GLADSTONE CITY COUNCIL MINUTES OF REGULAR MEETING – January 8, 2013

ROLL CALL
The following city officials answered the roll call: Mayor Wade Byers and Councilors Hal Busch, Ray Jaren, Kari Martinez, Thomas Mersereau, and Lendon Nelson.

After receiving the oath of office: Neal Reisner

STAFF
Pete Boyce, City Administrator; Rhonda Bremmeyer, Senior Center Director; David Doughman, City Attorney; Jolene Morishita, Assistant City Administrator; Clay Glasgow, City Planner; Jim Pryde, Police Chief; Maria Aikin, Police Department Executive Assistant; Wayne Lawrence, Police Sergeant; Stan Monte, Fire Chief; and Scott Tabor, Public Works Director.

Mayor Byers led the flag salute.

OATH OF OFFICE
Municipal Court Judge Linda Beloof administered the oath of office to new Councilors Len Nelson, Thomas Mersereau, and Neal Reisner.

COUNCIL PRESIDENT ELECTION

Councilor Martinez moved to elect Councilor Ray Jaren to the office of Council President. Council President Ray Jaren was elected unanimously.

BUSINESS FROM THE AUDIENCE -- None.

CONSENT AGENDA
Item(s) Removed from the agenda: None

1. Approval of October 9, 2012 and November 13, 2012 Minutes
2. Designation of Terms to Expire on Budget Committee and Library Board
3. Appointment to Advisory Boards, Committees and Commissions:
   a. Budget Committee (one application received for two positions)
   b. Senior Center Advisory Committee (one application received for three positions)
4. Payment of Claims

Councilor Jaren moved and Councilor Martinez seconded a motion to approve the Consent Agenda consisting of Items 1 through 4 as presented.
Motion Passed unanimously.

CORRESPONDENCE
5. Letters/e-mails from Rose Johnson

REGULAR AGENDA
6. Planning Commission Recommendation – Denial of Comprehensive Plan Change and Zone Change from Single Family Residential, R-6 to Commercial, C-3 – (North side of Arlington

Street from Columbia Avenue to 82nd) Z0549-MCP & Z0550-12Z. City Attorney David Doughman explained the hearing format. He asked if there were any ex-parte contacts or conflicts of interest to declare. Councilors Busch and Nelson declared they have used the services of Gold Wrench but did not feel it would impair their ability to hear this issue. Councilor Reisner recused himself from this hearing because he heard the issue when he was on the Planning Commission. City Attorney Doughman asked the audience if they wished to make a challenge of any council member's impartiality or ability to participate. There was no response. He asked if there were any objections to the Council's jurisdiction to consider this matter. There was no response.

Staff Report: Clay Glasgow, City Planner reported the Council packet included the original application materials, staff report, summary, and other information. The proposed change for the Comprehensive Plan will be commercial and for the zone C-3, General Commercial. The site consists of five properties owned by the applicant that is general residential use. The site is flat, no remarkable natural features, and all public facilities are in place. Chapter 17.68 of the Municipal Code Council outlines the approval criteria.

The process consists of a Planning Commission public hearing, testimony from residents, staff report and application to arrive at a recommendation to pass on to the City Council. The City Council is the decision making body. Once a recommendation is received from the Planning Commission Council will hold at least one more public hearing prior to arriving to a final decision.

The Planning Commission met in November and forwarded a recommendation of denial to City Council. Comp Plan policy 5(c) states an amendment to the plan shall be treated like a zone change, the same procedure for a zone change shall be adopted. The Zoning Ordinance process requires the applicant to provide evidence that the proposal fulfills a public need, that the public need is best carried out by granting the proposed action, the action is consistent with the Comprehensive Plan and Metro's Functional Plan, proof of significant change in a neighborhood or community or mistake in the planning or zoning for the subject site, and property not provided with or concurrent with development that could be provided with adequate public services. The Comprehensive Plan has additional requirements relative to State-wide Planning Goals.

