



Molalla City Council – Meeting Agenda
Meeting located at: Molalla Adult Center
315 Kennel Ave, Molalla, OR 97038

July 13, 2016

NO WORK SESSION

Business meeting will begin at 7:00PM. The Council has adopted Public Participation Rules. Public comment cards are available at the entry desk. Request to speak must be turned into to the Mayor prior to the start of the regular Council meeting.

Executive Session : After meeting

1. CALL TO ORDER – 1,761st Regular Meeting

- A. Call the meeting to order
- B. Flag Salute and Roll Call

2. COMMUNICATIONS AND PUBLIC COMMENT

- A. Minutes: 06/08/16 and 06/22/16 – Motion to approve
- B. Library Minutes for May 2016 – Information Only

3. AWARDS, RECOGNITIONS & PRESENTATIONS

4. PROCLAMATIONS

5. PUBLIC HEARINGS

6. NEW BUSINESS

- A. 2016 LOC Legislative Agenda

7. CONTINUING BUSINESS

8. RESOLUTIONS

- A. A Resolution Approving Referral To The Electors Of The City Of Molalla The Question Of Imposing A Three Percent Tax On The Sale Of Marijuana Items By A Marijuana Retailer Within The City.

9. ORDINANCES

10. REPORTS AND ANNOUNCEMENTS

11. EXECUTIVE SESSIONS

12. ADJOURNMENT

Minutes of the Molalla City Council Regular Meeting
Molalla City Hall
117 N. Molalla Ave., Molalla, OR 97038
Wednesday June 8, 2016

ATTENDANCE: Mayor Rogge, Present; Councilor Pottle, Present; Councilor Thompson, Present; Councilor Griswold, Absent; Councilor Riggs, Present. Councilor Clark, Present; Councilor Childress, Present.

STAFF IN ATTENDANCE: City Manager Dan Huff, Present; City Recorder Sadie Cramer, Present; Public Works Director Jennifer Cline, Present; Heather Penni, Finance Director Present.

COMMUNICATIONS AND PUBLIC COMMENT

After roll call and flag salute Mayor Rogge announced that Stepen Clark who resigned at the last meeting has found residency inside the city limits and Clarks request to recind his resignation was accepted by the Council with no objections.

Minutes: 04/13/16 – Thompson made the motion to approve. Clark seconded. Motion carried 6-0.
Budget Minutes 04/27/16 - Clark made the motion to approve. Childress seconded. Motion carried 6-0.
Library Minutes - Information only.

PUBLIC HEARINGS

City of Molalla Budget for FY 16/17 – Clark made the motion to open the public hearing. Thompson seconded. Motion carried 6-0. Rogge asked for public comment.

Glen Boreth of 623 S. Molalla Avenue asked if there was an update to the public works funds regarding the North Molalla Project currently taking place in 2 different fiscal years. Penni stated that would be part of the Urban Renewal but we adjusted the ending fund balances on May 31st; took the excess and put it back into the capitol expediture. So the money will still be spent in the next fiscal cycle. The project started later than expected and the project will still cost the same.

Huff stated that the beginning fund balance was \$950,000 in the general fund. On May 31st we were able to project more acuratly and we now have \$1,050,000. Other componets have been added to the budget which are reflected in the agenda packet.

No other public comment was received. Thompson made a motion to close the public hearing. Pottle seconded. Motion carried 6-0.

NEW BUSINESS

Authorize Purchase of a New Truck for Public Works – Cline stated it would The Public Works Water Treatment currently has a 2003 Chevy Silverado passenger truck. The City would like to request the purchase of second vehicle to reduce the use of the existing vehicle for longevity and provide additional transportation for both Operators when needed. This is a budgeted item for 15/16. Included are the 3 comparable quotes were received for purchase:

- 2016 Dodge RAM 1500 Tradesman Crew CAB 4x4 – \$43,700.00

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- 2016 Ford F-150 V8 4X4 Crew Cab – \$29,420.84
- 2016 GMC Sierra 1500 4WD Crew Cab – \$31,660.84 (Updated quote to be received)

Public Works recommends an approval by council to purchase and license a vehicle for the water treatment plant not to exceed \$35,000.00. This will be a additional vehicle. After discussion between Pottle and staff regarding purchasing used vehicles and if the purchased budgeted for, Penni stated it was discussed during the budget meeting process. At the time it was discussed if the money would be allocated for a water tanker or a truck. Riggs asked about a possible fleet purchase to have standardize vehicles, Rogge stated that a fleet purchase would be hard and feels it's best to get bids and buy what's best at the present time. Thompson made the motion to authorize the purchase not to exceed \$35,000. Childress seconded. Motion carried 6-0.

