreed to put together a letter addressed to ODOT, State Representatives and the Governor's office to reconsider and allow parklets. Also look into the option for a transfer. If an IGA could be executed, that would be something that could give them time for parklets to be relocated to a different location.

Mayor McBride the Energy Committee has recommended the City and the County to send letters to DLCD regarding natural hazard mitigation which would be discussing the Public Safety Power Shutoff (PSPS). She is in support of signing the letter. Council agreed.

Mayor McBride has received a request from Debi Ferrer to recommend her to sit on the Gorge Commission. She did some reference checks and plans to sign Ferrer's letter.

VII COUNCIL CALL

VIII ADJOURN – Adjourned by unanimous consent at 8:49 p.m.


Kate McBride, Mayor
Jennifer Gray, City Recorder

Approved by City Council on 7/27/2020