



PUBLIC NOTICE SPECIAL CITY COUNCIL MEETING

A special meeting of the City Council of Falls City, OR will be held as follows:

Posted: 7/18/19- Frink's, City Hall, Community Center, Website

Meeting Date: Monday, July 22, 2019

Meeting Time: 6:00 pm

Meeting Location: Falls City Community Center

Meeting Address: 320 N Main Street, Falls City, Oregon 97344

AGENDA

1. CALL TO ORDER

2. ROLL CALL

Jeremy Gordon, Mayor ___ Dennis Sickles ___ Lori Jean Sickles ___

Jennifer Drill ___ Tony Meier ___ Cliff Lauder ___ David Radke ___

3. PLEDGE OF ALLEGIANCE

4. MOTION TO ADOPT THE ENTIRE AGENDA

5. RECOGNITION

- a. City of Albany- Air Pack Donation to Falls City Fire Department
- b. North Star Paving Company- Working above the call of duty

6. WORK SESSION

- a. Revenue Project
 - i. Revenue Gap Discussion
 - ii. Sewer Rate Discussion
 - iii. System Development Charge Reminder *(verbal only)*
- b. Public Safety/Code Enforcement Efforts *(verbal only)*

7. NEW BUSINESS

- a. Public Hearing: Resolution 20-2019 CDBG Housing Rehabilitation Grant
 - i. Staff Report
 - ii. Resolution 20-2019
 - iii. Public Hearing Notice
- b. Resolution 21-2019 2020 Special City Allotment Grant
 - i. Staff Report
 - ii. Resolution 21-2019

The City of Falls City does not discriminate in providing access to its programs, services, and activities on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, physical or mental disability, or any other inappropriate reason prohibited by law or policy of the state or federal government. Should a person need special accommodations or interpretation services, contact the City at 503.787.3631 at least one working day prior to the need for services and every reasonable effort to accommodate the need will be made.

8. OLD BUSINESS

- a. Franchise & Right of Way Ordinance Development
 - i. SR Franchises

9. LATE ADDITIONS

10. ADJOURN



CITY OF FALLS CITY
CERTIFICATE OF APPRECIATION

AWARDED TO

City of Albany & Albany Fire Dept.

The City of Falls City would like to recognize, and extend its deepest gratitude to the City of Albany, and the Albany Fire Department. Albany recently donated 10 "Life Saving" air-packs to the City of Falls City Fire Department. These packs cost approximately \$2,500 apiece when new, for a total cost savings of approximately \$25,000 to the City of Falls City. Without partners like you, small cities like us would be lost. Thank you for your support and partnership.

Given under my hand this _____ day of _____, 20____

Jeremy Gordon, Mayor of Falls City



CITY OF FALLS CITY
CERTIFICATE OF APPRECIATION

AWARDED TO

NORTH SANTIAM PAVING CO.

The City of Falls City would like to formally thank North Santiam Paving Co. for work above and beyond the call of duty. While performing paving overlays of multiple streets in Falls City, NSP personnel and management provided the City with multiple benefits above and beyond the contract for work, including use of the street brush, filling and rolling potholes, and more. Additionally, the NSP crew on scene in Falls City was a pleasure to work with in every way. Thank you NSP for being a great partner!

Given under my hand this _____ day of _____, 20_____

Jeremy Gordon, Mayor of Falls City

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: CITY MANAGER, MAC CORTHELL
SUBJECT: REVENUE SHORTFALLS, AND SEWER RATES
DATE: JULY 22, 2019

SUMMARY

A discussion of revenue shortfalls and sewer rates.

BODY

1. Revenue Shortfalls

The City of Falls City is currently experiencing an approximately \$150k gap in revenues versus operating expenses. This gap is due in large part to the passage of Property Tax Measure's 5 & 50 in 1990 and 1998 respectively, and the loss of timber revenues due to a series of tax measures between 1970 and today.

Many Oregon cities are experiencing the same pain, but Oregon's tax laws have a more profound effect in rural timber communities. The property values in and around timber communities were artificially lowered to incentivize the timber industry to buy there. This would lead to collection of more revenues through the "severance tax" imposed upon timber when it's severed from the land.