RESOLUTIONS

Resolution 2016-10: Declaring the Ability to Collect State Funds –Thompson made the motion to approve the resolution. Pottle seconded. Motion carried 6-0.

Resolution 2016-11: Declaring State Revenue Sharing - Thompson made the motion to approve the resolution. Pottle seconded. Motion carried 6-0.

Resolution 2016-12: Thompson made the motion to approve the resolution 2016-12 a resolution adopting the city of Molalla budget for the fiscal year 2016/2017; making appropriations and categorizing and levying ad valorem taxes. Clark seconded. Motion carried 6-0.

ORDINANCES

Ordinance 2016-03: An Ordinance Of The City Of City Of Molalla Imposing A Three Percent Tax On The Sale Of Marijuana Items By A Marijuana Retailer And Referring Ordinance To Voters For Approval. After brief discussion regarding the election process and that this is the first step in order to refer the question to voters if they want the 3% tax imposed.

Thompson made the motion to read by title only. Pottle seconded. Motion carried 6-0.

Thompson made the motion for a second reading by title only. Pottle seconded. Motion carried 6-0.

Thompson made the motion to adopt by title only. Pottle seconded. Motion carried 6-0.

Ordinance 2016-04: An Ordinance Enacting A New Chapter 9.14 To Regulate Offenses Against Public Peace And Decency –

Chief Lucich stated for some time, our community has been facing some growing challenges relating to neighborhood livability. Many of the issues we face on a regular (near daily) basis are related to a small but often visible transient population. Although most cities, both large and small, throughout the state and across the country struggle with similar issues, one of the disadvantages Molalla has faced is a lack of the necessary legal tools to address the issues.

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The city and police department receive regular complaints from citizens asking us to clean up these problems relating to public decency and livability. Some of these issues include public drunkenness, carrying and drinking from open containers of alcoholic beverages while walking down a public street and exposing body parts to urinate or defecate in full view of the public. Unfortunately, the absence of appropriate ordinances to address the issues has left us empty handed and unable to adequately respond. I am sure Council shares my frustration regarding our inability to find a solution up to this point.

Therefore, the Title 9 amendments you see before you are some simple but carefully crafted tools to help us address these challenges. These proposed amendments were crafted out of some of the best practices being used by other local communities to address similar problems and they have found them to be very beneficial.

These ordinances are minimal starting points by design and were crafted to address real and specific issues we face regularly. I urge you to carefully consider implementation of these changes to give us the tools to better serve our community.

Clark stated that section 9.14 was too restrictive otherwise he is in favor of the bill.

Thompson made the motion to read by title only. Pottle seconded. Motion carried 5-1. Clark, Nay. The ordinance will come back at the next meeting.

REPORTS AND ANNOUNCEMENTS

City Manager/Staff Reports – Dan Huff

- Construction Updates – 4th of July is gearing up and construction remains on time. They will be moving the majority of the equipment out and the parade route has not changed. The Kiddie Parade route did change and they have been notified and routed down Center Street.
- The Mayor will doing Huff’s annual evaluation and that will be sent out tomorrow.
- The Chamber Buckeroo lunch is tomorrow and staff and Childress will be in attendance.

Clark thanked his fellow Coucilers for allowing him to continue with them and further serve his community.

Childress appreciated the work staff and the Chief have done to regulate offenses against public peace and decency that have impacted the community.

ADJOURNMENT

Riggs made the motion to adjourn. Childress seconded. Motion carried 6-0. (7:33pm)

Sadie Cramer, City Recorder

Mayor Debbie Rogge

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STAFF IN ATTENDANCE: City Manager Dan Huff, Present; City Recorder Sadie Cramer, Present; Heather Penni, Finance Director Present.

COMMUNICATIONS AND PUBLIC COMMENT

Minutes: 05/11/16 and 05/25/16 – Motion to approve made by Pottle. Griswold seconded. Motion carried 6-0.

RESOLUTIONS

Resolution 2016-13: Declaring City Property as Surplus after brief discussion about the modular trailers value and if there was any other use for it, Clark made the motion to approve the resolution. Pottle seconded.

ORDINANCES

2016-04: An Ordinance Enacting A New Chapter 9.14 To Regulate Offenses Against Public Peace And Decency.

