

MEMO



July 15, 2022

To: City Council

From: Mark Ottenad, Public/Government Affairs Director

cc: Bryan Cosgrove, City Manager
Amanda Guile-Hinman, City Attorney

RE: City Staff Recommendations for 2023 LOC Legislative Priorities Ballot

The following staff recommendations for City Council consideration regarding the 2023 LOC Legislative Priorities Ballot was developed during a multi-departmental, inter-disciplinary review that included:

- City Council's last adopted *2021-22 State Legislative Agenda* (Attachment 3),
- Prior City Council selection of 2021 LOC legislative priorities (Attachments 4 and 5),
- City Council discussions over the past year, and
- City staff review of current and pending legislative issues.

Many of the suggested LOC legislative priorities are worthy of consideration; however, some LOC priorities, such as marijuana tax revenues, do not apply to the City.

Summary of Recommendations for 2023 LOC Legislative Priorities Ballot

- Priority #1** 4. Community Development Policy Committee Recommendations
C. Infrastructure Funding to Support Needed Housing
- Priority #2** 6. Energy and Environment Policy Committee Recommendations
D. Adequate Funding for State Climate Initiatives
- Priority #3** 8. Telecommunications, Broadband Policy Committee Recommendations
B. Resilient, Futureproof Broadband Infrastructure and Planning Investment
- Priority #4** 8. Telecommunications, Broadband Policy Committee Recommendations
D. Cybersecurity and Privacy
- Priority #5** 10. Water and Wastewater Policy Committee Recommendations
C. Infrastructure Financing and Resilience

Note that these recommended priorities are *not* listed in priority order; rather they are listed in alphabetical order as itemized by the 2023 LOC Legislative Priorities Ballot, June 10, 2022.

Discussion of Recommendations

Over the decades, the State has gradually added more work for City staff to do to comply with new state laws. These requirements may be construed as a kind of unfunded mandate by the State to Local Governments, and occasionally but rarely are accompanied by funding to comply. The State is experiencing record-high revenues and surpluses over the past two years, due in large part to extensive federal funds and record income-tax revenues. Rarely in the past several decades has the State's potential funding for Local Governments been so great as it is now — and likely will not be again for some time.

Thus, the staff recommendations tend to focus on supporting priorities that emphasize lobbying the legislature for financial appropriations that support City Council priorities. Following is a more detailed review of each recommended 2023 LOC legislative priority.

Priority #1 4. Community Development Policy Committee Recommendations **C. Infrastructure Funding to Support Needed Housing**

Legislative Concept: The LOC will support state funding for infrastructure needed to support needed housing.

Background: As Oregon works to overcome its historic housing supply deficit, development costs continue to rise. Cities have limited tools to address the rising costs of infrastructure necessary to support the impact of new housing development. A statewide fund to address infrastructure costs and improve housing affordability is needed.

Discussion: The City Council has spent considerable time reviewing and discussing housing policies, and various funding mechanisms to underwrite the cost of public infrastructure for residential development. The City has adopted SDCs and even supplemental SDCs, and utilized urban renewal/tax-increment financing and developer credits to fund residential infrastructure.

The City worked with the Office of Representative Courtney Neron (HD 26) to secure a \$1.95 million legislative appropriation in 2022 as gap financing to support ground-floor supportive commercial uses for the proposed Wilsonville Transit Center Affordable Housing project.

In July 2020, the City Council selected as one of four 2021 LOC legislative priorities “Expedited Siting for Shelter and Affordable Housing,” demonstrating Council’s interest in advancing shelter and affordable housing.

Priority #2 6. Energy and Environment Policy Committee Recommendations **D. Adequate Funding for State Climate Initiatives**

LOC Legislative Recommendation: The LOC will support legislation to streamline processes and fully fund local implementation of climate mandates (like Climate Friendly and Equity Communities rules) from the state. Furthermore, the LOC will support legislation that allows the state to adequately maintain and staff programs that impact a city’s ability to reduce greenhouse gas emissions.

Background: On March 10, 2020, Governor Kate Brown signed Executive Order 20-04 directing state agencies to take action to reduce and regulate greenhouse gas emissions. Additionally, the state has legislatively passed many greenhouse gas reduction measures. This has led to some unfunded mandates on cities as well as a significant workload for agency staff.

Discussion: Both the legislatively mandated 2019 HB 2001 “Middle Housing” legislation and 2022 Climate Friendly and Equity Communities (CFEC) administrative rule-making process are requiring additional staff time and resources to comply with. While these are worthy programs, nothing is free; increased State support to local governments for compliance can make communities more whole.