The applicant has submitted lengthy responses to all of the approval criteria and has added information throughout the process. The staff report addresses the same criteria and compares the applicant's responses to local codes and State rules. Testimony in opposition was presented at the Planning Commission hearing in the form of a letter read into the record by a nearby resident and signed by 14 other nearby residents.

APPLICANT'S TESTIMONY

John Lewis, Gold Wrench, 655 East Arlington Street introduced Marty Stiven, Stiven Planning and Development, 14620 Uplands Drive and Lee Sitten.

Marty Stiven, Land Use Planner, submitted additional information for Council review. She has been working several months with the City Planner and he has been very helpful throughout the process. This proposal is good for the City, in the public interest, and legally they meet all the

criteria for approval. Previously submitted was a vacant land analysis to demonstrate why there needs to be additional commercial land. An updated vacant land analysis is being submitted tonight.

The request is to change five developed single-family lots to C-3, general commercial zone to allow future commercial development. Although the proposal was initiated by Gold Wrench owners, the property will accommodate any future commercial development. If the property is rezoned it will be commercial development whether Gold Wrench locates there or not. Council must consider whether the proposal meets the criteria for a zone change and Plan amendment without consideration of the owner or its future use.

Based on the evidence on record and the presentation staff has agreed the request is consistent with the Comprehensive Plan policies, Metro's Functional Plan, and that all of the services can be provided including an adequate transportation system. In order to prosper and accommodate a growth with new businesses and continue to attract new businesses, a variety of commercial properties need to be available throughout the City. Without availability businesses could be forced to go elsewhere. To attract new business and accommodate the existing businesses that need to expand there needs to be variety of land choices for all kinds of business. New business allows residents to continue to shop and use local services and products; introduces travel times for residents of the City; and allows them to stay close to home to shop and receive services; increases the City's revenues through permits, increased property values and licensing; and will attract new employees and new residents to Gladstone. All are in the public interest.

Gladstone has three primary commercial districts (Portland Avenue, McLoughlin Avenue, and along I-205). Existing commercial sites in Gladstone do not fit the need of this proposal or development of any kind. This zone change and Comp Plan amendment would result in the loss of five housing lots. 63% of the land supply is zoned single-family residential. The impact of the loss of five houses will not impact the land supply. There is in fact a public need. The public need can be served by the addition of the commercial land supply. Gold Wrench has met all the requirements.

Through the design review process development of the subject site could be developed without any negative impacts on the adjacent housing or such impacts could be mitigated. The applicant is willing to work with the neighbors; design review will include neighbor comments; and design review will input ways to mitigate those impacts. The opposing letter talked about property values and there is no evidence in the record that property values would change. The letter mentioned the fence was in disrepair and that has been taken care of.

Staff has concurred that the applicant meets the original criteria and the applicant has demonstrated that this proposal is in the public interest. Other businesses in the City have submitted letters supporting the applicant. These letters were submitted to the Council. This proposal will raise more revenue through city business taxes to help the City with its budget.

QUESTIONS FROM THE COUNCIL

- Will design review allow residents input on the proposal? Answer: Ms. Stivens stated the residents for sure will have the opportunity for input.

TESTIMONY IN FAVOR -- None.

TESTIMONY IN OPPOSITION

Vivian Milano, 615 E. Berkley read a letter asking the Planning Commission to deny the request for zone change. There is no need for this property to have a zone change as it will be detrimental to all the residents directly behind the subject property. Council was asked to consider the effects of this zone change. Should families be displaced so Gold Wrench can move across the street. The applicant owns property 630 E. First Street where they could add on to his building there. An unsightly wall is not wanted by the neighbors nor do they want their back yards subject to the noise of a mechanic shop. Most of them are senior citizens and it would pose a hardship as the neighborhood would become undesirable to live in and the quality of life will change. The letter was submitted into the record.

Corinne Milano, daughter of Vivian and Ed Milano stated tonight is the first meeting she has attended on this issue. It is clear that Gold Wrench will move to the property not speculation.

Jeff Matychuck, 655 E. Berkley lives directly behind the subject property. If there is a zone change there could be a tavern behind him or his neighbors. An 8-foot fence is not protection nor is it something he would like to look at. He likes looking out back and seeing rooflines, trees, and neighbors.