Chief Lucich informed the Council that he has spoken to legal and confirmed that the ordinance is in compliance with state law. Pottle made the motion to have a second reading by title only. Childress seconded. Motion carried 5-1. (Griswold, Nay)

Clark made the motion adopt the ordinance. Pottle seconded. Motion carried 5-0. (Griswold, Nay)

REPORTS AND ANNOUNCEMENTS

Huff introduced Gerald Fisher, the new Public Works Director to the Council.

Childress attend the Chamber board meeting and they are on track for this year's tree lighting. They also have several sponsors and entries for this year's 4th of July parade. The Chamber is also looking at developing a economic development package, Childress stated the city would be interested in partnering with them.

Griswold invited everyone to attend the upcoming transportation meeting at the county on June 26th in regards to the new tax/fee at the DMV level and he invited everyone to attend the upcoming VFW Pancake Breakfast over the 4th of July weekend.

EXECUTIVE SESSIONS

Rogge read the executive session disclosure and Pottle made the motion to exit out of regular session into executive session per ORS 192.660 (2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing. Motion carried 6-0. All Councilors and only City Manager Huff were present at 7:20pm. At 8:00pm Rogge made the motion to exit executive session and go into regular session. Childress seconded. Motion carried 6-0.

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The Council returned to the commons area where Clark made the motion to give Huff a salary increase up to the budgeted amount for FY 15/16. Pottle seconded. Motion carried 6-0.

ADJOURNMENT

Motion to adjourn made by Pottle. Childress seconded. Motion carried 6-0 at 8:04pm.

Sadie Cramer, City Recorder

Mayor Debbie Rogge

Molalla Library Advisory Board

Meeting Date: 5-19-2016

Meeting brought to order by Sandy Nelson at 6:30 P.M.

Members Present: Mary Gilson, Sandy Nelson, Angela Patton, Kelly Andrews, Paula Beck

City Council Liaison: We do not currently have one.

Staff Present: Diana Hadley was ill.

The minutes from the April meeting were approved as read.

- Director's Report: (See Diana if you didn't receive one.)

The meeting was adjourned at 7:10 P.M. The next meeting will be held on June 16th.
Submitted by Mary Gilson, Secretary



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June 6, 2016

Dear Chief Administrative Official:

For the past three months, eight policy committees have been working to identify and propose specific actions as part of the League's effort to develop a pro-active legislative agenda for the 2017 session. They have identified 29 legislative objectives as set forth in the enclosed ballot and legislative recommendation materials. These objectives span a variety of issues and differ in the potential resources required to seek their achievement. Therefore, it is desirable to prioritize them in order to ensure that efforts are focused where they are most needed.

Each city is being asked to review the recommendations of the policy committees and provide input to the LOC Board of Directors as it prepares to adopt the League's 2017 legislative agenda. After your city council has had the opportunity to review the 29 proposals and discuss them with your staff, please return the enclosed ballot indicating the top four issues that your city council would like to see the League focus on in the 2017 session. **The deadline for response is July 22, 2016.** The board of directors will then review the results of this survey of member cities, along with the recommendations of the policy committees, and determine the League's 2017 legislative agenda.

Your city's participation and input will assist the board in creating a focused set of specific legislative targets that reflect the issues of greatest importance to cities. Thank you for your involvement, and thanks to those among you who gave many hours of time and expertise in developing these proposals.

Do not hesitate to contact me or Craig Honeyman, Legislative Director, with questions.

Sincerely,

Michael J. McCauley
Executive Director

INSTRUCTIONS

1. Each city should submit one form that reflects the consensus opinion of its city council on the **top four** legislative priorities for 2017.
2. Simply place an **X** in the space to the left of the city's top four legislative proposals (last pages of the packet).
3. The top four do not need to be prioritized.
4. Return by **July 22nd** via mail, fax or e-mail to:

Paul Aljets
League of Oregon Cities
1201 Court St. NE, Suite 200
Salem, OR 97301
Fax – (503) 399-4863
paljets@orcities.org

Thank you for your participation.

City of: _____

Please mark 4 boxes with an X that reflect the top 4 issues that your city recommends be the priorities for the League's 2017 legislative agenda.