This tactic backfired due to Measures 5 & 50 freezing the permanent property tax rate (which was artificially lowered in timber towns), and imposing an artificial valuation system that stops taxes from keeping pace with fair market property values. While this caused a lot of issues (and still does), it was compounded for timber towns when taxes related to timber lands were slowly but surely, all but eliminated.

These shortfalls are common, and becoming a major issue for Oregon Cities, both large and small. Salem for instance is embroiled in a \$6 million revenue deficit and trying many options to correct it (*See Attachment A*).

2. Sewer Rates and Rate Structure

Our Sewer system is currently operating at a nearly \$50k deficit (Operating Revenues – Operating Expenses). The cost to run our current system is approximately \$155k per year, while payments for service struggle to reach \$110k. This is an issue both from a Financial standpoint, and from an equity standpoint.

The Sewer fund currently has a reserve of approximately \$140k that is being eaten into by approximately \$45k per year (minus transfers-in), the fund will become insolvent in 4 years time and will be dependent upon the General Fund, and/or Water Fund to stay afloat. Additionally, only about 40% of the town is on City Sewer, thus the \$45k shortfall is born partially by citizens who can't even connect to city sewer.

To cure the \$45k shortfall with a flat rate increase and only 183 users would be an increase of approximately \$20.49 per user, per month. However, that may not be the most equitable approach.

One of the main costs tethered to our current system is the need to pump interceptor tanks at least once every 5 years, and every time the sludge level is above a certain percentage (which requires inspection). Some users, as one can imagine, must be pumped far more often than others, and far more often than the timeline prescribed by the permit.

Many cities charge a base fee, then additional fees based on use (determined by water use), much like our water system. The Public Works Committee discussed this approach, but was concerned that those who use more water for plants, or non-sewer related uses would be inequitably charged. The remedy for this, and what most cities using this structure do is:

Charge a base rate determined by the use of the property (e.g. residential, multi-family, commercial, industrial), and charge a volume rate based on use of the system. The wastewater volume units are determined annually using your average water consumption of two to four measurable meter readings taken on or after November 1 of each year. The City uses these water meter readings to calculate the wastewater volume because this time of year customers generally are not irrigating lawns, tending gardens, or washing cars. Once the wastewater volume is determined, you will be billed the same wastewater volume charge each month, even if your water usage is different than the wastewater volume amount.

3. Please Review the SDC Slide Show and develop questions/comments for discussion.

City of Salem Alternate Revenue Options

At its first meeting, the Sustainable Services Revenue Task Force was provided this matrix along with white papers on each of the below-noted revenue options. Task force members were asked to rank the five options of greatest interest. The results are summarized below with total scores and corresponding ranking for each revenue option. Scores were weighted to allow for consistent calculation across revenue options and member votes. For example, a rank of 1 by a member would score the revenue option 5 points, a rank of 2 would score 4 points, and so on. Members were also offered the opportunity to write-in additional ideas, which generated a cigarette tax and soda tax.

Revenue options with an asterisk (*) next to the ranking indicate a tie with another revenue option. The rows highlighted in green demonstrate where the three final recommended revenue sources placed in relation to other options.

