

CITY OF WILSONVILLE
CITY COUNCIL MEETING MINUTES

A special meeting of the Wilsonville City Council was held at the Wilsonville City Hall beginning at 7:00 p.m. on Thursday, January 21, 2016. Mayor Knapp called the meeting to order at 7:15p.m., followed by roll call and the Pledge of Allegiance.

The following City Council members were present:

Mayor Knapp
Councilor Starr
Councilor Fitzgerald
Councilor Stevens
Councilor Lehan

Staff present included:

Bryan Cosgrove, City Manager
Jeanna Troha, Assistant City Manager
Mike Kohlhoff, City Attorney
Sandra King, City Recorder
Holly Miller, IT Manager
Mark Ottenad, Government Affairs Director
Nancy Kraushaar, Community Development Director
Mike Kohlhoff, Special Projects Attorney
Mike Ward, City Engineer

Motion to approve the order of the agenda.

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

Vote: Motion carried 5-0.

MAYOR'S BUSINESS

Mayor Knapp indicated he had been interviewing applicants for the City's boards and commissions. He reported on the meetings he attended on behalf of the City and announced a contingent of mayors from the country of Albania will be traveling to Wilsonville the first week of February 2016 to learn about municipal government. Councilor Fitzgerald indicated she would be interested in participating.

COMMUNICATIONS

A. IT Strategic Plan Survey (staff – Miller)

Holly Miller, IT Manager, announced the City is embarking on developing an IT strategic Plan. Information about the Plan its purpose and goals, along with a virtual open house and a survey is available on the City's website. Ms. Miller encouraged the public to provide their input on the technologies the City currently provides, and what the public would like to see for the future.

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CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS

This is an opportunity for visitors to address the City Council on items *not* on the agenda. It is also the time to address items that are on the agenda but not scheduled for a public hearing. Staff and the City Council will make every effort to respond to questions raised during citizens input before tonight's meeting ends or as quickly as possible thereafter. Please limit your comments to three minutes.

Simon Springall, spoke about the request from Republic Services for a rate increase. He suggested looking at the rate structure in Lake Oswego where the smaller bins are less expensive, and to do more to encourage residents to recycle and to take a more socially environmental conscious approach.

COUNCILOR COMMENTS, LIAISON REPORTS & MEETING ANNOUNCEMENTS

A. Council President Starr – (Park & Recreation Advisory Board Liaison) reported the Parks and Recreation Advisory Board met and discussed the proposed Rec Aquatic Recreation Center. Councilor Starr said he had spoken to the Wilsonville Rotary to provided information on the proposed project and he will be speaking to community service organizations these next few months. Councilor Starr announced the Daddy Daughter Dance.

B. Councilor Fitzgerald – (Development Review Panels A & B Liaison) announced the decisions of Development Review Board Panel A, and the date of the next Development Review Board Panel B meeting.

C. Councilor Stevens – (Library Board and Wilsonville Seniors Liaison) said the Wilsonville Seniors heard from Stan Sherer, Parks and Recreation Director about the remodeling activities taking place in the Community Center. She noted the Wilsonville Seniors will be organizing a targeted mailing for fundraising events. The date of the next Library Board meeting was provided. Councilor Stevens stated she had attended the French Prairie Forum meeting where they set goals for the coming year.

D. Councilor Lehan– (Planning Commission and CCI Liaison) reported the Planning Commission discussed the Basalt Creek concept plan, and noted the date of the next Commission meeting.

Mayor Knapp invited the public to attend a fundraising event for Wilsonville Community Sharing set for February 13 at the Community Center.

CONSENT AGENDA

Ms. Jacobson read the Consent Agenda items into the record.

A. Minutes of the December 16, 2015 Council Meetings. (Staff – King)

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

Vote: Motion carried 5-0.

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PUBLIC HEARING

A. **Ordinance No. 783** – 1st Reading

An Ordinance Of The City Of Wilsonville Making Certain Determinations And Findings Relating To And Approving A Substantial Amendment To The City Of Wilsonville's West Side Urban Renewal Plan (Second Amendment) And Directing That Notice Of Approval Be Published. (Staff – Kraushaar)

Ms. Jacobson read the title of Ordinance No. 783 into the record on first reading.

Mayor Knapp read the hearing format and opened the public hearing at 7:45 p.m.

The staff report was prepared by Nancy Kraushaar and Elaine Howard, Urban Renewal Consultant and is included here in its entirety to provide background:

Begin Staff Report.

