

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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A special meeting of the Wilsonville City Council was held at the Wilsonville City Hall beginning at 7:00 p.m. on Thursday, July 7, 2016. Mayor Knapp called the meeting to order at 7:12 p.m., followed by roll call and the Pledge of Allegiance.

The following City Council members were present:

Mayor Knapp  
Councilor Starr - excused  
Councilor Fitzgerald  
Councilor Stevens  
Councilor Lehan - excused

Staff present included:

Bryan Cosgrove, City Manager  
Jeanna Troha, Assistant City Manager  
Barbara Jacobson, City Attorney  
Sandra King, City Recorder  
Jon Gail, Community Relations Coordinator  
Nancy Kraushaar, Community Development Director  
Susan Cole, Finance Director  
Delora Kerber, Public Works Director  
Stan Sherer, Parks and Recreation Director  
Andrea Villagrana, HR Manager  
Mike Ward, Engineer

Motion to approve the order of the agenda.

**Motion:** Councilor Fitzgerald moved to approve the order of the agenda. Councilor Stevens seconded the motion.

**Vote:** Motion carried 3-0.

**MAYOR'S BUSINESS**

A. City Manager Employment Contract

Mayor Knapp said the Council has agreed the City has made good progress under the leadership of Mr. Cosgrove and things are going positively in the community with the many projects underway.

Mr. Cosgrove appreciated the opportunity to serve the community, and to work for a forward thinking Council. He also valued the great staff.

The Mayor indicated Council would like to extend Mr. Cosgrove's contract for another year.

**Motion:** Councilor Fitzgerald moved to approve the extension of Mr. Cosgrove's contract as City Manager from July 1, 2016 to June 30, 2017, with a total compensation of \$165,010.90 as outlined in the employment agreement. Councilor Stevens seconded the motion.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Councilors conveyed their appreciativeness of Mr. Cosgrove and the emphasis on customer service that is reflected by staff along with the strong working relationship with Council.

**Vote:** Motion carried 3-0.

**B. Library Board Appointment**

Mayor Knapp and Councilor Stevens recommended appointing Miriam V. Pinoli to the Library Board for a four-year term beginning July 1, 2016 and ending June 30, 2020. Ms. Pinoli has a background in teaching, and is a graduate of the Wilsonville Leadership Academy and although she does not live within the City limits, she does live in the Library District and may serve.

**Motion:** Councilor Stevens moved to appoint Miriam V. Pinoli to the Library Board for a four year term beginning July 1, 2016 and ending June 30, 2020. Councilor Fitzgerald seconded the motion.

Councilor Stevens felt all four of the candidates were excellent and it was a challenge to select the appointee. The Councilor looked forward to working with Ms. Pinoli on the Board.

**Vote:** Motion carried 3-0.

**C. Upcoming meetings were announced by the Mayor as well as the regional meetings and events he attended on behalf of the City. Primary topics at the County level include affordable housing and transportation and road maintenance in the County.**

The Mayor reported Clackamas County staff held an open house to discuss the re-designation of land south of the Willamette River to “undesigned” with a future use as industrial lands. Mayor Knapp reiterated the City is not interested in providing City services to the area, nor are the cities of Canby and Aurora. He thanked the 400 people who turned out to attend the open house, and thanked staff for preparing the City’s presentation materials.

**CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS - There was none.**

**COUNCILOR COMMENTS, LIAISON REPORTS & MEETING ANNOUNCEMENTS**

Councilor Fitzgerald – (Development Review Panels A & B Liaison) reported on the next DRB meeting date where they will hold a public hearing on a proposed subdivision. She announced the Movies in the Park and the ongoing Thursday Farmers Market in Villebois.

Councilor Stevens – (Library Board and Wilsonville Seniors Liaison) noted the Wilsonville Seniors next meeting date. The Library Board discussed the success of their summer reading program with approximately 2500 participants. The Councilor noted Hazardous Waste collection day is scheduled for July 9<sup>th</sup>, and the Rotary Concerts in the Park. Councilor Stevens invited the public to participate in a Wilsonville Community Sharing fundraiser set in Charbonneau.

Mayor Knapp noted the next Planning Commission meeting date.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

**CONSENT AGENDA**

Ms. Jacobson read the title of the Consent Agenda item into the record.

A. Minutes of the June 6, 2016 City Council Meeting

**Motion:** Councilor Stevens moved to approve the Consent Agenda. Councilor Fitzgerald seconded the motion.

**Vote:** Motion carried 3-0.

**PUBLIC HEARING**

Ms. Jacobson read the title of Resolution No. 2598 into the record and noted the public hearing item should be continued to the July 18<sup>th</sup> City Council meeting.