Legislation

Community Development

- A. Needed Housing Assistance Program
- B. Natural Hazard Land Use Reform
- C. DOGAMI Disaster Mapping
- D. Floodplain Technical Assistance

Energy

- E. Green Energy Technology Requirement
- F. Funding Public Energy Projects
- G. Updates to Oregon Energy Code

Finance and Taxation

- H. Property Tax Reform - Market Value / Local Control
- I. Property Tax Reform - Fairness and Equity
- J. Local Lodging Tax
- K. Nonprofit Property Tax Exemption
- L. Marijuana and Vaping Taxes

General Government

- M. Restore Recreational Immunity
- N. Increase Local Liquor Fees
- O. Marijuana Legalization Implementation
- P. Mental Health Investments
- Q. Qualification Based Selection

Human Resources

- R. Subsidy for Retiree Health Insurance Repeal
- S. PERS Reform
- T. Arbitration Reform
- U. Veterans Preference Clarifications

Telecommunications

- V. Rights of Way
- W. Franchise Fees
- X. 9-1-1 Emergency Communications
- Y. Technology Funding

Transportation

- Z. Transportation Funding and Policy Package

Water/Wastewater

- AA. Funding Water System Resilience
- BB. Enhanced Prescription Drug Take-Back
- CC. Water Supply Development Fund

Community Development

Legislation	Background
<p>A. <u>Needed Housing Assistance Program</u></p> <p>Create state grants and technical assistance to cities working to develop housing development programs directed at new or innovative means of providing housing solutions for low-income or senior populations.</p>	<p>Cities are looking for new ways to serve the needs of a variety of people needing housing options and putting more resources toward housing projects. However, there is a need for state resources and assistance in implementing these programs. Funds that cities could access could be used to assist in land purchases for leasing for long-term low income housing, incentives for creating single story housing for seniors, tiny housing development, and planned developments that serve a range of incomes. Technical assistance to other cities should help a city determine what programs or planning options are available tools to help cities reach the goals set in the comprehensive plan.</p>
<p>B. <u>Natural Hazard Land Use Reform</u></p> <p>Create process for communities to move the UGB from an identified hazard area to resource lands and planning for replacing significant urban areas lost after a natural disaster.</p>	<p>As science has better located some hazards areas and as regulations impact the expected development of other areas, cities need to find ways to respond more efficiently to address long-term planning for development. This requires a simplification of the process for changing the location of development, including adding new areas to the UGB, to account for lost development capacity. There also needs to be a streamlined process for a city to identify areas of new development should a disaster remove a large portion of the buildable land supply if a disaster should strike.</p>
<p>C. <u>DOGAMI Disaster Mapping</u></p> <p>Increase funding for DOGAMI to complete comprehensive disaster mapping of cities, including landslide and floodplain risk identification, and natural hazard related evacuation planning for additional potential risks such as tsunami or wildfire inundation.</p>	<p>The Oregon Department of Geology and Mineral Industries (DOGAMI) provides a number of technical resources to cities to identify hazards that could impact development. The department is also an integral partner in creating plans for the emergency response for many disasters that could occur in the state. Increasing funds for comprehensive maps will help with long-term planning for hazard mitigation, resilience, and survival.</p>
<p>D. <u>Floodplain Technical Assistance</u></p> <p>Provide DLCD funding for technical assistance to cities implementing required changes to floodplain development management practices from FEMA.</p>	<p>Because of the recent release of the Biological Opinion from the National Oceanic and Atmospheric Administration Fisheries Service related to the National Flood Insurance Program's potential to impact endangered species, there is a need for cities to receive significant assistance in implementing any changes required by the Federal Emergency Management Agency. As the federal process moves forward, the state must provide resources to help cities update comprehensive plans and development codes. This issue will have a number of impacts and assistance in the form of model codes, staff resources, grants, and other expertise will be necessary for cities trying to implement any changes or additional work.</p>

Energy

Legislation

E. Changes to 1.5 Percent Green Energy Technology Requirement

Advance legislation to statutorily modify the existing “1.5 percent green energy technology for public buildings” requirement to allow for alternative investment options such as offsite solar or community solar projects.

Background

Oregon statute currently requires public contracting agencies to invest 1.5% of the total contract price for new construction or major renovation of certain public buildings on solar or geothermal technology. The requirement allows for offsite technology, but only if the energy is directly transmitted back to the public building site and is more cost-effective than onsite installation.

Removing the requirement that an offsite project be directly connected to the public building project could result in increased flexibility for local governments to invest in solar projects that are more cost-effective and provide for increased solar energy generation. In addition, the League will work to allow 1.5 percent funds to be invested in alternative projects that provide a greater economic or social return on investment. As an example, a city could use the funds on a community solar project to benefit low-income residents rather than being required to invest in solar generation at the site of the public building project.