APPLICANT REBUTTEL

Lee Sitten, General Contractor, Builder and Developer is working with John and Jay Lewis. It is common that the residents in an area like this don't like to see things change because they are uncertain about what is going to happen. The process is to consider this zone change and not the development. There will be buffering and landscaping that will mitigate the property line.

QUESTIONS FROM COUNCIL

- Is it possible to consider a larger area of rezoning and having commercial be on both sides of the block? Answer: Ms. Stiven noted it is an established land use pattern to split the blocks in half. In this case there are a lot of opportunities to mitigate the impacts.

ADDITIONAL TESTIMONY

Corinne Milano noted if this zone change is approved and ten years from now the applicant goes out of business, any business can locate there.

Cindy Isbell, 660 E. Berkley stated that the Milano's are not the only people in opposition. She signed the first and second letter as well as 13 other people. There are other people to consider besides the Milano's. The character of Gladstone will change by adding this commercial property.

Robin Bragg, 280 E. Jersey is not in favor or in opposition to this application. Is there is a lesson to be learned by asking the residents behind Al's what changes they experienced by having a business next to a residence. How was that business allowed in a residential area? Mayor Byers explained Al's was pre-existing to the written zoning ordinance.

Maryanna Moore, 18340 Cornell Place noted if the entire block is made commercial the next block will be looking out the front of their windows at commercial property. If a half of block is made commercial the back yards of the residential properties are impacted.

APPLICANT REBUTTAL

Ms. Stiven stated she hears the concerns of the neighbors. The applicant has developed commercially in this area and have been an influence in this neighborhood for a very long time. She asked Council to consider the criteria for approval and the need for additional commercial land. The applicant will work with the neighbors to make this very compatible. The proposed development will face onto commercial and they will work very hard to mitigate across the back property line.

Mayor Byers closed the public hearing at 8:23 p.m.

COUNCIL DISCUSSION AND DECISION

Councilor Jaren noted in light of the suggestion to change the zoning for the entire block, should the application be remand back to the Planning Commission to see what the neighbors thought of the idea. Councilor Martinez is in favor of splitting the block and having the commercial development in the backyards not the front. If Council agreed with this zone change and studied the area for commercial zones in the future adding commercial zoning to the City gives additional money for the City. Mayor Byers noted it takes a lot of development to make a difference in tax revenue.

Councilor Busch noted there is a need for more commercial land and the application points that out. The letters of support are from businesses in Gladstone which indicates that there is a need for more commercial land. Councilor Mersereau thinks it is important to work with businesses and get businesses more involved with how Gladstone functions. They can be a big part in how Gladstone grows.

City Planner Glasgow reported the Comprehensive Plan took a long time to complete. The bar is set high to change a Comprehensive Plan boundary. The applicant has submitted quite a bit of information and testimony in an attempt to show the need exists. Council makes the decision whether the applicant has been successful. It is important to keep this application and any consideration for an additional boundary change separate. To include the whole block in the zone change would require a completely new application.

Councilor Nelson moved and Councilor Martinez seconded a motion to approve the Comprehensive Plan Change and Zone Change from Single Family Residential, R-6 to Commercial, C-3 – (North side of Arlington Street from Columbia Avenue to 82nd) Z0549-MCP & Z0550-12Z with findings as noted in the staff report.
Roll: Jaren, Aye; Mersereau, Nay; Martinez, Aye; Busch, Aye; Nelson, Aye; Mayor Byers; Aye. Motion carried 5-1 with one abstention. Councilor Reisner recused himself.

Recess was taken and the meeting reconvened at 9:15 p.m.

7. City Hall/Police Station Space Needs Analysis Legal Opinion/Discussion. City Administrator Boyce reported Council asked staff to review space needs at the City Hall/Police Station facility.

Group McKenzie was hired to do this review. The report was included in Council's packet along with a letter from City Attorney Heather Martin.