The Wilsonville City Council (City Council) is being asked to conduct a public hearing, take testimony and review the Second Amendment to the West Side Urban Renewal Plan (Second Amendment) to increase the financial capacity of the Plan (maximum indebtedness¹) and to remove property and a project from the West Side Urban Renewal Plan (Plan). The Second Amendment is termed a substantial amendment because it increases the maximum indebtedness of the Plan. The funding from this Second Amendment will be allocated to complete projects already specified in the Plan. No new projects are added to the Plan.

This Second Amendment was recommended by the Wilsonville Urban Renewal Strategic Plan Task Force as part of the Wilsonville Urban Renewal Strategy adopted in October 2014.

EXECUTIVE SUMMARY:

The Plan was adopted on November 3, 2003 and has been amended one time, to add property. The present amendment will increase the maximum indebtedness by \$9,400,000 from \$40,000,000 to \$49,400,000, remove property and one project, and update the following sections:

- I. Introduction
- IV. Map and Legal description of the Urban Renewal Area
- V. Urban Renewal Projects
- VI. Relationship to Local Objectives
- X. Tax Increment Financing and Maximum Indebtedness
- XIII. Recording of Plan
- Add Section XIV. Recording of Substantial Amendments
- Update Exhibit A: Legal Description of the Area
- Update the Report on the Plan.

¹ Maximum indebtedness is the limit on an urban renewal plan for how much can be spent on projects and programs throughout the life of the plan. In accordance with state law, every urban renewal district has a maximum indebtedness.

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There are no new projects being added to the Plan, only the financial capacity to complete the projects already designated in the Plan.

In 2013 the City of Wilsonville appointed the Wilsonville Urban Renewal Strategic Plan Task Force (Task Force) with the task to determine how to proceed with urban renewal in the City of Wilsonville. There were recommendations for the current urban renewal plan areas as well as recommendations to pursue urban renewal in other areas in Wilsonville.

The Task Force's recommendation for the West Side Urban Renewal Plan was to increase the maximum indebtedness to the amount that could be increased through the authority of the Wilsonville City Council. The Task Force also recommended that an advisory vote was not recommended for this action. The recommendation of the Task Force also included moving the Old Town Escape project to the Year 2000 Plan and not adding any additional projects into the West Side Urban Renewal Plan.

One of the changes made by the 2009 Oregon legislature was instituting revenue sharing with impacted taxing jurisdictions. This revenue sharing clause is applied to existing urban renewal plans when actions are taken that result in an increase in the maximum indebtedness of these existing plans. Revenue sharing is instituted at certain specified trigger points as specific in ORS 457.470. The financial projections, completed by ECONorthwest, project that the West Side Urban Renewal Area (Area) will begin revenue sharing in 2017 as a result of this Second Amendment.

AMENDMENT PROCESS

The process of adopting a substantial amendment to the Urban Renewal Plan consists of the following steps. In addition to these required steps, there is property that is in the urban renewal area and is being annexed prior to the City Council vote on this amendment.

- Preparation of the Second Amendment, including the opportunity for citizen involvement. (An advisory committee has been involved in the decision making and there will be two public hearings, one before the Planning Commission and one before the City Council.)
- Urban Renewal Agency review of the Second Amendment and accompanying Report and recommendation to forward the Second Amendment to City Council for adoption. (The Urban Renewal Agency recommended the Second Amendment on February 19, 2015 and was forwarded the final Second Amendment for review in December 2015.)
- Forwarding a copy of the Second Amendment and the Report to the governing body of each taxing district. (This occurred on December 1, 2015.)
- Review and recommendation by the Planning Commission. (The Wilsonville Planning Commission review occurred on November 12, 2015 and December 9, 2015.)
- Presentation to the Clackamas County Commission. (This occurred on December 15, 2015)
- Notice to all citizens of Wilsonville of a hearing before the City Council. (Notice was provided in the January Boones Ferry Messenger.)
- Hearing by City Council and adoption of the Second Amendment and accompanying Report by a non-emergency ordinance. (The hearing for City Council is scheduled for January 21, 2016. The vote is scheduled for February 1, 2016. The ordinance must be a

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non-emergency ordinance, which means that the ordinance does not take effect until 30 days after its approval and during that period of time may be referred to Wilsonville voters if a sufficient number of signatures are obtained on a referral petition.)