A. **Resolution No. 2589**

A Resolution Of The City Of Wilsonville, Acting As The City's Contract Review Board, Exempting And Awarding A Public Facilities Improvement Agreement Under W.C. 2.312(5) For The Tooze Road Storm Sewer Project To Polygon WLH LLC (Polygon) For The Construction Of A Stormwater System To Serve Polygon's Calais East Subdivision And The Future Tooze Road Improvement Project As A Condition Of The Calais East Land Use Approval. (staff – Ward)

**Motion:** Councilor Stevens moved to continue the public hearing on Resolution No. 2589 to the date certain of July 18, 2016 City Council meeting. Councilor Fitzgerald seconded the motion.

**Vote:** Motion carried 3-0.

**NEW BUSINESS**

A. **Resolution No. 2590**

A Resolution Authorizing A Five Year Capital Interfund Loan From The Water Fund To The Stormwater Capital Fund. (staff – Cole)

Ms. Jacobson read the title of Resolution No. 2590 into the record.

Susan Cole, Finance Director prepared the staff report that addressed both Resolution No. 2590 and 2591. The issue before Council is the approval of two inter-fund loans, both from the Water Fund; one \$500,000 loan to the Stormwater Capital Fund, and one \$400,000 loan to the Street Capital Fund, to finance the purchase of a site for a new public works facility, in addition to capital improvements included in the fiscal year 2016-17 budget.

Currently, the Police and Public Works functions are co-located in one building that is quickly becoming too small for both functions and is in need of upgrades. The Facilities Master Plan that was completed in 2015 identified the need to upgrade and expand the space, and further recommended that the public works functions move to a larger complex, where offices, warehouse storage and an equipment yard could be jointly located.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

A site has been identified that could potentially work for a public works facility. City funds that pay for public works operations should contribute to the purchase of the land. However, the Stormwater and Roads Funds do not have adequate cash to cash-finance their fair shares, and thus are turning to the Water Fund for five year inter-funds loans.

The term of these loans are for five years, at six-tenths (0.6%) of one percent, an interest rate approximately equal to the interest rate earned by the Water Fund in the State's Local Government Investment Pool (LGIP). \$500,000 will be loaned to the Stormwater Fund, for its share of \$300,000 toward the land acquisition, as well as to finance other projects identified in the capital program. \$400,000 will be loaned to the Street Capital Fund for the Roads' share of the land acquisition. The loan for the Stormwater share will be paid back from the Stormwater Operating Fund, while the loan to the Street Capital Fund will be paid back from the Roads Operating Fund.

These interfund loans will allow the Stormwater Capital Fund and the Street Capital Fund to finance the capital program identified in the FY 2016-17 budget. The interfund loans will be made in August of 2016, and the five year payback will begin in January, 2017. Annual payments will be made each year until the loans are paid off in the year 2021.

Ms. Cole responded to a question raised about the stormwater capital fund on how the stormwater operating fund is able to afford this new debt service as well as the capital program. The Council adopted stormwater rates on a seven-year rate path that increases the stormwater rates to fund a large capital program in the Charbonneau area. That rate increase allows the stormwater operations to be balanced, as well as fund the capital program.

The stormwater capital fund did anticipate taking out debt in order to fund the capital program in Charbonneau. The stormwater fund already had a presubscribed capital program when this opportunity to purchase land for the public works facility came up, but the stormwater fund didn't have the cash. The fund is now looking to the water fund for a five-year interfund loan. Payments will be approximately \$100,000 to be covered by the stormwater fund.

Mayor Knapp confirmed the planned work for the stormwater project in Charbonneau was not in jeopardy by making the loan.

Ms. Cole stated those Charbonneau projects are on track over the next five years.

The five year loan from the water fund is at an interest rate that the water fund would otherwise earn in the local government investment pool – roughly .6%. A bank would charge 2%, plus there would be loan origination costs. The interfund loan saves the City the banking costs and enables the City to charge a lower interest rate.

**Motion:** Councilor Stevens moved to approve Resolution No. 2590. Councilor Fitzgerald seconded the motion.

**Vote:** Motion carried 3-0.

**B. Resolution No. 2591**

A Resolution Authorizing A Five Year Capital Interfund Loan From The Water Fund To The Street Capital Fund. (staff – Cole)

**CITY OF WILSONVILLE  
CITY COUNCIL MEETING MINUTES**

---

Ms. Jacobson read the title of Resolution No. 2591 into the record.

**Motion:** Councilor Fitzgerald moved to approve Resolution No. 2591. Councilor Stevens seconded the motion.

**Vote:** Motion carried 3-0.

C. **Resolution No. 2592**

A Resolution Of The City Of Wilsonville, Oregon Calling For A Measure Election To Be Included In The General Election To Be Held November 8, 2016, To Submit To The Voters The Question Of Issuing General Obligation Bonds In An Amount Not To Exceed \$35 Million To Finance The Construction Of A Wilsonville **Recreation And Aquatic Center**. (staff – Sherer, Troha, Cole, Jacobson)

Ms. Jacobson read the title of Resolution No. 2590 into the record.