Jeff Humpreys, Associate Principal with Group McKenzie is the senior architect for public projects team and he introduced Brett Hanson, Project Manager. They specialize in emergency response facilities and civic structures. They completed a study in 2012 that was commissioned by the City. Professional Group Consultants Inc. was to look at the existing structure, the existing capacity associated with it, and do a forecast as to what was wrong with it, what needed to be improved and what the associated costs were. They found the roof failing, structural issues, violations in current energy code requirements, and did not meet ADS accessibility requirements. The cost associated with repairs was $3 million. He submitted a 20-page document to the Council.

Brett Hanson reported the process includes an examination of the existing 2-story structure. The existing city offices, court, and police square footage is approximately 12,000 sf. There are 5 parking stalls on the site that is allocated to Police Staff. Consideration is given to primary function of safety, adjacencies, security, etc. They focused on essential facility nature or requirement of the building, envelope requirements and roofing. Primary concerns found are no dedicated on-site public parking, no dedicated city employee parking, and no secure parking for police vehicles and equipment. Wayfinding was found coming into the building and within the building. The police building lacks in operational space. In the city hall portion they found that circulation factors were inefficient.

Questionnaires were filled out to determine the current needs and current deficiencies. A number of scenarios are considered for growth. They identified the space needs for the City Hall and the Police Department and presented those to Council for review and decision. The next steps are evaluation of the existing building as a renovation or remodel or seeking to look at a new site for a new structure.

QUESTIONS FROM COUNCIL

- Does the Police Chief and City Administrator endorse the validity of the study? Answer: City Administrator Boyce noted the study enlarges City Hall slightly; 20 years out there is the possibility of adding a staff member. He feels it is reasonable. Police Chief Pryde reported he and Sergeant Lawrence visited other police departments in the region to see the work, design, adjacencies, flow, efficiencies, and openness. Most of these sites Group McKenzie were involved with the work. He feels the proposal is truly what they need.
- Does the extra space between years 10 to 20 reflect mostly those five additional permanent full-time officers or does it give a fair amount of space or new space for reserve officers? Answer: Brett Hanson noted when they go through the process of looking at both reserves and volunteers, shared space has been built into the program. The growth seen in the 10 to 20 growth will be permanent staff counts.
- Is the structure built for year 10 and then added on to for the next 10 years or is it built for all 20 years. Answer: Mr. Hanson stated it depends on the site and how you look at it from a growth perspective. There are different ways to look at what you grow, how you grow and what is done in the future. Often cost is the key factor.

- Were you involved with the Sherwood PD? Answer: Mr. Hanson stated they were not involved with that PD but have toured about every PD in the region.
- Is there a recommendation that the facilities should be together or separate? Mr. Hanson stated it could be done either way.
- If the Police Station was renovated to code would the City Hall have to reach that level? Mr. Hanson stated both sides would have to meet codes. The savings will be in about the 20% range if the buildings are done separately. It is more efficient to remain together. The structure could appear to be one structure but from a structural standpoint it can be two structures with a seismic joint between them.
- Can there be a parking structure underneath if there is a seismic wall between the buildings. Mr. Hanson said yes, it would be better to have it as a single-story structure. There are multi-story facilities that have a parking structure underneath.

City Attorney Doughman reported his office prepared a memo based on what they understood to be an offer in terms of possible demo and rebuild of city hall at the existing location. The Charter amendments are very general in discussion. With information given tonight it seems quite likely that the Charter amendments would come into play. It is subject to discussion that there would be some element of what the City would be paying over time that would be recouping the individual for the cost of constructing the building. The City would be the majority if not sole tenant of the building. He does not think by leasing property, particularly property that would be rebuilt and essentially leased if not solely to the City as a tenant, a vast majority of the square footage would be leased to the City, creates a very material distinction with respect to the charter amendments. There would likely need to be a public vote before that could be entertained. Council will need to express their desire in terms of having more detailed discussions about development.