Rank	Score	Option	Summary Description	Strategic Initiative	Authorization	Implementation	Revenue Potential
1	28	City Operating Fee	Additional fee on City utility statement in a similar fashion as existing Streetlight Fee. Fee could be tied to specific programs (Public Safety, Parks, Library) or for general purposes.	Sustainable Services	Council Adoption; Potential Voter Referral	Less Difficult - Utilize existing City utility bill; Monthly fee structure.	High - Greater than \$1M depending on fee size and structure.
2	26	Payment in Lieu of Taxes	Fee assessed to State Agencies for services that are generally funded by property tax revenue. Examples include a Fire/Medical fee based on square footage or personnel.	Sustainable Services	State Legislature	Very Difficult - Would require legislative changes.	High - Greater than \$1M depending on fee size and structure.
3	18	Income Tax (Payroll Tax)	Local tax based on a percentage of employee wages, paid by employers on behalf of employees or paid by employees through a wage deduction. Could be remitted annually or quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would require clear communication to community about what tax revenue use.	High - Greater than \$1M depending on tax size and structure.
4	15	Construction Excise Tax	Excise tax on building permit valuation to fund affordable housing initiatives.	Affordable Housing	Council Adoption; Potential Voter Referral	Less Difficult - Invoiced under current permit system.	High - Greater than \$1M depending on fee size/inclusion.
5	14	Local Gas Tax	Local tax on gasoline sales. Transportation focus.	Critical Infrastructure	Council Adoption; Requires Voter Referral	Difficult - Potentially utilizing existing system of collection by the State of Oregon.	High - Greater than \$1M depending on tax size and structure.
6*	13	Local Option Levy	Voter approved local option levies are the only mechanism to raise operating revenue beyond the permanent rate; can be tied to a specific program. Subject to Measure 5 compression and are the first levies to be compressed. The levy would need to be larger (less efficient) since compression is present in Salem.	Sustainable Services	Council Adoption; Requires Voter Approval; Maximum 5 years	Difficult - Requires voter approval every 5 years. Subject to compression.	High - Greater than \$1M depending on levy size and structure.
13		Retirement Community/Skilled Nursing Facility Bed Fee	Fee to offset usage costs (Fire/Medical) for this type of provider. Could be billed monthly/quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Less Difficult - Could be invoiced like Downtown Parking Tax.	Low - Between \$50K and \$900K based on size/inclusion.
		911 Tax Increase	Increase to Emergency Communication Tax (9-1-1 tax), which supports operation and improvement of emergency reporting systems. Current rate is \$0.75 per phone line, per device capable of reaching 9-1-1, or per retail transaction of prepaid wireless services.	Sustainable Services		Difficult - Would require state legislative action and broad, state-wide support. Possible referral to voters.	Varies - \$600K-\$3.5M additional revenue depending on intent to cover cost of service (33%-100%).
	9	Annual Business License Fee for all businesses operating in City limits. Structure could include small/large businesses, multi-family housing, or other variations.	Annual Business License Fee for all businesses operating in City limits. Structure could include small/large businesses, multi-family housing, or other variations.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Application processing and collection (similar to short-term rentals).	Medium - Between \$500K and \$1M depending on fee size/inclusion.

Rank	Score	Option	Summary Description	Strategic Initiative	Authorization	Implementation	Revenue Potential
9	6	Property Tax Reform	Oregon's property tax system operates under two constitutional amendments, Measure 5 and Measure 50, designed to limit property taxes and make them predictable for taxpayers each year. The current system has no periodic recalibration of values and would require legislative reform to address the inequity across the system.	Sustainable Services	State Legislature	Difficult - Would require state legislative action to modify, or implement new functions, within existing system.	Varies - Could generate significant additional revenue depending on the changes implemented.
10*	4	New Taxing District/Dividing a Taxing District/Merging a Taxing District	Formation of a new taxing district, annex into a current district to provide a specified service, or merge with another taxing district.	Sustainable Services	Council Adoption; Overlapping Taxing district approval; Voter Approval.	Very Difficult - Would require a lengthy approval process.	High (Savings) - Could result in savings and operational stability.
10*	4	Admission/Amusement Tax	Tax on admission into events. Could be structured as a flat rate, a rate of the ticket value or a percent of gross receipts. Would be remitted via return-monthly or quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would need a larger number of employees to manage program which may offset revenue.	Varies - Between \$400K and \$2M depending on tax size and structure.
11	1	Prepared Food/Beverage Tax	Local tax on the prepared food sales in City limits. Would not include hospital or university dining halls. Captures revenue from non-residents.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would need an operational process established, plus potential registration of food businesses.	High - Greater than \$1M depending on tax size and structure.

