

COBURG CITY COUNCIL WEEKLY REPORT

TOPIC: City Administration

Report Date: Friday, February 4, 2022
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Over the last few months we have heard much regarding the annexation agreement. I know that you are overwhelmed with a lot of information, and have many questions. The staff is doing our best to provide you with information as requested.

I am aware that this is a lengthy report and may be more information that you personally need. But, I feel strongly that I can't provide you information without providing history on that information. I'm apologize that it is lengthy.

As the City Administrator I must take a much broader view of growth potential to the City. Some examples of what I look at are:

- Guiding documents of the City
- Impact on utilities and utility infrastructure
- Staffing capacity
- Property Tax Collections
- SDC Revenues – Future Capital Project Funding
- Funding for utility debt payments
- Funding for utility operations
- Impact on Utility Rates
- Impact on general purpose dollars

My big picture view tells me that a decision as important as the annexation, or a decision to not annex can have a domino effect with unforeseen complications. The domino effect might take a while to manifest. However, one decision can affect many past and future decisions, and could have a lasting effect on the City for many years to come.

In this report, I hope to bring to your attention a few “bigger picture” topics and give you good information to think about when considering a decision on the annexation. I want to make it clear to the City Council that I am not advocating for your voting one way or another. I am, as the City Administrator, putting on my larger vision for the City goggles based upon my knowledge of the fiscal impacts of this decision. I feel very strongly that the Council needs to consider the growth impacts. However, in this instance, I strongly encourage you to think about the fiscal impacts of limiting growth within our **current Urban Growth Boundary**.

CURRENT LIGHT INDUSTRIAL AREA

The City has a great example of a similar sized Industrial zone on Coburg Industrial North in comparison to the land to be annexed. We have many very productive and successful businesses such as Rears Manufacturing, Hamilton Construction, Carry-On Trailer, and Pape.

I have seen several comments that we have room in the light industrial zone for development so we don't need more. This is an inaccurate statement. Personally, I have reached out to the owners of these properties on several occasions in the past year to see if there is available space. We often get inquiries from the state economic department regarding available sites in Coburg. I can tell you that there is not a lot of available space. We get a least one inquiry a week, and currently we are just sending them along to the developer of the area on the east of I-5. The land across from McDonalds and the Truck & Travel **is not** Industrial land, and thus can't be developed under the current industrial code. It is zoned as Highway Commercial and a much different set of development code requirements apply.

When considering the approximate 106 acres of developed acreage on Coburg Industrial North, the following is true regarding utilities and property tax: (see attached worksheet to see individual user information)

- There are 18 utility accounts on Coburg Industrial North that represent many businesses. One utility account may account for several businesses in their billing.
- Annual Water Revenue from these utility accounts is approximately \$135,000. Annual Sewer Revenue from these users is approximately \$55,000.
- The billed EDUs (Equivalent Dwelling Units) from these accounts is 52.
- Annual Transportation Utility Fees to be collected from these users will be \$36,170.
- Property Tax Collected from the lots within this area is approximately \$274,000, and represents 33% of the City's annual collected tax revenues.

The reason this information is important to the staff is we can look use it as a comparison for projecting impacts on the current infrastructure, future revenues and utility operations.

WATER MASTER PLAN

The Water Master Plan was updated, amended and adopted in July of 2016. The purpose of this plan was to anticipate the growth of the City and the ability to serve current and future water customers. Based on the assumed growth of the City, the City Council committed to the capital projects in Phase I and Phase II of the Water Master Plan. This includes the development of a 3rd well site, the I-5 bore, replacement of transmission lines, update to the Wells 1 and 2, and construction of a reservoir. The projected cost of this project is \$6,500,000 of which the City has been approved for funding of \$5,500,000. This plan assumes the expansion of water services to the east-side of the freeway to the current commercial properties such as Premier RV, and also assumes a growth of users both residential on the west side as well as commercial on the east-side. These future users are part of the math for paying

for the current capital infrastructure project. One element that is important to note is that we have a debt forgiveness clause in our contract in the amount of \$780,000 for a portion of the borrowed funds. This would reduce our loan amount to \$4,750,000. However, this is based on the ability of the City to maintain an affordable water rate of no more than \$53.54 per 7500 gallons base rate to our users. Our current base rate is \$53.00 for 5236 gallons. If we have to raise our fees above the threshold established in our contract, we give up the ability to achieve debt forgiveness. So, it becomes very important to recognize that the financial commitment to the Water Master Plan anticipates, plans and projects the growth of the City. The east-side urban growth boundary was very much part of that projection.