ORDINANCE ADOPTING AMENDED PLAN

The ordinance adopting the Plan requires the City Council to make certain findings, which are listed in the first section following “Now, Therefore.” These findings are based on various documents and events. These findings are outlined below with the sentence below each finding describing its purpose in the ordinance:

1. The process for the adoption of the Second Amendment has been conducted in accordance with ORS 457 of the Oregon Revised Statutes and local ordinance;

As described in Section III above, the City has followed the procedures as outlined by ORS 457.

2. The area designated in the Plan as the West Side Urban Renewal Area (“Area”) is blighted, as defined by ORS 457.010(1) and continues to be eligible for inclusion within the Plan because of conditions described in the Report in the section “Existing Physical, Social and Economic Conditions and Impacts on Municipal Services”, including the existence of inadequate streets within the Area (ORS457.010(e)) and the underdevelopment of property within the Area (ORS457.010(1)(g).

This is the basic justification for the Plan and the Council’s finding is meant to make that justification explicit.

3. The rehabilitation and redevelopment described in the Second Amendment to be undertaken by the Agency is necessary to protect the public health, safety and welfare of the City because, absent the completion of the urban renewal projects, the Area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according the goals of the City’s Comprehensive Plan;

This finding states the public purpose of the Plan, which is for the property in the Area to develop and redevelop according to the Comprehensive Plan. Property which is not developed or not fully developed and/or is unoccupied does not contribute as much property taxes as fully developed property. The improvement of property in the Area will add to the tax base in the Area and further support additional economic activity in the Area.

4. The Second Amendment conforms to the Wilsonville Comprehensive Plan and provides an outline for accomplishing the projects described in the Plan, as more fully described in the Plan as amended by this Second Amendment and the Planning Commission Recommendation;

This finding is supported by the Planning Commission’s conclusion that the Plan conforms to the City’s Comprehensive Plan, identified in Section VI of the Plan and Section V of the Plan describing projects in the Plan and the Sections V and VI of the Report identifying costs and timelines of Projects.

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5. The Plan conforms to the Wilsonville Economic Development Strategy as a whole, as described in the Second Amendment.

The original Plan did not contain this finding as there was not an adopted Economic Development Strategy. The Second Amendment includes the finding which will be incorporated into the original Plan.

6. The acquisition of property for public infrastructure projects was anticipated in the original Plan and continues to be anticipated in the Second Amendment.

No residential displacement is anticipate as a result of any acquisition needed for projects identified in the Plan and therefore the Second Amendment does not include provisions to house displaced persons. In the event of unanticipated displacements the Agency would be obligated to provide relocation assistance;

The Second Amendment does not contemplate acquisition of property that would displace residents or businesses. Should a project result in an acquisition that causes displacement the Agency would be obligated to provide relocation assistance.

7. Adoption of, and carrying out, the Plan, as amended by this Second Amendment is economically sound and feasible in that eligible projects and activities will be funded by urban renewal tax revenues derived from a division of taxes pursuant to section 1c, Article IX of the Oregon Constitution and ORS 457.440 and other available funding as more fully described in the Section “Financial Analysis of the Plan” of the Report;

The Report contains information on the projected revenues and projected expenditures under the Second Amendment and supports a finding that the Second Amendment is economically sound and feasible.

8. The City shall assume and complete activities prescribed to it by the Plan as amended by the Second Amendment;

The Second Amendment does not prescribe specific activities to the City.

9. The Agency consulted and conferred with affected overlapping taxing districts prior to the Second Amendment being forwarded to the City Council.

The Agency sent a copy of the Second Amendment and the Report to the affected overlapping taxing districts on December 1, 2015. The letter included an invitation to provide comments in writing on the Second Amendment and Report.

To date the City has not received written recommendations from the affected taxing districts other than the approvals noted above. If such recommendations are received, the Council will be required to “accept, reject or modify” the recommendations and language to that effect will be added to the ordinance.

Finally, the ordinance notes the process of preparing the Second Amendment included a public hearing on the proposed changes, presenting the Second Amendment and Report to the Planning Commission of the City of Wilsonville for its recommendation, sending a copy of the Second Amendment and Report to affected taxing districts, including Clackamas County, for their review.

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The ordinance also calls for publication of a notice that the Council has adopted the ordinance, for the recording of the Plan by the Clackamas County Clerk and for transmitting the Plan to the Clackamas County Assessor.