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: CITY MANAGER, MAC CORTHELL
SUBJECT: RESOLUTION 20-2019 CDBG HOUSING REHABILITATION GRANT
DATE: JULY 22, 2019

SUMMARY

Approving the City Manager to partner with Polk CDC in applying for a \$400k housing rehabilitation grant. The grant proceeds would benefit all residents of Polk County who are in need of housing rehabilitation and live in single-family, owner occupied, low-moderate income households. The grant would be largely administered by Polk CDC, along with the program for which the funds are awarded.

BACKGROUND

The CDBG housing rehabilitation (HR) program is provided in Polk County through an MOU between five jurisdictions (Dallas, Falls City, Independence, Monmouth, and Polk County) and Polk CDC in order to apply for and receive funds to administer and manage the program for single-family, owner-occupied, low-moderate-income households in Polk County.

Polk CDC has been providing housing rehabilitation assistance to owner-occupied low-moderate income single-family households in the form of grants and low-interest loans since 1989 resulting in more than 997 households having benefited from the program. For many years this CDBG program was available to single jurisdictions where Polk CDC contracted with that jurisdiction to deliver the program. In 1998 or thereabouts Business Oregon IFA began to require that jurisdictions to partner with a minimum of two other geographically contiguous jurisdictions and a non-profit housing organization in order to be eligible to apply for and receive these HR funds. In 2006 Polk CDC formed the Polk Regional Collaborative (PRC) with five jurisdictions (Polk County, Dallas, Independence, Monmouth, and Falls City) in order to apply for these funds. The MOU names Polk CDC as the sub-grantee allowing the CDC to administer and manage the program for the grantee and where loans are made to return loan payments to a PRC revolving loan fund dedicated to housing rehabilitation in Polk County.

Since formation of the PRC Polk CDC has applied for nine CDBG grants. Each grant has a two-year window.

PREVIOUS COUNCIL ACTION

The City has consistently been a signer on the Polk Regional Collaborative MOU's which allow Polk CDC to apply for these funds on a recurring basis.

PUBLIC HEARING

Public Hearing Open at _____ p.m.

1. Diana Cvitanovich from Polk CDC will read the notice of public meeting into the record;

2. Diana will provide a brief explanation regarding the grant and the housing rehab program;
3. Mayor to disclose that his relationship with Polk CDC;
4. Mayor to recuse himself from the vote on whether to apply;
5. Public Comment on the CDBG Housing Rehab Grant.

Public Hearing Closed at _____ p.m.

FINANCIAL & RESOURCE IMPLICATIONS

Falls City residents will gain access to a large pool of housing rehabilitation funds in the form of grants and loans with very low, regulated interest.

A jurisdiction, such as Falls City, can only have 3 CDBG awards going at once. This rule will not affect us. We currently have 1 open, this would be 2. The first wastewater grant must be closed prior to the second being awarded, so we'll never even have the maximum open.

Having 2 CDBG grants in a 5 year window will cost approximately 2 preference points when applying for the sewer construction grant. However, these points will be made up in administrative experience points through management of 2 CDBG grants.

Additionally, Arthur Chaput, from BIZ (the funding agency) stated that our grant application for construction will be very strong due to our needs, the work we've done, and our ability to manage the large grants and projects.

STAFF RECOMMENDATION

Adopt. City Staff was contacted by the current CDBG Wastewater Project Manager and Polk CDC, to advocate for Falls City's involvement as lead candidate for the CDBG Housing Rehab Program grant cycle.

This is an unprecedented show of good faith in City leadership from our Community Partners, including the State's largest funding agency, and the County's largest low-income housing provider.

EXHIBITS

1. Resolution 20-2019
2. Public Notice of Public Hearing

PROPOSED MOTION

I move that the City Council of Falls City adopt Resolution 20-2019 A RESOLUTION AUTHORIZING THE CITY MANAGER TO: APPLY FOR THE 2019 CDBG HOUSING REHABILITATION GRANT, PARTNER WITH POLK CDC AS SUBGRANTEE, AND SERVE AS THE CERTIFYING OFFICER FOR THE GRANT.