F. Funding for Public Energy Projects

Support enhanced incentives for public energy projects including grants for technical assistance, feasibility studies and resource recovery projects for energy and fuel generation.

There are programs that exist in Oregon for the purpose of incentivizing energy projects including renewable energy generation, alternative fuel vehicles, and energy efficiency. Programs such as the Business Energy Tax Credit (BETC), which was discontinued in 2014, and the State Energy Loan Program have been important tools for incentivizing energy projects for local governments. However, as a result of scrutiny over the administration of these incentives including private loan defaults, these programs are either no longer available, such is the case with the BETC program, or are at risk of being discontinued. It is critical for municipalities to have ongoing access to incentive opportunities as energy projects can be difficult to pencil-out and even more difficult for smaller communities to finance. The state of Oregon should take into consideration that loans for public energy projects, including cities, are lower-risk and should not be penalized in light of recent scrutiny. In addition, investments in these projects often result in environmental, social and economic benefits including long-term savings for taxpayers and reductions in greenhouse gas emissions.

The League will work to enhance funding, including grants for technical assistance and feasibility studies for communities that currently do not have access to resources. The League will also advocate for incentives for energy and fuel generation projects. Examples of projects that warrant funding incentives include methane capture for fuel or energy generation, investments in community solar projects, renewable energy generation, and energy efficiency improvements.

Energy (Continued)

Legislation	Background
<p data-bbox="99 237 630 273">G. <u>Require Updates to Oregon Energy Code</u></p> <p data-bbox="99 310 678 520">Require the Oregon Building Codes Division (BCD) to engage in more frequent review of the state’s energy code to reduce greenhouse gas reductions and ensure that Oregonians can more affordably and efficiently heat their homes and businesses.</p>	<p data-bbox="711 237 1490 804">Oregon’s statewide energy code for commercial and residential buildings is an important tool for achieving greenhouse gas reductions through decreased energy consumption while helping to ensure that Oregonians are able to more efficiently and affordably heat their homes and businesses. Federal law requires each state to certify that their state energy code is equivalent to federal model energy codes. While Oregon was once a leader in energy code adoption and implementation, the state is now in a position of falling behind the federal code. This is due, in large part, to a decision made by the Oregon Building Codes Division in 2013 which changed the code cycle from a three-year update to a six-year update. Major code changes, including adoption of national codes, will now occur every six years with minor changes occurring every three years. This change will impact Oregon’s ability to keep pace with federal standards and new technologies in energy efficiency.</p> <p data-bbox="711 842 1503 1304">The League will work to support efforts to align new construction building codes with the state’s climate goal timelines. In addition, the League will support efforts to establish a periodic review schedule to ensure that Oregon more frequently updates the state energy code in order to reflect federal code requirements. Also, the League will encourage the state to set specific targets for increased energy efficiency in residential and commercial building construction with specific goals for increasing energy efficiency standards for affordable housing projects and increasing use of net-zero and passive house building requirements. Finally, the League will work to require BCD to make regular reports back to the legislature to update on energy code implementation and goals.</p>

Finance and Tax

Legislation

H. Property Tax Reform – Market Value / Local Control

A legislative constitutional referral to reform the property tax system:

- a) to achieve equity, transitions to a market based property tax valuation system; and
- b) to restore choice, allows local voters to adopt tax levies and establish tax rates outside of current constitutional limits in their taxing jurisdictions.

Background

Property taxes are regulated largely by Measure 5 (1990) and Measure 50 (1997), as provided in the Oregon Constitution. Measure 50 established a new method for assessing property, discounting the assessment at 10 percent of the real market value and calling this assessed value. Assessed value is capped at an annual growth limit of 3 percent. As a state total, due to the limits and market changes, the gap between real market value and assessed value has now grown to nearly 25 percent over the past 20 years. This gap varies widely on a property by property basis, creating considerable property tax inequities for properties that sell for similar prices in a city. In short, Oregon property taxes have become disassociated from real market value and the result is considerable inequity.

For FY 2014-15, 60 percent of cities, 97 percent of counties, and 89 percent of school districts had some compression. This means that the Measure 5 caps of \$5 per \$1000 for education and \$10 per \$1000 for general government on real market value have been exceeded in most taxing jurisdictions. The caps are over 25 years old and were set low as voters were anticipating a sales tax to be coupled with it. Voters can no longer vote for the services they desire due to these caps. With looming PERS costs increases, paying for services with the present restrictions will become very difficult in some cities.