EXPECTED RESULTS:

When enacted, Ordinance No. 783 will allow the Urban Renewal Agency to complete projects within the West Side Urban Renewal Plan and subsequently terminate the Plan and return assessed value to the tax rolls. The Tooze Road improvement project is the first project scheduled to occur under the Substantial Amendment. Property acquisition is scheduled to begin the spring of 2016.

TIMELINE: Termination of the Plan is anticipated for 2025.

CURRENT YEAR BUDGET IMPACTS: N/A

FINANCIAL REVIEW / COMMENTS:

The removal of acres from the Urban Renewal Districts does not materially impact the tax increment revenue. As ECONorthwest demonstrates in their report, there is sufficient revenue to meet all debt requirements and pay off all outstanding debt. The Westside District is projected to bring in approximately \$4.8 million in tax increment revenue in FY 2015-16, and the estimated loss due to removal of parcels is about \$55,000, or 1.2% of the total.

LEGAL REVIEW / COMMENT:

The Ordinance is approved as to form. In accordance with ORS 457.095 and 457.115, statutory notice of adoption of the ordinance approving the plan and the provisions of ORS 457.135 shall be published no later than 4 days following the ordinance adoption.

COMMUNITY INVOLVEMENT PROCESS:

The City of Wilsonville engaged stakeholders in a lengthy public involvement process that resulted in the October 27, 2014 Wilsonville Urban Renewal Strategic Plan. That plan includes this West Side Renewal Plan amendment.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY (businesses, neighborhoods, protected and other groups):

The increase in maximum indebtedness will allow for certain discrete projects to be completed and meet the expectations of the Wilsonville community. Removing properties and one project will allow for effective use of urban renewal tax increment and acreage in the City of Wilsonville.

End of Staff Report.

Ms. Kraushaar introduced Elaine Howard, Elaine Howard Consulting and noted Kristin Retherford former City Economic Development Manager was in the audience for questions.

Ms. Howard noted she had worked on this project the past two years with Ms. Retherford and Councilor Starr on the Urban Renewal Strategy which helped bring forward this series of amendments the Council will be reviewing.

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The first amendment is a substantial amendment to the West Side Urban Renewal Plan. It is a substantial amendment because it increases the maximum indebtedness of the Plan. The West Side Urban Renewal Plan was created in November 2003 and it has a frozen tax base of about \$16.6 million; the incremental assessed value has increased by over 296 million dollars that means that amount of new investment has occurred within that urban renewal area, so it has been quite successful. The current total assessed value is over \$312 million in the urban renewal area.

The Urban Renewal Task Force set out a number of recommendations about how to pursue urban renewal in Wilsonville. The Task Force looked at different urban renewal areas and potential new urban renewal areas. Recommendations for this urban renewal area were to increase the maximum indebtedness by \$9.4 million to allow for the completion of projects that are existing projects in the plan. No new projects will be added to the plan. The Old Town Escape project will be moved to the Year 2000 Plan because there was more financial capacity within the Year 2000 Plan than there was within the West Side Plan.

The Task Force recommended removal of some acreage from both plan areas to allow for that acreage to be used in the formation of a new urban renewal area in Coffee Creek.

Adoption of a substantial amendment will trigger sharing requirements, were adopted in the 2009 legislature. The new requirements state once a substantial amendment is amended when certain thresholds are met as identified in the statute, the urban renewal district begins sharing a portion of the taxes off of the increased assessed value with the different taxing jurisdictions. This is a positive outcome of the new legislative requirements because the other taxing districts will begin to receive increment from the urban renewal area sooner. Financial projections show the debt for the total amount of projects in the plan will be satisfied at the end of fiscal year 2024.

A citywide advisory vote was held on the Coffee Creek plan in November approving the creation of a new district in that area.

Ms. Howard stated with the boundary changes the remaining area in the West Side Urban Renewal area will be a little less than 400 acres, with 70 acres to be removed. Projects listed in the Plan are infrastructure projects originally identified in the Plan. Additional funds are needed to complete these projects because it has taken longer to construct those projects, and inflation has increased the cost of those projects. About \$40 million of the maximum indebtedness has been used with a total remaining project cost of over \$15 million; the increase of maximum indebtedness is \$9.4 million.

Ms. Kraushaar noted the projects recommended by the Task Force are projects the City has contractual or legal obligations to complete, or there is no other funding source to complete

Councilor Starr asked staff to discuss the sprinklers referenced in the Plan.