City Administrator Boyce is concerned that if too much time has passed will the quotes they are getting still be good. The space need analysis will be used for projection costs for construction. Staff will review all their options, make a decision, and get more information from Group McKenzie for a ball park figure. Councilor Jaren asked what would be required to allow alternative bidders on this kind of proposal. City Attorney Doughman assumes the property would be sold to someone and then leased back. This could be done but it would be a first in Oregon local government circles. There is a process by Statute to declare the property to be surplus and declare the intent to sell for reconstruction purposes. The actual construction of the site may also have a public bidding component to it. City Administrator Boyce asked if the library could be added the project possibly a three story building with library. City Attorney Doughman noted other cities have incorporated into a structure the city administration offices, police department and a library.

Council directed staff to continue to work on the city hall/police station, determine a ballpark figure and project price, continue discussions with Mr. Marsh to determine if the proposal still has merit for the City, and work on a financial analysis to have some options for City Council on financial information. A worksession was scheduled for January 22, 2013 to discuss information from staff.

8. Library Management Outsourcing. City Administrator Boyce submitted information on outsourcing. Council asked him to look into LSSI (Library Systems and Services) to see if it

was an option for Gladstone. This is an option; they could operate under the limitations the City has with the IGA that sets up the library district. The City would continue to own the building, be required to keep up the building, maintain the grounds, and own the collection, computers and contents of the building. The City will likely have to provide janitorial services and provide property insurance. He has met with company representatives and they are not willing to provide specific numbers until Council makes a formal motion or adopts a resolution requesting that information.

Most jurisdictions that go with LSSI are either having financial difficulties or have serious management deficiencies. The City would continue participation in the library network, however the LSSI bottom line will dictate what they would charge if they automate using their own system. The City would have to buy the hardware and software for that system. The City won't be able to trade with local libraries within the county as they trade with other LSSI libraries. The closest of which is in Jackson County. The existing library district allows for inter-library loan and exchange of information.

QUESTIONS FROM COUNCIL

- Will current library employees receive equal pay to what they are receiving now or will they have to take what the LSSI offered. Answer: If LSSI were to take over all of the existing library staff would be eliminated and will have to be evaluated by LSSI to reapply. There are varying opinions on the use of LSSI, some good and some not good. The public loses some control by going with LSSI.

City Attorney asked Council for direction on how to proceed with this issue. The City is in the situation where they are operating without a library director.

PUBLIC COMMENTS

Nancy Eichsteadt, Gladstone Library Foundation President, 665 Barbary Place pointed out there are 30 volunteers at the library. You lose the connection to the community and volunteers when you outsource. They will be honoring the volunteers at a Tea on January 17, 2013. These 30 volunteers have contributed over 2,292 hours to the library this year alone. If you take minimum wage, it equals to over $20,000 the volunteers have helped with towards the library. There would be no reason to have volunteers with a for-profit community. She received a note from Jim Shefkey, former State Librarian and his experience in examining this issue is that LSSI or any similar operation has zero incentive to do anything beyond the bare minimum in services and hours. Jackson County library is open 8 hours a week. Medford Library is only open four days a week for a total of 24 hours.

Penny Hummel, 316 NE 24th Avenue, Portland stated she is the library director in Canby (LINCC library director), a member of the Library District Advisory Committee (advisory board for the library district), and president elect of the Oregon Library Association. She has concerns about the prospect of privatization of one of our public libraries here in Clackamas County. She commended the City for investigating LSSI for transparency, local control, what happens to employees, benefits and salary, level of service, and decisions as to a financial bottom line for a for-profit company versus public good. For over 200 years public libraries have earned the respect of residents they serve. In the library profession they are very concerned about the prospect of privatization because it seems to cut at the very fiber of what public libraries are all about. The guiding principle of a library director is look at what's best for the customers and

how to provide that service. There have been discussions about privatizing or working with LSSI and it resulted in many unanswered questions. There are IGA (intergovernmental agreements) between the cities and the county that allow those who work for the cities to receive funding that the voters overwhelmingly approved in 2008.

Elizabeth Taylor, 14131 SE Arista Drive, Milwaukie is a patron of the Gladstone Library. The City is going to be required to maintain the building. The building is the reason a needs assessment was done as it does not meet City needs. If the City is required to maintain the building can LSSI come in and make the City change the building to meet their needs. Will this result in loss of control over the finances of the building and will the building meet both requirements? Will the City have to spend funds to upgrade the building to meet both requirements?