Various local governments have developed or are working on Climate Strategies, including Metro and Clackamas County. State support to help more local governments including City could be beneficial to complying with State mandates and accelerate climate-smart planning on the local level.

Priority #3 8. Telecommunications, Broadband Policy Committee Recommendations
B. Resilient, Futureproof Broadband Infrastructure and Planning Investment

LOC Legislative Recommendation: The LOC will support legislation that will ensure broadband systems are built resiliently and futureproofed while also advocating for resources to help cities with broadband planning and technical assistance through direct grants and staff resources at the state level. The LOC will support legislation that addresses issues with the inconsistency of regulations applied to traditional and nontraditional telecommunications service as more entities move to a network based approach instead of what services are being provided. LOC will oppose any preemptions on local rights-of-ways, and municipalities right to own poles and become broadband service providers.

Background:

Broadband Planning and Technical Assistance

Most state and federal broadband infrastructure funding sources require that communities have a broadband strategic plan in place to qualify for funds. Unfortunately, many cities do not have the resources or staff capacity to complete comprehensive broadband strategic plans.

Resilient and Long-Term Systems

As broadband is continually being made a priority on the state and federal level, we must think strategically about how to build resilient long-term networks that will serve Oregonians now and into the future. Ways to ensure broadband is resilient may include investing in robust middle mile connections, ensuring redundancy and multiple providers in all areas, and undergrounding fiber instead of hanging it on poles.

Optional Local Incentives to Increase Broadband Deployment

All levels of government have identified broadband as a priority. However, there continue to be proposed mandates on local governments to deploy broadband services more quickly. Cities have a duty to manage rights-of-ways (ROW) on behalf of the public and need flexibility to adequately manage the ROW. Instead of mandates the state should focus its efforts on allowing cities the option to adopt incentives that could help streamline broadband deployment.

Regulatory Consistency Amidst Convergence

Historically, the standards and oversight policies for a specific technology were established independently and were not developed with merging or interoperability in mind. For example, telephony (when providing voice), cable TV (when providing video), and mobile cellular technologies each follow their respective standards, and these services were regulated by policies specific to each type.

Discussion: While the City does not have a Broadband strategy per se, the importance of high-speed/high-bandwidth Internet connectivity to society has been recognized by City Council.

In July 2020, the City Council selected as one of four 2021 LOC legislative priorities “Digital Equity and Inclusion,” demonstrating Council’s interest in advancing access to broadband Internet telecommunications.

During the 2021 legislative session when the State received a large infusion of federal funds for Broadband expansion statewide, the City supported along with LOC and others legislative efforts to improve Broadband connectivity that resulted in a \$120 million infusion into Business Oregon for Broadband expansion statewide, particularly in rural areas.

Also during the 2021 legislative session, the Cities of King City, Sherwood and Wilsonville were awarded a \$1.665 million legislative appropriation by the Offices of Senator Kim Thatcher (SD 13) and Representative Courtney Neron (HD 26) for Broadband expansion in all three cities utilizing the Sherwood Broadband Utility. Since the City did not have a Broadband strategy, staff had to act quickly to devise a grant proposal based on existing City plans.

LOC’s proposed legislative priority would seek State funds for local governments to develop broadband strategic plans, which could benefit Wilsonville. LOC also seeks to lift preemptions and allow cities the option to adopt incentives that could help streamline broadband deployment.

Priority #4 8. Telecommunications, Broadband Policy Committee Recommendations **D. Cybersecurity and Privacy**

LOC Legislative Recommendation: The LOC will support legislation that addresses privacy and cybersecurity for all that use technology, including but not limited to: funding for local government cybersecurity initiatives, statewide resources for cyber professionals, regulations of data privacy, or standards for software/hardware developers to meet to make their products more secure.

Background: Society is becoming more technologically reliant than ever before and that will only increase. With this increase of technology there is an increased risk

for cybercrimes. Therefore, cybersecurity and privacy systems must be taken seriously. Cybersecurity encompasses everything that pertains to protecting sensitive data, protected health information, personal information, intellectual property, data, and governmental and industry information systems from theft and damage attempted by criminals and adversaries.

Cybersecurity risk is increasing, not only because of global connectivity but also because of the reliance on cloud services to store sensitive data and personal information. Widespread poor configuration of cloud services paired with increasingly sophisticated cyber criminals means the risk that governments, businesses, organizations, and consumers suffer from a successful cyberattack or data breach is on the rise.

Discussion: This proposed legislative priority of Cybersecurity and Privacy follows along and accompanies the prior recommend priority #3 of 8B Resilient, Futureproof Broadband Infrastructure and Planning Investment. Expanding access to high-speed broadband technology also carries with it the risk of exposure to phishing, hacking and other cybersecurity threats.