RESOLUTION 20-2019

A RESOLUTION AUTHORIZING THE CITY MANAGER TO: APPLY FOR THE 2019 CDBG HOUSING REHABILITATION GRANT, PARTNER WITH POLK CDC AS SUBGRANTEE, AND SERVE AS THE CERTIFYING OFFICER FOR THE GRANT.

Whereas:

1. Polk CDC must partner with at least two contiguous municipalities in order to receive CDBG Housing Rehabilitation Grants; and
2. The City of Falls City has been a perennial signatory to the Memorandum of Understanding that created the Polk Regional Collaborative; and
3. The City of Falls City has been a consistent beneficiary of funds from the CDBG Housing Rehabilitation Grant; and
4. CDBG Housing Rehabilitation Grants benefit all residents of Polk County by providing a pot of money for single-family, low-income housing rehabilitation; and
5. The City of Falls City has never served as the primary grantee on a Polk CDC Housing Rehabilitation grant, but the various other MOU signatories have; and
6. City Staff has reviewed the proposal and requirements and has determined that there is a significant benefit to the Falls City Community in serving as lead grantee on a Housing Rehabilitation Grant; and
7. A Public Hearing on the CDBG Housing Rehabilitation Grant was properly noticed and held; and
8. The Public Hearing was noticed via publication in the Polk Itemizer Observer on July 10, 2019; and
9. The Public Hearing was held, as noticed, on July 22, 2019.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. The City Manager is authorized to apply for, and accept the CDBG Housing Rehabilitation Grant.

Section 2. The City Manager is authorized to partner with Polk CDC, who will serve as sub-grantee in order to manage the grant and administer the associated Housing Rehabilitation Program.

Section 3. The City Manager is hereby appointed "Certifying Officer" for all activities related to the CDBG Housing Rehabilitation Grant.

Continued next page...

Section 4. This Resolution is effective immediately upon passage.

ADOPTED BY THE FALLS CITY COUNCIL ON THIS 22nd day of July, 2019.

Vote: AYE_____ NAY_____ ABSTAIN_____ ABSENT_____

Date

Jeremy Gordon, Mayor

Attest:

Date

Jamie Ward, City Clerk

Public Notice and Notice of Public Hearing

The City of Falls City is eligible to apply for a 2019 Community Development Block Grant from the Business Oregon. Community Development Block Grant funds come from the U.S. Department of Housing and Urban Development. The grants can be used for public facilities and housing improvements, primarily for persons with low and moderate incomes.

Approximately \$12 million will be awarded to Oregon non-metropolitan cities and counties in 2019. The maximum grant that a city or county can receive is \$400,000.

The City of Falls City is preparing an application for a 2019 Community Development Block Grant from the Business Oregon for a Regional Housing Rehabilitation Program that will provide grants to owner-occupied homes in Polk County for the purpose of housing rehabilitation. It is estimated that the proposed project will benefit at least 50 persons, of whom 100% will be low -moderate income.

A public hearing will be held by the Falls City Council at 6:00PM on July 22, 2019 at the Community Center located at 320 N Main Street in Falls City. The purpose of this hearing is for the Falls City Council to obtain citizen views and to respond to questions and comments about: community development and housing needs, especially the needs of low-moderate-income persons, as well as other needs in the community that might be assisted with a Community Development Block Grant project; and the proposed project.

Written comments are also welcome and must be received by noon on July 22, 2019 at City Hall, 299 Mill Street, Falls City, Oregon 973334. Both oral and written comments will be considered by the Falls City Council in deciding whether to apply.

The location of the hearing is accessible to persons with disabilities. Please contact Jamie Ward at City Hall at 503.787.3631 if you will need any special accommodations to attend or participate in the meeting.

More information about Oregon Community Development Block Grants, the proposed project, and records about Falls City's past use of Community Development Block Grant funds is available for public review at City Hall during regular office hours which are 10:00AM-5:00PM Monday through Thursday. Advance notice is requested. If special accommodations are needed, please notify Jamie Ward at City Hall at 503.787.3631 so that appropriate assistance can be provided.

Permanent involuntary displacement of persons or businesses is not anticipated as a result from the proposed project. If displacement becomes necessary, alternatives will be examined to minimize the displacement and provide required/reasonable benefits to those displaced. Any low- and moderate-income housing that is demolished or converted to another use will be replaced.