Ms. Kraushaar explained one of the projects was to put sprinkler systems in the homes built in Villebois. At that time there was concern from TVF&R about sufficient fire flows and service to the Villebois area.

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Councilor Lehan clarified the urban renewal agency entered into an agreement with TVF&R so that they would not be negatively impacted by the additional service and fire calls or the need to build and man another fire station during the early years of building in Villebois. TVF&R used this agreement as an example around the state of how the City had done an excellent job of making urban renewal work for the other taxing entities, and the fact that Villebois was the first significant housing development in the state to be fully fire sprinkled.

Ms. Howard outlined the schedule for this amendment.

Mayor Knapp asked if the increase in assessed value was a routine experience. Ms. Howard responded this was not a normal increase in assessed value. And the amazing amount of housing the City has been able to build within the City was implemented because the infrastructure was provided to make that happen. Wilsonville is a great example of how urban renewal should work.

Mayor Knapp referenced the new legislative requirement that the City return some of the tax base; however, the City uses an approach that accomplished much the same when the City voluntarily limited the flow of money out of the district and returned increment to the taxing entities.

The Mayor invited public testimony, hearing nothing he closed the public hearing at 7:55 p.m.

Motion: Councilor Starr moved to adopt Ordinance No. 783 on first reading. Councilor Lehan seconded the motion.

Councilor Lehan noted Wilsonville's urban renewal success is not typical.

The Mayor said urban renewal is sometimes denigrated for ways that is has been used in some places, but Wilsonville has an exemplary record of using urban renewal responsibility and achieving results that would not have been achievable any other way. The City did not have the ability to build infrastructure on the scale and time table without this tool.

Councilor Starr added some of the changes put into place were approved by citizens of this City, and members of the school district and fire district. Wilsonville is strategic in the way projects are selected and completed in a timely manner.

Vote: Motion carried 5-0.

CONTINUING BUSINESS

A. **Ordinance No. 779** – 2nd Reading

An Ordinance Of The City Of Wilsonville Approving A Zone Map Amendment From The Public Facilities (PF) Zone To The Village (V) ZONE On Approximately 3.20 Acres Northwest Of SW Villebois Drive North Between SW Costa Circle West And SW Berlin Avenue. Comprising Tax Lot 3200 And Adjacent Right-Of-Way Of Section 15AC, T3S, R1W, Clackamas County, Oregon, Polygon WLH LLC, Applicant. (Staff – Pauly)

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Ms. Jacobson read the title of Ordinance No. 779 into the record on second reading.

Motion: Councilor Lehan moved to adopt Ordinance No. 779 on second reading.
Councilor Fitzgerald seconded the motion.

Vote: Motion carried 5-0.
Council President Starr - Yes
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Councilor Lehan - Yes
Mayor Knapp - Yes

B. **Ordinance No. 780** – 2nd Reading
An Ordinance Of The City Of Wilsonville Approving A Zone Map Amendment From The Public Facilities (PF) Zone To The Village (V) Zone On Approximately 5.03 Acres Located In The Villebois Village Center Between Costa Circle And Villebois Drive. Comprising Tax Lots 3000 And 3400 Of Section 15AC, T3S, R1W, Clackamas County, Oregon, Polygon WLH LLC, Applicant. (Staff – Pauly)

Ms. Jacobson read the title of Ordinance No. 780 into the record on second reading.

Motion: Councilor Fitzgerald moved to adopt Ordinance No. 780 on second reading.
Councilor Stevens seconded the motion.

Vote: Motion carried 5-0.
Council President Starr - Yes
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Councilor Lehan - Yes
Mayor Knapp - Yes

C. **Ordinance No. 781** – 2nd Reading
An Ordinance Of The City Of Wilsonville Annexing Specific Segments Of SW Grahams Ferry Road And SW Tooze Road, And Territory Located At The Northern Edge Of Villebois Of The City Of Wilsonville, Oregon. The Territory Is More Particularly Described As Tax Lots 700, 800, 900 And 1000, Of Section 15, 3S, RANGE 1W, Willamette Meridian, Clackamas County, City Of Wilsonville And Allen T. Chang Owners. (Staff – Edmonds)

Ms. Jacobson read the title of Ordinance No. 781 into the record on second reading.

Motion: Councilor Stevens moved to adopt Ordinance No. 781 on second reading.
Councilor Fitzgerald seconded the motion.