The staff report was prepared by Mr. Sherer, Ms. Troha, Ms. Cole, and Ms. Jacobson.

The City Council must review and approve the ballot title and explanatory statement for the recreation and aquatic bond measure for the November 2016 ballot. The ballot title and explanatory statement are filed with the Wilsonville City Recorder, and Clackamas and Washington County Clerks. Bond proceeds will be used for property acquisition, design, construction of a recreation and aquatic center, and equipping it, in Wilsonville.

In 2014, the City hired a national consultant to conduct a comprehensive financial analysis to determine whether a community recreation and aquatic center could be financially sustainable in Wilsonville. The results of the study indicated a center could be operationally sustainable after a five year start-up subsidy from the City. The financial sustainability is predicated on having certain amenities within the facility that would generate sufficient revenue to cover operating costs. The City Council accepted the consultant report and decided to move forward with the process.

Subsequently, in 2015, the City hired a communications consultant to conduct a survey of Wilsonville voters to assess public support for a recreation and aquatic center. The survey results indicated favorable voter support for a recreation and aquatic center as well as support for using general obligation bonds as a funding mechanism. Should the City Council decide to move forward with the project, the consultant recommended placing the bond measure on the November 2016 general election ballot due to higher voter turnout.

Per Oregon statute, the City Attorney writes the ballot title, which is then reviewed and approved by the City Council. The ballot title outlines the specifics of the bond measure. The question before the voters is whether the City should issue general obligations bonds in the amount of \$35 million to be used for property acquisition, design, and construction of, and equipment for, an approximately 80,000 sq. ft. recreation and aquatic center. If approved, the measure would increase taxes for Wilsonville property owners by an estimated \$0.59 per \$1,000 of assessed value (as opposed to real market value, which for residential property is generally higher). For example, a home with an average assessed value of \$300,000 would pay \$14.75 per month. Bonds are anticipated to be issued with up to a 21-year term, and could be issued in phases. The tax assessment would be levied until the debt is paid off. The Explanatory Statement provides more detailed information about the bond measure and is included in the voter's pamphlet.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

There are no impacts to the 2016-17 budget. If the Measure passes it will have a significant impact in that the City will subsidize the first 4-5 years of operational start-up costs. A contract with a private operator will include detailed, explicit language regarding the City's financial commitment to the operations.

Councilor Starr has been speaking with a variety of community groups providing information about the proposed project and bond measure. In his message, Councilor Starr represented that the maximum cost of the facility would be \$30,000,000 but, based on more favorable interest rates than anticipated and escalating land and constructions costs, staff has suggested the ballot be for up to \$35 million dollars in bonds.

Ms. Troha explained the item before Council is the ballot title and explanatory statement for the Recreation and Aquatic Center for a bond measure to go before the voters November 8, 2016. The bond measure is to issue general obligation (GO) bonds to purchase land, design and construct a proposed recreation and aquatic center. Staff is asking Council to approve the bond title language and explanatory statement. There were some recommended changes made during Work Session which Council has copies of.

Ms. Jacobson added the changes suggested by Mayor Knapp and Councilor Fitzgerald have been incorporated, and a revised ballot title and explanatory statement was before Council.

A resolution selecting a proposed operator is on the agenda later, and is not included in these bonds. The GO bonds are not used for the operations of the facility; the GO bonds are for property acquisition, design and construction. In addition, the GO bond is asking for 59 cents per thousand of assessed value, which equates, for a house assessed at \$300,000, or \$14.75 per month.

Mr. Sherer discussed the amenities. The proposed facility is 80,000 square foot recreation and aquatic center with a 25-yard 6-lane lap pool, 6,000 square foot leisure pool including warm water slides water park elements. In addition there will be a full functional recreation center with basketball courts, a proposed rock climbing wall, multipurpose rooms, birthday rooms for parties, and a fitness center. It is a comprehensive recreation center.

Ms. Troha added the design of the facility would occur after the election if bond measure passes.

Mr. Cosgrove said the important point is the original pro forma was based on the elements outlined by Mr. Sherer.

Mayor Knapp confirmed that there would be a subsidy for a few years to enable this facility to reach a break-even point. He thought the public needed to understand that the tax measure was for capital construction and would not entitle people to use the facility without paying a membership or use fee.

Mr. Cosgrove indicated the Mayor was right. The capital construction is separate from the operations, and the facility would require ongoing operations and maintenance costs which is what the user fee would pay for. Mr. Cosgrove thought having the operator on board before approval, if the measure does pass, gives the City the ability to have the operator at the table during the design phase to make sure we are looking at things from the operator view point to insure the use and revenue potential is maximized.

The Mayor asked if the \$35 million contained cushions.

Mr. Cosgrove stated the \$35 million is the not to exceed amount, because the bidding market is an unknown, but a design-build-operate provides more flexibility to integrate cost control measures versus a

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

traditional sealed bid.