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: CITY MANAGER, MAC CORTHELL
SUBJECT: RESOLUTION 21-2019 2020 SPECIAL CITY ALLOTMENT GRANT
DATE: JULY 22, 2019

SUMMARY

A Special City Allotment Grant in which the City is awarded state lottery funds exclusively for paving city streets. The maximum award is \$100k.

BACKGROUND

The City recently used SCAG funds from 2018 and 2019 to overlay Fair Oaks St., Boundary St (near the elementary school), and 5th St from Mitchell to Fair Oaks.

Notably, the City Public Works Director, the County Public Works Director, and the City Engineer are all proponents of overlaying existing streets with SCAG funds, unless some larger amount of money is available.

The reason for this is that existing streets are MUCH more expensive to rehabilitate once they have passed a certain point, than are gravel roads. So rather than let our existing streets degrade to the point that they are more expensive to pave than a gravel road, we must keep them up to par now.

PREVIOUS COUNCIL ACTION

The Council adopted resolutions authorizing application and acceptance of the 2018 and 2019 SCAGs.

FINANCIAL & RESOURCE IMPLICATIONS

The City receives \$100k to be used for improving City Streets, or as a match for the same.

STAFF RECOMMENDATION

Adopt.

Public Works Director- Consulted the Public Works Committee and recommends overlay of Chamberlain St. and Bridge St.

EXHIBITS

1. Resolution 21-2019

PROPOSED MOTION

I move that the City Council of Falls City adopt Resolution 21-2019 A RESOLUTION AUTHORIZING THE CITY MANAGER TO: APPLY FOR, AND ACCEPT THE 2020 SPECIAL CITY ALLOTMENT GRANT TO OVERLAY CHAMBERLAIN AND BRIDGE STREETS.

RESOLUTION 21-2019

A RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR THE 2020 SPECIAL CITY ALLOTMENT GRANT TO FUND IMPROVEMENT OF BRIDGE STREET AND CHAMBERLAIN STREET

Findings:

1. Under the provisions of ORS 366.800 and 366.805, there has been withdrawn from state highway funds appropriated for allocation to all the cities of the State of Oregon, and from the State Highway Fund, the sum of Five Million Dollars (\$5,000,000); and
2. As provided in ORS 366.805, said sums have been set up in a separate account to be administered by the Oregon Transportation Commission; and
3. The separated funds are to be allotted each year, by said commission, to be spent within cities of 5,000 or fewer persons; and
4. The funds must be spent on streets that are not a part of the state highway system, and are either: inadequate for the capacity they serve, or are in a condition detrimental to safety.
5. The City of Falls City is an incorporated City of the State of Oregon and has a population of less than 5,000 as given by the latest official federal census; and
6. The streets of said City known as Chamberlain Street and Bridge Street, meet the conditions required in ORS 366.805.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. That Bridge Street and Chamberlain Street, of Falls City, are inadequate for the capacity they serve or are in a condition detrimental to safety.

Section 2. That said streets of said City are in need of repair, reconstruction, or other major improvement.

Section 3. That said streets are not part of the state highway system, and are under the jurisdiction and control of the City of Falls City

Section 4. That the Oregon Transportation Commission hereby is respectfully requested to consider and declare said streets as qualified for reconstruction, repair, or other improvements out of funds allocated and made available by and through the said \$5,000,000 appropriation of revenues which is to be administered and spent by the Transportation Commission.

Section 5. That the City of Falls City does hereby offer to the Transportation Commission and does hereby pledge complete cooperation and assistance to the end, that said City may share and participate in the use and benefit of said special fund and appropriation; and therefor does designate City Manager, Mac Corthell as the official representative of the City in all negotiations resulting from this request.

Section 6. This resolution is effective immediately upon passage.

ADOPTED BY THE FALLS CITY COUNCIL ON THIS 22nd day of July, 2019.