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Vote: Motion carried 5-0.
Council President Starr - Yes
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Councilor Lehan - Yes
Mayor Knapp - Yes

- D. **Ordinance No. 782** – 2nd Reading
An Ordinance Of The City Of Wilsonville Adopting The City Of Wilsonville Public Works Standards – 2015. (staff – Rappold/Ward)

Ms. Jacobson read the title of Ordinance No. 782 into the record on second reading.

Motion: Councilor Starr moved to adopt Ordinance No. 782 on second reading.
Councilor Fitzgerald seconded the motion.

Vote: Motion carried 5-0.
Council President Starr - Yes
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Councilor Lehan - Yes
Mayor Knapp - Yes

- E. **Resolution No. 2561**
A Resolution Of The City Of Wilsonville Approving And Accepting Modified Sales Price Of Surplus Land. (staff – Kohlhoff)

The staff report was presented by Mike Kohlhoff, Special Projects Attorney. This item had been continued from the January 4, 2016 Council meeting.

Ms. Jacobson read the title of Resolution No. 2561 into the record.

The staff report was prepared and presented by Mr. Kohlhoff.

An incorrect diagram in the bid documents related to the location of internal road connection to Tooze Road led to the bidder miscalculating the number of and type of buildable lots that would fit on the site, resulting in an over-valued bid. Discovered during buyers due diligence, a price modification (\$200,000) negotiated that retained sale substantially over minimum bid requirement and still best offer. Staff negotiated a better road connection to Tooze Road with the developer, and also preserved a red oak tree on the city-owned property, which reduced the sales price by an additional \$50,000

Staff is recommending the City Council approve a modification of the previously awarded sale to Polygon WLH LLC of the surplus property on Tooze Road from \$5,150,000 to \$4,900,000. The recommendation is based on two factors. (1) The bid solicitation document contained a diagram illustrating that the internal road connection from Tooze Road was in the middle of the property.

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In fact, to properly connect to the designed improvements to Tooze Road, the connection needed to be to the east. In reliance on the diagram, the buyer laid out the number and types of lots that would conform to the Villebois Master Plan as the basis for establishing the value of the land for its bid offer, ran its calculations, and made its offer. During the due diligence period, the error was discovered, and rather than terminate the agreement, as the bidder wanted to develop the land and the City viewed the bid as favorable, a modification of the due diligence period was negotiated with the view to planning a lesser number of lots and reconfiguring types of lots to create a maximum valuation. This resulted in a change in valuation the buyer was willing to pay to \$4,950,000.

Originally, when improvements to Tooze Road were being engineered, there were two potential road connections to Tooze Road based on the then planned school for the site. The first, which was at the westerly portion of the site, received ODOT approval but included removing a significant red oak tree. The definition of a significant tree is any tree with a diameter of 30 inches or greater, measured at 4 ½ feet above mean ground level (also known as diameter at breast height or d. b. h.). See *Trees and Development, A Technical Guide to Preservation of Trees During Land Development* (1998).

On December 10, 2014, at the City's request, International Society of Arboriculture Certified Arborist Morgan Holen evaluated the tree. She reported: "This tree measured 52-inches in diameter and approximately 100-feet in height with an 80-foot crown spread. Multiple scaffold leaders are attached at approximately 14-feet and the juncture appears stable. There is a minor mistletoe infection throughout the crown. All in all, the tree is in excellent condition and is a prominent feature along Tooze Road."

In May of 2010, The Villebois Master Plan, Figure 5, rated trees in Villebois. The highest rating was listed as "important" for health, species, compatibility with development, and form/value interest/mature size. Important trees were color coded green. The approximate location of the red oak was colored green as an important tree.

A second design, retaining the tree and placing the connection at the east of the site, was subsequently approved by ODOT. This was the design approved at the time of the bid in October 2015.

During the course of the negotiations referenced above, and given the site was to be developed for residential home sites, different potential lot configurations were reviewed. It was determined that a lot pattern that supported the approved eastern connection could support a \$4,950,000 valuation. However, this created potential traffic conflict with driveways of 11 homes backing out onto the eastern connector and a more circuitous route would occur to connect to the Villebois Village Center. The lot pattern connected with the western connection had no driveways on site backing onto it, was not a circuitous route to the Villebois Village Center, and would allow the eastern road to function as a local road without a connection to Tooze and avoid the driveway conflict with peak hour through traffic.