The building may pose a financial impact to the City that may offset any savings by outsourcing employees. Outsourcing the employees to LSSI removes them from being employees of the City. They can apply to become an employee of LSSI. If they are hired by LSSI and the City wants to take the library back, they cannot rehire those employees. They may be able to keep a job, but they may not be able to keep a career if the City wants to take the library back. If budgeting is the concern, let the Budget Committee reduce the budget. If it is a matter of saving money why not look at it through reducing the budget. The Library Director that the City was looking for before is different than a director that the City needs now. The director before was needed to spearhead building a new library. A different type of person was probably applying for that job than might apply for the job to come in and be the library director of the Gladstone Library.

Craig Seghers, 17400 Webster Road stated that 90% of what he gets from the library comes from outside the library (sent in from being on hold). He will lose this service unless the City can get the County to do this for free for a private firm. If the City wants books brought in they will have to pay the county to do that. With the system under the City's control they can talk to city staff about their concerns. LSSI is a private equity firm, not a public corporation. He is opposed to selling off the library.

Don Tacha, 6135 Glen Echo asked Council if 20 years from now libraries are going to exist as we know them today. What is the point of spending money on new libraries to make a library that is not going to be here? The digital age is going to make libraries extinct. The City will have to pay for another big mistake that isn't going to pan out for anybody. 20 years from now people will get on their computers at home through free internet and get anything they can get from a library. TV 20 years from now will not be on a TV, it will be on a computer. Maybe the library should be several small buildings with computer stations where people can go and surf the internet for free and read all the books they want.

Mary Achartory, 17528 SE Valley View Road stated she is 500 feet out of the city limits. Gladstone Library is her library. She disagrees that in 20 years she will not have to pay for internet service. Libraries will always be needed. Not everyone can afford a computer, not everyone can afford internet service, and not everyone can afford a car. Libraries provide services that people cannot afford. Libraries will always be a necessity; children will always want to have a book in their hands to read.

Councilor Nelson moved and Councilor Jaren seconded a motion to request the City Administrator not pursue library outsourcing.

Councilor Busch suggested the staff to prepare an RFP to have LSSI come and give a presentation and give a proposal to Council to review. Administrator Boyce stated that LSSI would gladly come in give a presentation and bid, but are asking for a formal motion from Council asking them to do so. Councilor Mersereau agrees that more information can be gained from a bid.

Roll: Jaren, Nay; Mersereau, Nay; Martinez, Aye; Reisner, Aye; Busch, Nay; Nelson, Aye; Mayor Byers, Aye.
Motion carried 4-3.

9. Determine City Council Liaison Posts for 2013 (Appointments will be made by Mayor at February City Council Meeting). Mayor Byers reported he will have the appointments at the February Council meeting.

10. Set Date for Midyear Budget Review – January 29th. Mayor Byers reported January 29th is acceptable for a mid-year budget review.

11. Set Date for Town Hall Meeting -- February 26th. City Administrator Boyce asked the Council to submit to him suggested subjects for the Town Hall meeting.

12. City Council Guide Book. Mayor Byers asked staff to put this issue on next month's Council meeting.

BUSINESS FROM THE COUNCIL

- Councilor Reisner attended a work session on "How Local Governments are Run" put on by Portland State. It was good to get together with other councilors from around the state.
- Mayor Byers reported he attended oath of office for the County Commissioners and Assessors. It was a nice event.
- Mayor Byers was invited to a meeting with Senator Merkley to discuss the Community Block Grant process.
- Tomorrow night the Business Association is having their monthly meeting. Mayor Byers stated there will be meetings coming up about the legislature and invited Councilors to attend.

Adjourn

Mayor Byers adjourned the January 8, 2013 Council meeting at 10:55 p.m. into Executive Session ORS 192.660(2)(f) o consider information or records that are exempt by law for public inspection. He announced they would not be coming back into public session.

The next City Council meeting was adjourned to _____, 2013, at 7:00 p.m.

Approved by the Mayor this 12 day of February, 2013.

Attest:

Wade Byers

Mayor

Assistant City Administrator