Mayor Knapp recommended the Council include the revised language in any motion for the proposal.

Councilor Stevens anticipated questions about the amount of the user fee, can you provide a range.

Mr. Sherer responded there will be a range of fees to accommodate the different types of users, individual daily fees, couple fees, families up to 4 and families up to 6 with varying fees for each of those, and resident and non-resident. To accommodate the different types of users and the different demographics there will be varying fees. All of those fees were identified in the proforma, which is now two years old; but to simplify a family of 4 is projected to be somewhere between \$68 and \$72 per month. That includes full use of the facility plus daycare for the kids while the parents use the facility.

Mr. Cosgrove pointed out the costs to build something and to operate and maintain a facility are two separate costs and two separate issues.

Councilor Fitzgerald thought the explanatory statement is useful and explains well what the voters are being asked. Councilor Fitzgerald asked staff to summarize the work over the years leading up to this point.

Ms. Troha recalled the history goes back to 2002 when a study was done to review the feasibility of an aquatic center, but at that time the community did not have the population to financially support such a facility. The aquatic center concept came back as a Council goal and in 2014 a task force participated in a detailed analysis to look at the financial feasibility of a recreation and aquatic center in the community. The recreational components were necessary to bring in revenue to pay for the costs associated with a pool. A consultant was hired to conduct the financial feasibility analysis and gauge the use and support of such a facility.

The task force recommended Council accept the financial feasibility report and move forward to the next phase in the project. The City hired Moore Information Consulting to survey the Wilsonville voters to gauge the support in the community to pay for a recreation/aquatic facility given certain amenities discussed in the financial feasibility study. The results of the survey work showed strong support to pay additional taxes to build such a facility.

Mayor Knapp observed the population service area has grown from that of 2002, and the concept of the recreation/aquatic center made it more feasible.

**Motion:** Councilor Fitzgerald moved to approve Resolution No. 2592 with the revised explanatory statement discussed in the work session and provided to Council. Councilor Stevens seconded the motion.

Councilor Stevens supported the ballot measure and was curious to see what the support will be, and thought continuing education and provision of information to the community is important.

Councilor Fitzgerald thanked Councilor Starr who has spent a lot of time educating the public on the proposal. She asked who people should call if they have question.

Mr. Sherer said information is available on the Parks and Recreation website, at City Hall and the Library.

**Vote:** Motion carried 3-0.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

**D. Resolution No. 2593**

A Resolution Of The City Of Wilsonville, Oregon Calling For A Measure Election To Be Included In The General Election To Be Held November 8, 2016, To Refer To The Voters The Question Of Whether The City Should Continue Its Ban On **Marijuana** Facilities Within The City. (staff – Jacobson)

Ms. Jacobson read the title of Resolution No. 2593 into the record and presented the staff report. Before Council is Resolution No. 2593 which, if approved by Council, would authorize a ballot measure at the general election in November to submit to the voters the question of whether Wilsonville should continue its ban on marijuana facilities.

Council recently approved Ordinance No. 778, banning recreational and medical marijuana facilities in Wilsonville, subject to voter referral in the November general election. This resolution advances Council's decision to refer the current ban on marijuana facilities to the voters by placing a measure on the November ballot. If a resolution referring the issue of a marijuana ban to voters is enacted, the question of whether the City should continue to prohibit or, alternatively, permit marijuana facilities in Wilsonville will be answered. If the voters elect to continue the ban, nothing will change regarding the City's treatment of marijuana facilities. If the voters choose to eliminate the ban, Council must next decide whether to enact time, place, and manner regulations. While the City could also continue the ban relying on the business license prohibition against illegal business under federal law; by referring a measure to the voters there will be an expectation that the Council will act based on voter will.

The Ballot Title must be filed by August 19, 2016, and a Notice of Measure Election must be delivered to the elections officers of Washington and Clackamas Counties by September 8, 2016.

There are no immediate budget impacts, but if a City elects to ban any of the marijuana operations legalized by state law, the City will not get any of the tax revenue collected from the sale of marijuana, nor can it impose a local tax. For the first year, revenue is distributed based on population. Thereafter, the formula is changed based on the number of marijuana facilities located in the city. Additionally, HB 3400 allows a local tax of up to 3%, if approved by voter referral. Although the City already passed a higher local tax than is included in HB 3400, the belief is that the taxation formula of HB 3400 is most likely preemptive.

Passage of this resolution will allow the voters to have the final say in whether marijuana facilities are going to continue to be banned in Wilsonville. A continued ban will not affect any citizen's ability to grow, use, or consume medical or recreational marijuana in private and will simply prevent the establishment of marijuana facilities within the City limits.

Measure 91 legalized the use of recreational marijuana in the State as well as recreational sales, processing and distribution, producing and growing of recreational marijuana. Medical marijuana had already been legalized. However, federal law still views marijuana as a schedule one non-narcotic drug and it is illegal.