(2) The second factor is the preservation of the red oak tree. Lot patterns consistent with the eastern connection, known as Amsterdam, were explored to protect the root line. The tree meets

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the generally accepted definition of a significant tree. It is also rated as an important tree under the Villebois Master Plan and, as such, its preservation meets the City's Comprehensive Plan Policy Implementation Measure 4.1.6.b.2 to incorporate designs that will implement Villebois Village Concept Plan principles that include protection of trees. To preserve the tree, the developer's engineer has provided a lot pattern that protects the root line on the west by manipulating the western connection, referred to now as Paris Avenue, to the south by realigning Barcelona and by reducing the size of a few of the lots. This option will result in a \$50,000 reduction of the purchase price to \$4,900.00. Another option that provided a greater number of larger lots along Tooze was explored, but that option results in a further reduction of \$75,000, on top of the \$50,000, due to a lesser number of lots created. Conditions of development approval will be imposed through the developer's homeowners association that will prohibit interference with the root line by homeowners to aid in the tree's preservation.

In conjunction with the preservation of the tree, and in response to the concerns of property owners across the street and outside the urban growth boundary, the road design was reassessed by engineering staff and modified to provide more room for the tree and the need for less taking from private property owners. The redesign will cost the City up to \$75,000 but is anticipated to save the City up to \$175,000 in road construction costs, while at the same time mitigating its impact on the rural edge. Engineering staff believes that these road modifications should not in and of themselves cause a delay in the project, having received recent information from OBEC that the redesign can be finalized in March of this year and from ODOT that they can review and approve within three weeks of receiving the new design.

Therefore, the proposed Resolution is based on the attached option with the western connection of Paris Street with the preservation of the red oak tree, which is subject to Development Review Board site development approval, and approves a modified purchase price of \$4,900,000. The revised purchase price is 118% of the minimum bid requirement of \$4,150,000.

EXPECTED RESULTS: Expected results are completing the sale with an April 2016 closing and using the majority of the proceeds to apply to the cost of Tooze Road improvements, provide for the protection of a significant red oak tree, have the least amount of take of property north of Tooze Road, and develop a well-planned subdivision.

TIMELINE: The reading of the Resolution for January 4, 2016 was continued to January 21, 2016 in order for staff to explore further options and cost effects involving the western Paris Avenue connection, preserving the tree, and effects on lot patterns. Development application calendared for Development Review Board for February 8, 2016 hearing. Resolution goes into effect upon adoption. Sale completed in April, 2016.

CURRENT YEAR BUDGET IMPACTS: Receipt of \$4,900,000 purchase price.

COMMUNITY INVOLVEMENT PROCESS: Bid solicitation process, approval, and acceptance of initial sale price at open Council meeting, Resolution approving and accepting modified sale price at open Council meeting.

ALTERNATIVES: Do not approve Resolution, buyer can rescind waiver of due diligence period

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and withdraw sales offer, and the City rebids the sale. Do not approve the Resolution, buyer might seek specific performance based on waiver of due diligence and negotiation authority and seek an applicable site plan and pay in the \$4,950,000 when due. Alternatively, adopt a resolution that selects the Paris Avenue alignment with removal of the tree.

End of Staff Report.

Through the negotiations it was determined the lotting pattern would use Paris and preserve the Red Oak tree and not cost the reduction of \$50,000. In keeping with preserving the \$4,950,000 the resolution needs to be modified. Mr. Kohlhoff recommended the following changes to page 2 of 3 of the Resolution (new language underlined, deleted language ~~interlined~~):

WHEREAS, the parties viewed different lot configurations to accommodate the western connection, one removing a large and significant red oak tree, and one preserving the tree (it had been preserved under the prior approved eastern road connection design), and have now determined that neither the design to preserve the red oak tree or the one that removed the tree would not further change the number and types of lots that could be built, including along Tooze Road, and therefore would not impact the valuation beyond the modified price recited above. However, by preserving the tree there would be a slightly greater need to acquire property on the north side of Tooze Road than if it were removed; determined the design that preserved the red oak tree would change the number and types of lots that could be built along Tooze Road, decreasing the value of the property by \$50,000, and the one that removed the tree would not impact the valuation beyond the modified price recited above; and

Suggested changes to the Now Therefore clauses on page 3 of 3:

2. The City Council approves and accepts a modification in the sales price offer by Polygon WLH LLC from \$5,150,000 to \$4,950,000, and further finds and concludes that the modified amount is reasonable and still is the highest and best bid amount received for the approximately 10-acre piece of property, as more particularly described on Exhibit A, attached hereto and incorporated by reference as if fully set forth herein.
3. Legal staff is directed to provide the appropriate legal documents to carry out the City Council's approval of the modified purchase price, and the City Manager is authorized to execute such documents. Any actions or ~~preliminary~~ documents heretofore executed in order to extend the due diligence period and/or obtain a waiver of the due diligence period based on final approval of the City Council are hereby ratified, approved, and accepted with the understanding the final price is \$4,950,000.