I. Property Tax Reform – Fairness and Equity

A bill that pursues statutory modifications to the existing property tax system that enhances the fairness and adequacy of the current system.

There are some adjustments to the property tax process and calculations that can be done statutorily. These include altering the changed property ratio statute and the statutory discount given to property owners who pay their taxes by November 15th. New property is added to the tax rolls using a county-wide ratio (assessed value to real market value) for determining the discount to apply to the real market value and that could be changed statutorily to a city-wide ratio in taxing districts who elect the change.

Finance and Tax (Continued)

Legislation

J. Local Lodging Tax

A lodging tax bill, the outcome of which, would:

- a) Provide jurisdictions greater flexibility to spend local lodging tax revenue to plan for and provide services and infrastructure related to tourism;
- b) Reduce or eliminate the required reimbursement charge that a lodging tax collector is allowed to retain for filing a local lodging tax return; and
- c) Improve efficiency and collection of local lodging taxes in cooperation with the state.

Background

State law restricts how local lodging tax revenues may be expended. Post 2003, any new taxes or any tax increase requires a 70 percent revenue dedication to tourism promotion or tourism-related facilities. In addition, state statute provides that cities may not lower the actual percentage of lodging tax revenues that were dedicated to tourism prior to 2003. This means that cities have varied percentages of restricted local lodging taxes revenues. These numbers are arbitrary as they were set based on circumstances in 2003 that have often greatly changed. In addition, the legislative history shows that the legislature intended to provide some revenue flexibility and provide that certain infrastructure (roads, sewer lines, etc.) would qualify as tourism-related but the statutes need revision and clarification.

State law requires local governments to provide a 5 percent collector reimbursement charge if they impose a new lodging tax or tax increase after January 1, 2001. This is a deduction from the taxes that would otherwise be due. The state also provides a 5 percent collector reimbursement charge for state lodging taxes. In addition, local governments that had a reimbursement charge, must continue it. Thus, cities have very different reimbursement requirements—some are at zero, others are at 5 percent, and some are in between. When coupled with the state deduction, the deduction seems too generous.

The Oregon Department of Revenue now collects state lodging taxes throughout the state and could collect and enforce local lodging taxes at the same time if given statutory authority. Local governments could then enter into voluntary agreements with the state to delegate the collection. This option could make collection much more efficient and cost-effective for some local governments. In addition, cities continue to struggle with collections and auditing, particularly from online companies and private home rentals (through Airbnb, etc.) and this area of the law could be improved.

Finance and Tax (Continued)

Legislation	Background
<p>K. <u>Nonprofit Property Tax Exemption</u></p> <p>Clarify and reform the statutory property tax exemption provided to nonprofit entities to address cost-benefit concerns for the continued full exemption in light of cost of city services provided to nonprofits and the changing services and business models of some nonprofit entity types.</p>	<p>Nonprofit organizations that are charitable, literary, benevolent or scientific are provided a property tax exemption that will cost more than \$194 million in the 2015-17 biennium. In addition, exemptions for the property of nonprofit religious organizations costs more than \$113 million for the biennium. For many cities, much of the city is exempt from property taxes due to the public property exemption and these nonprofit exemptions. This includes hospitals, nursing homes, etc.</p> <p>The Legislature has formed a work group to look at the nonprofit property tax exemption issue as the nature and number of nonprofits is changing and the administration of the exemption has become complex for county tax assessors. Nonprofit entities require significant services, including transportation, water, sewer, police, fire, etc. Thus, the legislature is looking at property taxes more as a service tax and considering how the full exemption could be adjusted to have nonprofits pay for their fair share of costs of services or otherwise meet a benefit test for continuing an exemption.</p>
<p>L. <u>Marijuana and Vaping Taxes</u></p> <p>Defend against restrictions and preemptions regarding local marijuana and vaping taxes and advocate for appropriate state shared revenue levels and distribution formulas for state marijuana taxes and potential vaping taxes.</p>	<p>There are no revenue use restrictions on local marijuana taxes, but the local marijuana tax rate is capped at 3 percent. There are no restrictions on local governments imposing a vaping tax. The state has not imposed a tax on vaping products to date but is considering a tax. Often when the state imposes a tax (for example, cigarette or liquor), the state preempts local governments from also imposing a tax.</p> <p>10 percent of state marijuana taxes will be distributed to cities after state administrative costs. Distributions will be made per capita for revenues received prior to July 1, 2017. After July 1, they will be distributed based on the number of the various marijuana licenses issued in a city. Cities that prohibit establishments for recreational marijuana producers, processors, wholesalers or retailers will receive no state shared revenue. Likewise, cities that prohibit a medical marijuana grow site or facility will receive no state shared revenue.</p>

General Government

Legislation

M. Restore Recreational Immunity

Cities should enjoy protection from unreasonable litigation when offering recreational opportunities to the public.