Vote: AYE_____ NAY_____ ABSTAIN_____ ABSENT_____

Date Jeremy Gordon, Mayor

Attest:

Date Jamie Ward, City Clerk

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: CITY MANAGER, MAC CORTHELL
SUBJECT: TELECOMMUNICATIONS FRANCHISES IN FALLS CITY
DATE: JULY 17, 2019

SUMMARY

As part of a larger process to bridge an approximately \$150k shortfall between revenues and expenses, the City has chosen a two pronged approach to start: (1) ensure all available revenue streams are appropriate and in-tact, and (2) move to ensure maximum efficiency and productivity from City Staff.

Upon completion of this work, the City will look to potential cuts, as needed, to cure the revenue deficit.

REVENUE ISSUE #1: FRANCHISES.

Introduction. The City currently lacks a Master Telecomm/ Master Right of Way Ordinance. This allows some portions of telecommunications in the City to operate within, and through, the public Right of Way without compensating the City. Development and adoption of a Master ROW or Telecomm Ordinance will allow the City to ensure it is being appropriately reimbursed for use of our public rights of way.

Example. The City's Franchise with Century Link expired in 2014, but the Company has continued to pay 5% for Incumbent Local Exchange Carrier (ILEC) services. State and Federal statute limits to 7% the privilege fee that can be charged to an ILEC, however additional services provided by an ILEC are not subject to the cap.

Century Link is the City's (ILEC) telephone services provider, but also provides DSL internet services. Due to the City's lack of a strong Master ROW or Telecomm ordinance, Century Link pays nothing to operate its DSL service using the City's Right of Way.

The Master Telecomm or ROW ordinance would allow the City to charge a privilege tax for all services offered by a carrier, utilizing the City's ROW or other infrastructure (e.g. telephone poles).

Local Issues. The City currently lacks an ordinance dealing with telecommunication companies/rights of way, which allows telecomm providers to avoid paying for use of rights of way to offer some services. Thus, the City is currently not receiving the Franchise/Telecomm revenue that it ought to be.

Solutions. The League of Oregon Cities recommends one of three options to address the mentioned issue: (1) Adopt the 2010 Master Communications Infrastructure Ordinance; (2) Adopt the Master Utility Right of Way Ordinance; (3)/(4) Replace or update existing ordinances, franchises, and license agreements.

Current Franchise Agreements:

1. Century Link- Exp 2014 (20 years!)
 - a. Known Services- Telephone, DSL Internet
 - b. Fees Received- 5% gross on dial tone only, \$1,275
2. Charter Communications (Cable) – Exp 2029
 - a. Known services- Cable Television, Cable Internet, Telephone
 - b. Fees Received- 5% gross receipts on “Cable System” which appears to include video only. 47 USC 522(7), \$5,500
3. Pacific Power- Exp 2015
 - a. Known services- Power.
 - b. Fees Received- 6% gross revenues, \$44,300
4. Republic Services-
 - a. Garbage/Recycle
 - b. Fees Received- 5% gross receipts, \$3,300
5. Consumer’s Power- None

Potential Future Users and/or Unknown Users of Public Right of Way:

1. Pass through services- Telecomm’s using the public ROW to traverse the area without paying for such utilization.
2. Bolt-On Antennae- Telecomm’s connect equipment to telephone and light poles to broadcast.

Telecomm Toolkit:

A resource provided by the League of Oregon Cities highlighting the historical and political implications of such fees, as well as the mechanics of the various right of way ordinances.

FINANCIAL IMPACT

Initial. The initial impact of pursuing such an ordinance will be an increased cost in legal fees, and staff time.

Long Term. The City will experience increased revenues from allowing itself to charge fees on all known services for use of the City Right of Way. There may be additional revenues from pass through services, and/or bolt on apparatus.

STAFF RECOMMENDATION

Staff Recommends the City Council Direct Staff to work with the City Attorney in drafting a Master Utility Right of Way Ordinance, and develop policies and procedures to administer it. It is Staff’s opinion that the MUROW is more appropriate for a small community and small staff. The reasoning for this is largely contained on pages 1-2 of Appendix C in the Telecomm Tool-Kit.