Councilor Lehan asked how the City we came to own this property in the first place.

Mr. Kohlhoff explained the original Villebois Master Plan called for a school site and the City worked with the West Linn-Wilsonville School District to locate this school site; because of funding issues the City advanced the funds and purchased the site based on the ability to exchange the location of the school for a parcel on Advance Road to be used for future sports fields. In the meantime, another location in Villebois became available for a school site in the

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western portion of Villebois which was a better location because the infrastructure was already in place. The original school location parcel was then surplusd at the right time.

Councilor Lehan added this was another example of jurisdictional cooperation to address their concerns and needs.

Motion: Councilor Fitzgerald moved to adopt Resolution No. 2561 including the modifications described by the Special Attorney as noted in the record. Councilor Lehan seconded the motion.

Councilor Starr thought the City is benefiting from the timing and economics with the sale of the property. The Councilor would like to see some of the windfall used in a creative way to help first time homebuyers while creating revenue for the City. The Councilor was more comfortable with the final negotiated decision on the tree, while at the same time providing land for needed housing and saving a beautiful tree.

Councilor Lehan agreed with comments of Councilor Starr, she commended the work of staff in putting the pieces together and saving the significant tree. In the end the tree will make that neighborhood more valuable.

Mr. Kohlhoff added Polygon and Jim Lange and his engineering firm did a lot of work in the design of the solution.

Councilor Fitzgerald commented the tree is iconic and has the attributes to make it worthy of being in that neighborhood.

Mayor Knapp seconded all of the comments expressed. He thought one of the special things about Wilsonville is the thoughtful planning of the community, and it was necessary to continue to build holistically and consider how the built environment provides support for people in many ways.

Vote: Motion carried 5-0.

CITY MANAGER'S BUSINESS

Mr. Cosgrove complimented the Public Works staff for the work done during the heavy rain events this past month. He noted the building permit volume has been record setting the past three years.

Nancy Kraushaar provided a brief update on the Newberg-Dundee issue. The City is actively engaged with Newberg, Ladd Hill HOA, and Clackamas County in trying to find a positive solution for all the stakeholders involved who have concerns in the configuration of Wilsonville Road and the intersection of 219 across from the Newberg-Dundee bypass. The City of Wilsonville is concerned about any new traffic on Wilsonville Road because of safety concerns and core operations in Wilsonville. The Newberg Planning Commission considered the TSP amendment proposed by ODOT that would change the through-through to a no-through

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intersection; however, the Newberg PC retained the through-through in their TSP with the recommendation that the Newberg City Council delay action until all stakeholders met to find a solution for the intersection configuration. A letter from the City of Wilsonville will be sent to ODOT describing how the City would like to be involved in the mitigation meetings.

Councilor Lehan asked that a representative from the Ladd Hill HOA be included in those meetings, and that the meetings be scheduled quickly due to bid letting by ODOT.

Mark Ottenad gave an update on the activities of the Tourism Promotion Committee. The Committee reviewed the Tourism Development Strategy, reviewed the Strategic Actions for Success and re-prioritized them into top level, most important, and lower level priorities. Jeff Brown was elected as the chair, and Al Levitt elected as vice-chair. The Committee separated into two subcommittees. One subcommittee will focus on the organizational framework and at specific issues surrounding the Wilsonville DMO. This subcommittee will make a recommendation whether to hire an employee, or use a contract employee.

The other subcommittee will address marketing to look at website and online marketing topics. The two subcommittees will provide reports by February, and then look at crafting one year and five year action plans for implementing the strategy, with the goal of having a draft of the plan by mid-March.

Mr. Cosgrove stated Councilors received a copy of the book this year's Leadership Academy will be reading and discussing.

LEGAL BUSINESS - No report.

ADJOURN

Mayor Knapp adjourned the meeting at 8:47 p.m.

Respectfully submitted,

Sandra C. King, MMC, City Recorder

ATTEST:

Tim Knapp, Mayor