Background

ORS 105.682 grants that a land owner is not liable for any personal injury, death or property damage that arises out of the use of their land for recreational purposes as long as no fee is charged in order to access that property. This statute allows cities to operate parks and trails without fear of lawsuit.

However, in the recently decided Oregon Supreme Court case, *Johnson v Gibson*, it was held that even though the landowner may be immune from liability, their employees are not. As a result, two employees of the City of Portland were found liable for injuries sustained by a jogger in a park, employees who are indemnified by their employer.

The practical effect of this ruling is that the immunity previously enjoyed by cities that allowed for robust park development have been eroded to the point of being non-existent. This priority directs LOC staff to seek to amend the ORS 105.682 to restore that immunity.

N. Increase Local Liquor Fees

Cities play an important role in the review and investigation of liquor license applicants and should be able to recoup costs associated with that role.

ORS 471.166 allows cities to adopt fees that are “reasonable and necessary to pay expenses” associated the review and investigation of liquor license applicants. However, the same statute limits the amounts of those fees to between \$25 and \$100 depending on the license or approval being sought by the applicant.

This priority is to pursue changes to this statute that allow cities to recoup the actual costs associated with performing their role in the liquor licensing process and allowing for periodic increases.

General Government (Continued)

Legislation

O. Continue Marijuana Legalization Implementation

Allow for civil enforcement of marijuana laws.
Ensure equitable distribution of marijuana shared revenues.
Eliminate limitations on shared revenue use.

Background

One of the promises made by marijuana legalization advocates is that illicit sales and production of marijuana would shift into a legalized and regulated market. This has occurred to a large extent but many producers and retailers continue to seek the financial benefits or participation in the marijuana industry while avoiding the inconvenience of its regulatory framework. This priority seeks legislation that gives the Oregon Liquor Control Commission (OLCC) the same civil and administrative authority to prevent unlicensed sales and production of marijuana as it has in regards to liquor.

Beginning in 2017, state shared revenue from marijuana will be distributed to cities based in the number of OLCC licensed commercial marijuana entities exist in their jurisdiction. This priority is to alter that arrangement so that is it distributed on a per capita basis to ensure equitable distribution among cities that are incurring costs.

Measure 91 required that money distributed by the state to cities be used exclusively for costs associated with marijuana legalization. Tracking a dollar through a city's general fund and determining if a service was related to marijuana is inefficient if not impossible, and is not imposed for the receipt of liquor revenue. This priority is to advocate for legislation that removes this burden.

P. Protect Mental Health Investments Made in 2015

Oregon made significant and strategic investments in protecting and caring for the mentally ill in 2015 that should be maintained.

The Legislature increased access to mental health care and expanded existing, proven programs designed to de-escalate police contacts with the mentally ill. Those programs could be vulnerable in a difficult budget environment made challenging by increased PERS rates.

This priority is defensive in nature and seeks to preserve investments that are improving the lives of mentally ill Oregonians.

Q. Remove Qualification Based Selection Mandate

Cities should be allowed to consider cost when making initial contract award decisions when hiring architects and engineers.

Cities are currently required to use a procurement method that prevents the consideration of cost when contracting with architects and engineers for public improvements. Instead, cities must base their initial selection for these services based solely on qualifications and can only negotiate the price after an initial selection is made.

This mandate is not a cost effective means for procuring services and is poor stewardship of the public's dollars. This priority is to seek the removal of this mandate.