The City's IT Department reports multiple cyber hacking attempts every day. News reports indicate that successful cyber break-ins have often resulted in payment of ransom to regain stolen or encrypted data.

Priority #5 10. Water and Wastewater Policy Committee Recommendations

C. Infrastructure Financing and Resilience

LOC Legislative Recommendation: The LOC will advocate for an increase in the state's investment in key infrastructure funding sources, including, but not limited to, the Special Public Works Fund (SPWF), Brownfield Redevelopment Fund, Regionally Significant Industrial Site loan program, and set asides through the SPWF for seismic resilience planning and related infrastructure improvements to make Oregon water and wastewater systems more resilient.

Background: A key issue that most cities are facing is how to fund infrastructure improvements (both to maintain current and to build new). Increasing state resources in programs that provide access to lower rate loans and grants will assist cities in investing in vital infrastructure. An LOC survey of cities in 2016 identified a need of \$7.6 billion dollars over the next 20 years to cover water and wastewater infrastructure projects for the 120 cities who responded. This shows a significant reinvestment in the Special Public Works Fund (SPWF) is needed to help meet the needs of local governments.

Discussion: As was noted in proposed Priority #1, the City Council has spent considerable time reviewing and discussing industrial infrastructure needs and various funding mechanisms to underwrite the cost of public infrastructure for industrial development, such as for the Coffee Creek Regionally Significant Industrial Area (RSIA). The City found that existing Business Oregon financing programs were not competitive with commercial financing. In this 'greenfield' development area, urban renewal/tax-increment financing was difficult to utilize without pre-existing taxable development until City obtained commercial-bank financing to fund the needed

initial infrastructure for the upgrade of Garden Acres Road and utilities to provide access to the industrial area.

The City previously worked with LOC, Metro, Port of Portland, OEDA and others to advance in 2013 the Oregon Industrial Site Readiness Program to provide low-interest or forgivable loans to local governments' State-designated Regional Significant Industrial Sites (RSIS) for the purpose of installing industrial infrastructure, including roads, sidewalks, water, wastewater, stormwater and similar utilities. Several technical issues were identified subsequently in 2014 by Business Oregon preventing implementation of the program; all of the proponents of the program got together again in 2017 to work with legislature to remedy issues. However, in subsequent legislative sessions due to tight State budgets, the legislature never appropriated funds for the program, which sunsets in 2023.

Now in 2022, multiple organizations are collaborating to lobby during the 2023 legislative session for a significant state infusion in the Industrial Site Readiness Program with the objective of creating "shovel-ready" industrial lands. Metropolitan Mayors Consortium (MMC), Oregon Economic Development Association (OEDA), Oregon Business and Industry (OBI), Greater Portland Inc (GPI) and others have started to develop a coalition seeking a significant legislative appropriation during a time of flush State revenues. A total of 11 jurisdictions around Oregon have applied to participate in the Industrial Site Readiness Program, with six receiving the RSIS designation; since no funds had been appropriated for the program, the City never applied to participate in the fundless program.

Background on City's Legislative Priorities

In January 2021, the City Council adopted an updated Wilsonville state legislative agenda for the 2021-22 session of the Oregon legislature. The City's legislative agenda provides staff and consultants with general policy guidance that may be used to evaluate individual pieces of legislation that address specific issues of concern. Staff are scheduled to present to the City Council in January 2023 a recommended City legislative agenda for the 2023-24 legislative session. Additionally, staff will work with Council to develop an accompanying set of Legislative Priorities that are more responsive to "off the moment" ad-hoc policy opportunities that may be outside of prior subject matter of prior City master plans and strategies, such as Broadband deployment.

In a similar manner, the LOC board adopts a legislative agenda that focuses resources on the key issues of concern to member cities. For the past three months, seven LOC policy committees have been working to identify and propose specific actions as part of the League's effort to develop a pro-active legislative agenda for the 2023-24 session. Each city is being asked to review the recommendations of the policy committees and provide input to the LOC Board of Directors by August 5 as the board prepares to adopt the League's 2023-24 legislative agenda.

LOC undertakes the Legislative Priorities exercise every two years in preparation for the upcoming session of the Oregon Legislative Assembly. In a similar manner, the City Council adopts a State Legislative Agenda for city priorities in relation to prospective state legislation.

The City has found that working closely with LOC staff on various legislative issues can produce successful results for the City or reduce potentially negative impacts of new laws. The City's legislative-affairs consultant, Greg Leo of The Leo Co., has established a mutually-beneficial, effective working relationship with LOC's intergovernmental relations associates, along with other public- and private-sector public-affairs consultants.