WASTEWATER CAPITAL IMPROVEMENT PLAN

The sewer plan projects the future of users with the current infrastructure as well as informs as to what point we would need to upgrade our sewer facilities to address growth. According to the Waste Water Capital Improvement Plan adopted in June of 2013, the current system has the equivalent of 1047 EDU (equivalent dwelling unit) which can be supported by the current infrastructure. In 2021 the staff asked engineers to look at this plan and tell us how our plant is operating. Their analysis showed that the City is doing better than expected with the impacts on the plant, and that we could expect for billable EDUs to be upwards of 1500. This is good news as it tells us that all of the projected growth for commercial and residential in Coburg can be covered by the current sewer infrastructure with limited upgrades to portions of the system over next five-year period. Staff recommends that the analysis conducted be used to update the Waste Water Plan so that our guiding document has the latest information available.

Currently the City bills approximately 808 EDUs on a monthly basis. A similar sized light industrial zone could be projected to use approximately 52 EDUs, while the projected growth for residential over the next five years would be somewhere around 55 units. When adding in other commercial growth that could take place, the City still has plenty of capacity before we need to think about expanding our system. However, that also puts the responsibility of paying the capital debt on the current users, as well as the projected users. It becomes very important to anticipate and project new users so that sewer fees meet the needs of running the department as well as paying the debt. The growth anticipated on the east-side is part of that projection.

WHY ARE THESE TO PLANS IMPORTANT?

Master Plans are essential for a City to plan for growth and updates to critical infrastructure. Many studies and analysis go into these studies to project population, industry, transportation, and growth. Without planned growth, then development becomes unplanned and in some instances unsupported by City infrastructure. The City has committed to these plans by adopting and updating both the Water Master Plan and the Wastewater Capital Improvement Plan. We have funded and built the Sewer Infrastructure as well as committed to a funded Water Project. Projecting users is extremely important piece of these documents in order to

address whether or not utility fees can cover the operating, personal services and debt of the utility fund. If they can't, then fees need to be raised.

I know that the pressure to raise or not raise fees is a top concern for myself, the Mayor, and City Council.

GENERAL OPERATIONS OF THE CITY AS WELL AS THE UTILITY DEPARTMENTS

The general operations of the utility funds depend on the budgeted revenues and expenses. When projecting revenues over a five-year period, staff must consider growth as projected, while considering all of the other economic factors. If budgeted fees are not covering the cost of operations and debt, then the domino effect can occur and the City then begins the painful exercise of either raising fees or cutting budgets. This is something we have been able to avoid over the last 6 years. The further domino effect is that the utilities then struggle to pay their share of the administration of the City and thus the general fund begins to take a hit. This affects the budgets of the administration, park, police, planning and municipal court. There is a history of this in the not so distant past. It has been the commitment of the staff and Council over the last five years to ensure that it doesn't happen again.

The budgeted property tax receipts are also based upon projected growth. This is how we budget five years out, and these are the funds that support the General Fund and all of the departments other than utilities. This includes budgeting for the personal services budget which is the largest expense of the City.

The current projected growth of the City includes the development of residential as well as industrial properties east of I-5 both **within the current urban growth boundary**.

The option to not annex, or to select a zone that will not develop for many years becomes a very slippery slope for the Council to consider, and a much wider vision of all of the pieces must be considered including the lack of projected growth within our Urban Growth Boundary which would surely put pressure on all departments of the City.

Currently, the City is operating on a healthy basis. Our utilities allow for and anticipate some growth. **It doesn't have to be growth beyond our current Urban Growth Boundary**, but it does need to be consistent with the capital infrastructure plans that the City has committed to. This includes the expansion to the other side of the freeway.

HISTORY

You have heard a lot about the history of the formation of the Urban Growth Boundary and the work that has led up to the annexation. With all of the information that has been presented, I can understand how the Council might want to just focus on current decision at hand. However, I would challenge that the growth has been planned for and anticipated through master planned and guiding documents of the City. Outside of the land use decisions, the City

has made other decisions that were greatly influenced by the anticipated, and later approved Urban Growth Boundary including:

- Water Master Plan Update – Adopted July, 2016
- Wastewater Capital Improvement Plan – Adopted, June, 2013
- Comprehensive Plan Update
- Coburg/Interstate 5 Interchange Area Management Plan – Adopted April, 2009
- Urban Growth Boundary Amendment – Adopted – 2017

IS IT ALL ABOUT MONEY?????