In the City there is a business license ordinance that has prohibited a license from being issued within the City limits to any business that is illegal on its face under state or federal law. This ordinance has been in place since 2014, and prior to the passage of Measure 91.

Subsequent to passage of Measure 91 the City continued on with the business license ordinance and continued to prohibit those establishments in the City based on the fact that they violated federal law.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Although other cities received legal challenges on similar ordinance, the City has not, but the other cities ordinances were upheld.

In 2015 the Legislature took this issue on trying to recognize home rule, City rights as well as the wishes of the voters in passing Measure 91. The Legislature said cities could continue to have a ban under the state law provided that if they enacted that ban or moratorium, at the next general election the cities would be required to refer the measure to the voters to see whether the voters agreed with the prohibition or ban, or not.

Wilsonville had the business license ban so we could have continued to rely on that, but because the vote was close here, Measure 91 did fail within the Wilsonville district, but not by a very big margin. At past Council meetings we had discussion on whether or not to take advantage of the state ban, and if we did and kept that ban in effect, then the City would be obligated to put the measure on the November 2016 election. Council decided to do that. That ban is still in effect and so the question now is does the City want to continue that ban and thereby be obligated to put this measure onto the November ballot.

A “yes” vote will continue the City’s ban, and retain the status quo. If the citizens vote “no” then effectively they are stating they want to allow these facilities in Wilsonville. Council will then come back with reasonable time, place, and manner restrictions placed on where these facilities can be.

Another ordinance that will be coming to Council for consideration will be some reasonable, time, place and manner suggested restrictions in the event the decision by the voters is “no” we don’t want to continue the absolute ban. If the vote is “yes” then status quo stays in effect; if the vote is “no” then there is going to be some allowance of those marijuana businesses within the City limits.

The other thing that is important to note, and it is provided for in the ballot title as well as the explanatory statement, is nothing about this measure limits or prohibits or restricts medical or personal marijuana use, home cultivation of up to four plants, or transfer of one ounce of marijuana between individuals without payment. That is allowed under state law and cannot be restricted or stopped. The measure does not change the personal uses; it only addresses businesses that we allow to operate in the city.

A “yes” vote would have revenue impacts. Currently 10% of state marijuana tax revenue will be distributed to all cities to assist local law enforcement in performing their duties under Measure 91. If approved, this measure will make Wilsonville ineligible to receive distribution of state marijuana revenues. Furthermore under the 2015 legislation, a City may impose up to a 3% tax on marijuana items sold by marijuana retailers within the city; however, a City that adopts an ordinance prohibiting the establishment of any medical marijuana processor, medical marijuana dispensary, or recreational marijuana producer, processor, wholesaler, or retailer, may not impose that local tax or fee on the production process and sale of marijuana or any product into which marijuana has been incorporated. In other words, if Council bans any of those operations within the City limits Council is precluded from imposing a tax.

A “yes” vote will continue the current prohibition on all of those various businesses. A “no” vote will allow those business establishments to locate in the City of Wilsonville subject to zoning regulations.

In the Council packet was a proposed ballot title and explanatory statement. Prior to the meeting this evening, the Mayor and Ms. Jacobson had a conversation about the language and the Mayor felt the paragraphs could be reorganized in the Explanatory statement to ensure clarity for the voters.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

The Mayor explained his intent was to make the wording as clear as possible to someone who was not familiar with the issue.

Councilor Fitzgerald appreciated that the explanatory statement contained language stating that if the voters advise the Council they want to continue the ban then there will be no tax because there will be no legal sales and the City would not be collecting a tax. Nor would the City be receiving any of the shared revenues from the state imposed tax. The Councilor pointed out if there were increased police enforcement issues related to driving, or disagreements between neighbors, the City's police response would come from the City's revenues and not the additional tax revenue. Because Measure 91 failed by a small margin, the City was required to bring this measure to the voters.

Ms. Jacobson stated the City Council would not have been required to refer this measure to the voters if Measure 91 had been defeated by 55% or more of the voters. The margin in Wilsonville was narrow 51% to 49%. The City could have skipped the ban, and relied on the federal law, but federal law may change in the future. If the voters under Oregon law say they want the ban to continue, then the ban can continue in Wilsonville.

Councilor Fitzgerald stated because marijuana is still a federally controlled substance, the banking system does not recognize the business. How does it work if a municipality is sanctioning a business that is not recognized under federal banking rules, is there some exposure to the city.

Ms. Jacobson said the federal attorney general has taken the position that in states where the law has been passed to legalize marijuana, although they are not supporting that, they are actually not prosecuting in those states so long as the operations are legal under state law. And has always been the case with tax collection, even if your operation is illegal, you still have to pay taxes. Even though the federal government isn't going to help with banking regulations if you are in the marijuana business you are paying federal tax in addition to state tax.

Mayor Knapp asked what other cities and counties were doing.

Ms. Jacobson responded Clackamas County has time, place, and manner restrictions and allows all of the operations in the County. Tualatin is restrictive, Lake Oswego is doing what we are doing, as is West Linn; Tigard allows dispensaries; Portland does; she was unsure of the status in Woodburn; Marion County allows them; and Salem has quite a number of dispensaries.

Mayor Knapp commented even if Wilsonville continued to ban facilities in Wilsonville there are numerous other locations where those types of facilities are allowed. Putting the measure before the voters was a wise move particularly with the vote being as narrow as it was on Measure 91. He asked when the zoning would be addressed before or after the election in November.

Ms. Jacobson recommended addressing time, place, and manner before the vote to have something in place.

**Motion:** Councilor Fitzgerald moved to approve Resolution No. 2593 with the revised explanatory statement and ballot measure and language received during the Council meeting. Councilor Stevens seconded the motion.

**Vote:** Motion carried 3-0.

E. **Resolution No. 2594**

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

A Resolution Of The City Of Wilsonville Authorizing The City Manager To Execute A Purchase And Sale Agreement With Washington County For 7.58 Acres Of Land On SW Boberg Road For Public Work Complex. (staff – Kerber)

Ms. Jacobson read the title of Resolution No. 2594 into the record.

Delora Kerber, Public Works Director, presented the staff report. Before Council is a resolution that, if approved, would approve a purchase and sales agreement with Washington County for 7.58 acres of property along Boberg Road for a future Public Works Complex.

The Facility Master Plan (FMP), completed in March 2015, provides an analysis of the existing conditions of City facilities, concepts for incremental programmatic building, and site improvements to meet the City's short and long term needs through the Year 2035.

The FMP Priority Evaluation categorized various improvement projects by priority rating including the condition of the existing facility, the urgency of the improvement project and funding availability.

The Evaluation process resulted in three top priority projects: 1) Improved accommodations for the Police Department; 2) A new Public Works Complex and 3) Library renovation.

The Police Department is currently housed on the Lower Level of the Public Works and Police (PWPO) building. The current quarters are deficient programmatically and lack natural daylight. The first priority of the long range plan is to improve the accommodations for the Police Department. Three options were considered to improve the facility for Police:

- Option 1 is to have the Police occupy both the Lower and Main levels of the existing Public Works and Police building. This option could be partially funded with grants from the Seismic Rehabilitation Grant Program to bring the building up to Category IV seismic standards. ORS 455.400 requires seismic rehabilitation of publicly-operated emergency operations centers, police stations and fire stations by 2022.
- Option 2 would be to demolish the existing Public Works and Police Building and reconstruct a new Police facility on the same site. Police would need to temporarily relocate during construction.
- Option 3 would demolish the existing Art Tech School and reconstruct a new Police facility on that site.

Per discussion with Police Department staff, the preferred choice of the three options presented is for the PWPO building to be renovated and have the Police occupy the whole building. In order for that to occur, Public Works needs to move to another location.

The Public Works Department office is currently located on the Main Level of the PWPO Building. The department includes shared warehouse storage at Memorial Park Barn and an equipment yard in Memorial Park, south of Murase Plaza, called 3-Bay. The 3-Bay site is utilized through a conditional use permit which expires in June 2019. Both the existing warehouse storage and equipment yard facilities are not adequate for the current operations of the Public Works Department and their distant locations from the office make operations less efficient. The proposed solution to improve the Public Works Department facility is to build a new Public Works Complex that will consolidate the office, warehouse storage and equipment yard functions on one site.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

In the Facility Master Plan, six sites were under consideration to house a new Public Works Complex. Criteria for siting the Public Works Complex are: size (minimum of 5 acres); location (within or immediately adjacent to City limits); zoning (compatible use); and cost. Three sites were eliminated due to various reasons and deemed non-viable. Three sites were brought forward as viable options on which to build a new Public Works Complex.

- Site 1 is 7.58 acres (5.28 acres useable) on Boberg Road immediately north of the SMART/Fleet Facility.
- Site 2 is 7 acres between Boones Ferry Road and Boberg Road adjacent to the City's Boeckman Well facility.
- Site 6 is 9.13 acres (4.2 acres usable) with a residence and power line easement just off of Day Road in unincorporated Washington County.

Of the three options above, the most viable is Site 1 which is comprised of two parcels on the west side of Boberg Street between Barber Street and Boeckman Road and is owned by Washington County. The two parcels are tax lot 31W14A 01900 at 4.70 acres and 01800 at 2.88 acres for a total gross acreage of 7.58 acres. The site is 30.34% encumbered by a combination of easements; a Significant Resource Overly Zone (SROZ) and a private access drive leaving 5.28 acres of net developable land. The site is currently public owned and tax exempt.