I have heard from public comment that the City is just seeking more money. I don't believe this is totally true. However, I do think that future revenues were absolutely part of the decisions behind the Urban Growth Boundary. Revenues that would support this small City that is providing big city services. Quality services that exceed most other small Cities of our size in the state. These anticipated revenues included property tax, utility and system development revenues.

The City must consider fiduciary responsibilities at all times. We can't make decisions that ignore the planned growth that is reflected in our adopted master plans, and not consider the financial impact of those decisions. The City must balance fiscal responsibility, with a commitment to continue the critical services as well as the livability of our community. The financial aspect of growth has been anticipated in every decision that has been made. **So when considering that fiduciary responsibility is not a choice of the City staff or the City Council, it is about the money.**

Turning away from planning decisions by previous councils can be done, but some serious financial consequences may also occur and **I would not be serving you as a City Administrator if I did not point this out to you.**

Another aspect to consider is the fact that a rise in utility billing fees is not going to affect the residents outside the City limits. It will affect the citizens and businesses in our community greatly. In addition, a flat growth or loss of anticipated property tax revenue as well as utility fees will greatly impact the services that this City provides for our residents, it will not impact those outside the City limits at all as we don't provide them services, the County does. The County also receives their tax dollars.

CONSIDERING REGIONAL NEED

A question that has been asked several times is why the City of Coburg considered the regional need when deciding on the acreage that would be brought in to the Urban Growth Boundary. Oregon Land Conservation and Development Department Rule 660-0090-0015 (copy attached) states that:

“Cities and counties must review and, as necessary, amend their comprehensive plans to provide economic opportunities analyses containing the information described in sections (1)

to (4) of this rule. This analysis will compare the demand for land for industrial and other employment uses to the existing supply of such land”.

Further in paragraph (1) of this document it states that:

“Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about the national, state, regional, county or local trends”.

Per rule 660-0090-0015, an opportunities analysis was completed at the time of the Urban Growth Boundary expansion and the regional needs were considered when the property and acreage was chosen.

PUBLIC PARTICIPATION

Thus far, with the exception of a few comments, all of the public comment has been submitted from residents on the east side of the freeway who do not contribute to the tax base in Coburg. Nor do they contribute to utility revenues. They enjoy the beauty, the small town feel, and all of the elements of living in small town rural, without contributing to the costs of maintaining the Coburg community.

I personally advocated for the residents on the east side of the freeway to have a voice and to meet with the developer. Their input very much influenced the design of the buffer zone as well as design of transportation in and out of the property to be annexed. However, their voice must be balanced with consideration of what is best for the community of Coburg within the City Limits, and our taxpaying public. These are the citizens that are paying the property tax, utility bills, transportation fees, and utilizing the services the City provides.

A few weeks ago I provided the council with a record of the public participation and information that has been generated regarding the annexation of industrial lands. In addition, there will be a mini newsletter disbursed in the utility bills prior to the February 22, work session and special City Council meeting. In addition, it will be shared on social media as well as sent to the interested party list.

WHAT DOES OUR CURRENT LIGHT INDUSTRIAL ZONE LOOK LIKE?

Attached you will find a power point which includes a view of the current light industrial lands on Coburg Industrial North, along with some photos of open space, storm water management, and lighting. There will be more discussion about what is allowed in the industrial zone through a master planned development process at the February 22, work session.

MORE INFORMATION TO COME

The next information that I hope to provide the City Council is a financial forecast for both the Water and Sewer Departments both with an addition of users on the east-side and without that projection included. This is an annual analysis that we present to the City Council prior to budget. I'm working with Doug Gabbard from FCS to provide you a bit more information this year and hopefully prior to the February 22, work session.

ANNEXATION PROCESS SCHEDULE

The City Council and the Planning Commission will hold a joint **work session on February 22, 2022**, at 6:00 p.m. to receive more information on the process of a Master Plan Development. Development of the subject property will require this process for each parcel.

Following the work session on **February 22, 2022, at 7:30 p.m.**, the Council will hold a **special meeting** regarding the Annexation and Zoning designation application. At this meeting the Council will have the 1st reading of **Ordinance A-200-J and hold the quasi-judicial public hearing that will include:**

- Staff Report
- Applicants Comments
- Written Testimony received entered into record
- Testimony in favor or opposition for the record
- Applicant rebuttal testimony

The second reading of the ordinance and decision will take place at the regular meeting of the City Council on March 8, 2022 at 7:00 p.m.

Reminder to Councilors – Do not reply all with questions or comments regarding this newsletter. Do feel free to contact me with any questions or concerns you many have.

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