The City had a Real Estate Appraisal Report done for the two parcels which was completed November 30, 2015. The Report concluded Market Values for the combined parcels of \$2,080,000. Washington County also procured a Real Estate Appraisal and the concluded Market Value in that Report was \$1,552,000. The City and the County settled on a purchase price of \$1,766,000. Purchase of the property is the first step towards improving the accommodations of the Police Department and the development of a Public Works Complex.

Once the Purchase and Sales agreement is approved by the City it will be presented to Washington County Commissioner for approval in late July. Phase 1 environmental study will commence immediately following approval.

Funding for the purchase of the 7.58 acres of property has been included in Fiscal Year 16/17 budget and would come from various Public Works related funds. Based on estimated use of the office, parking area, warehouse and yard of the property the proportionate cost allocations would be 15% general fund, 20% roads, 25% water, 25% wastewater, and 15% storm water.

**Motion:** Councilor Stevens moved to approve Resolution No. 2594. Councilor Fitzgerald seconded the motion.

**Vote:** Motion carried 3-0.

F. **Resolution No. 2595**

A Resolution Of The City Of Wilsonville, Oregon, Selecting **Sports Facilities Management, LLC** To Operate The City Of Wilsonville Proposed Recreation And Aquatic Center. Selection Is Contingent On Passage Of The Bond Measure By Voters On November 8, 2016 And Successful Negotiation Of An Agreement Between The City Of Wilsonville And Sports Facilities Management, LLC. (staff – Troha, Sherer)

The City Attorney read the title of Resolution No. 2595 into the record.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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The issue before Council is whether the Sports Facilities Management Group should be selected as the operator and manager of the proposed Recreation and Aquatic Center. Council approval is contingent upon passage of the bond measure in November and successful negotiation of a management contract between the City and the Sports Facilities Management Group.

In February, the City conducted a formal request for proposals (RFP) process from qualified firms for the operation and management of a proposed recreation and aquatic center. The intent of the RFP was to identify facility management companies qualified and capable of operating and managing a proposed 80,000 square foot multi-activity recreation center, including a six-lane pool, a 6,000 square foot leisure pool, fitness center, basketball courts, multi-purpose rooms and other recreational amenities that will be identified during the design phase. Among other requirements, interested proposers were advised to include the following in their submittal:

- Introductory Letter.
- Overall Experience and Qualifications.
- Proposed Programming and Operational Plan: to include a management plan, a marketing plan and a financial plan.
- Budget/Financial Proposal
- References

The City received four submittals to the RFP. Those respondents included the City of Wilsonville, USA Sports Management, YMCA of Columbia-Willamette, and the Sports Facilities Management. A committee was formed to review the written proposals and interview the selected firms. The committee consisted of City staff, Councilor Scott Starr and Tony Holt, a member of the budget committee. All firms that submitted written proposals were invited to participate in the interview process. Those firms included USA Management, the Columbia Willamette Valley YMCA, and the Sports Facilities Management (SFM). The firms were interviewed on April 14, 2016. Each respondent was allowed approximately ninety minutes to present their proposal, ask and answer questions.

After the interview process was completed, the review committee ranked each proposer in accordance with the criteria set forth in the RFP and overall presentation. Interview scores were combined with the written proposal scores and used to determine the final ranking. Staff conducted reference checks of the top two proposals. The outcome was a unanimous selection of the Sports Facilities Management.

The Sports Facilities Advisory (“SFA”) was founded in 2003. Initially, the company served clients seeking to open new facilities by producing the economic feasibility analysis. Wilsonville retained SFA, through a competitive process, in 2014 to conduct the feasibility study for our proposed recreation and aquatic center. Since that time, and after years of providing management services, SFA formed Sports Facilities Management (“SFM”) for the purpose of opening and/or managing recreational facilities similar to the one proposed for Wilsonville, nationwide. SFM will work with the City to enhance revenues and contain costs while also optimizing the quality of services to our community.

The firm of Councilman-Hunsaker will subcontract with SFM on the management of the Wilsonville Recreation and Aquatic Center. They also partnered with SFA to deliver the economic feasibility study for the project. Councilman is an industry leader in planning, designing and managing recreational aquatic facilities.

Execution of the contract is contingent upon passage of a bond measure for the issuance of approximately \$35 million dollars in bond funds needed to fund the land acquisition and construction of the proposed Recreation and Aquatic Center.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Ms. Troha outlined the background leading to the Recreation/Aquatic Center and the selection of SFM as the operator.

In November 2014 a task force was convened consisting of twelve members from a variety of community groups. The task force worked with a consultant on a financial feasibility study to look at the financial feasibility of having a community recreation/aquatic center in Wilsonville, and to determine if the facility could be self-sustaining, and whether the City had the demographics to support such a center.

Study results indicated that such a facility could be self-sustaining given certain amenities. The key was to combine the recreation components with the aquatic components in order to generate revenue to offset the operation and maintenance of a pool.

Moore Information conducted a citizen survey in the community to test voter opinion for a community recreation/aquatic center, was there community support for such a facility and were voters willing to pay additional taxes to fund a center. The consultant also looked at which election to put the ballot measure on and the recommendation was the November 2016 which would produce a higher voter turnout.

The next step was looking at the operator components of the facility. It was important to select the operator to insure the City had done its due diligence in terms of looking at who would operate the facility and how much would it cost to operate the facility so that information was available to the voters in November. Four respondents submitted responses to the RFP, and all four of the companies received an interview by a review committee. Using set criteria, the committee recommended Sports Facilities Management (SFM) and Councilman-Hunsaker.

Ms. Troha pointed out it was important to note the contract award is contingent upon the passage of the ballot measure in November, and a successful negotiation with SFM for an operator agreement. Council is acknowledging, at this time, that the City is interested in moving forward and negotiating a contract with SFM. If negotiations with SFM are not successful, the Council is not locked into a contract. Any negotiated contract will come back to the City Council for final review and approval.

SFM's proposal was in the amount of \$16,500 per month in terms of costs to operate the facility. This is a management fee to operate and manage the facility, similar to the operation and management contract the City has with Veolia for the Water Treatment Plant and CH2M Hill for the wastewater plant. Both plants are owned by the City; however, they are operated and managed by a contractor.

Continuing, Ms. Troha indicated there would be an operating deficit of about \$1.4 million for the first 4-5 years due to startup which will be covered by the City's General Fund. This amount has been included in the City's five year forecast. The financial feasibility study indicated the recreation/aquatic center would be self-sustaining in year 5; however, SFM's proposal shows the facility would be self-sustaining in year 4 based upon their experience and management of like facilities.

The Mayor wanted to know if the subsidy forecast a conservative forecast.

Mr. Sherer stated based on former experience with SFM and from conversations with the representative of their firm and checks with operators from other facilities, SFM provided conservative numbers. The last thing SFM is interested in is putting themselves at risk with too aggressive numbers.

Councilor Fitzgerald confirmed the subsidy amount to be spread over the first 4-5 years is \$1.2 to \$1.4 million. The Councilor wanted to know the benefits of identifying the operator at this time.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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Mr. Sherer said more than half of the number is startup costs in the initial year of operation. Should the bond measure be approved, having someone on board allows a quick transition into the design phase of the facility, it is important to have the operator input on design in order to maximize the potential for revenue generation and service delivery.

Mayor Knapp read an email from Councilor Starr sent to the Mayor and dated today, "I was part of the process interviewing the management companies and wanted to share my thoughts. We interviewed several quality candidates and I believe that we received a recommendation for the strongest candidate for managing the Rec and aquatic center. The committee did their due diligence and the evaluation resourced the best candidate in my opinion." The Mayor added this is a project with a long history in the community and ongoing interest in pursuing a recreation/aquatic center as a potential amenity to have in the City. It will be appropriate to ask the voters and tax payers whether they are willing to back this in a way that will enable it to happen.

Councilor Fitzgerald said a pool is a most often asked question to her since she has been on the Council. Arriving at this point in the process was not easy, and a lot of work has gone into reaching this stage.

Councilor Stevens appreciated the analysis of having the City run the facility, but it made sense to have a knowledgeable contractor operating the facility.

**Motion:** Councilor Fitzgerald moved to approve Resolution No. 2595. Councilor Stevens seconded the motion.

**Vote:** Motion carried 3-0.

**CITY MANAGER'S BUSINESS**

Mr. Cosgrove commented before Mr. Sherer came to the City, the City did not have a Parks and Recreation Department, and Mr. Sherer has who built the Parks and Recreation Department from scratch. Although he has been with the City a short time, he will be leaving a remarkable legacy:

- Improvements to the Stein Boozier Barn which has increased the use of the facility
- Increased recreation programming, both variety and revenue across the board working with Brian Stevens
- Completion of the Memorial Park Master Plan
- Improvements to Memorial Park with disk golf, the community garden, and dog park
- Major renovations to Murase Plaza
- Countless improvement to maintenance efficiencies
- Great job with staff in hiring

Stan will be missed, but the City could not have been more fortunate in terms of who was brought in to build a department; whoever follows will be in very good stead in terms of the department that they inherit and I wanted to publicly thank Stan.

Mr. Sherer appreciated the opportunity to work for the City and in creating a new department and setting the foundation for the future. He thanked Council for their support and said he would miss working at the City.

**CITY OF WILSONVILLE  
CITY COUNCIL MEETING MINUTES**

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**LEGAL BUSINESS**

**ADJOURN**

Mayor Knapp adjourned the meeting at 9:15 p.m.

Respectfully submitted,

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Sandra C. King, MMC, City Recorder

ATTEST:

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Tim Knapp, Mayor