Human Resources

Legislation	Background
<p>R. <u>Repeal Requirement to Subsidize Retiree Health Insurance</u></p> <p>Public employers should not subsidize the health insurance of former employees when reasonable, cost competitive options exist.</p>	<p>ORS 243.303 mandates that local governments provide retirees with access to health insurance and requires that they be placed in the same risk pool as active employees. As retirees are approximately 2.5 times more expensive to insure than active employees this mandate results in employers and current employees subsidizing the health insurance costs of former employees. This subsidization, according to the Government Accounting Standards Board, must be shown on an audit as long term liability, thus creating an inaccurate perception of a city's financial condition. Further, this requirement could be described as anachronistic as individuals are now able to purchase health insurance under the Affordable Care Act.</p> <p>This priority is to eliminate ORS 243.303 from Oregon's laws.</p>
<p>S. <u>PERS Reform</u></p> <p>PERS benefits should be adjusted where legally allowable and investments should be maximized to ensure a sustainable and adequate pension system.</p>	<p>The PERS unfunded liability stands at \$22 billion and employer rates are anticipated to approach 30 percent of payroll in the coming biennium. Rates are expected to remain at that level for the next twenty years. This is not sustainable.</p> <p>This priority is to seek any equitable changes to benefits that will reduce employer rates while not pursuing options that are legally tenuous or counterproductive. Additionally, changes are to be sought to the investment portfolio that will maximize returns through improved risk management and efficiencies.</p>

Human Resources (Continued)

Legislation

T. Arbitration Changes

Public employers should have greater influence over the disciplining of their employees.

Background

Currently under the Public Employee Collective Bargaining Act, contested employee discipline matters must be submitted to an outside arbitrator for adjudication. Decisions by arbitrators are binding unless the conduct was a violation of public policy as defined by the state, there was serious criminal conduct or an egregious inappropriate use of force.

This priority is to seek the following changes to the statute:

- Arbitrator decisions should also comply with local policies;
- Decisions should comply with policies related to any inappropriate use of force a;
- Arbitrator decisions should recognize all criminal misconduct related to employment not just "serious";
- Employer disciplinary decisions as it regards employees who are supervisors as defined by the EEOC and BOLI should be given more weight.

U. Veterans Preference Clarifications

Requirements that veterans be given preference in public sector hiring should be clear and unambiguous for the benefit of veterans and employers.

The State of Oregon requires and the League agrees that honorably discharged veterans deserve special consideration in public sector hiring. However, statutes describing how this is to be accomplished are unclear and ambiguous. Vague statutes do not serve the interests of employers or veterans.

This priority seeks a clear definition of "preference" in the statute, ensure that recently separated veterans receive the consideration necessary for them to successfully enter the workforce and establishes clarity as to when the preference is to be applied.

Telecommunications, Cable & Broadband

Legislation	Background
<p>V. <u>Rights of Way</u></p> <p>Oppose legislation that preempts local authority to manage public rights-of-way and receive compensation for their use.</p>	<p>In its commitment to the protection of Home Rule and local control, the League consistently opposes restrictions on the rights of cities to manage their own affairs. From time to time, in the context of franchise fee and rights-of-way management authority discussions, proposals to restriction to this authority arise. These include a statewide franchise policy and revenue collection system as well as limiting the ability of cities to charge fees of other government entities. This is contrary to local government management authority, the ability to enter into agreements with service providers either by agreement/contract or ordinance and to derive revenues from business fees charged to users of public rights-of-way.</p>
<p>W. <u>Franchise Fees</u></p> <p>To ensure market fairness and equity, prepare legislation for possible introduction repealing ORS 221.515 (HB 2455 -7 in 2013, and HB 2172 in 2015) to remove franchise fee rate and revenue restrictions which currently apply to incumbent local exchange carriers but not to competitive local exchange carriers.</p>	<p>Oregon statute currently contains a discrepancy between how cities collect franchise fees from incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). ORS 221.515 limits cities collecting franchise fees from ILECs to a maximum of 7 percent of revenues derived from dial-up services, which represents only a portion of ILEC total revenues due to the addition of a broader array of customer services. There is no such rate cap or revenue restriction on CLECs, hence the discrepancy. In the past the League has worked with CLECs to “level the playing field.” Repeal of ORS 221.515 would accomplish that.</p>
<p>X. <u>9-1-1 Emergency Communications</u></p> <p>Support legislation enhancing the effectiveness of the state’s emergency communications system through an increase in the 9-1-1 tax and/or a prohibition of legislative “sweeps” from accounts managed by the Oregon Office of Emergency Management.</p>	<p>The League worked with other stakeholder groups in 2013 to extend the sunset date on the statewide 9-1-1 emergency communications tax to January 1, 2022 (HB 3317). In 2014, the League also worked to pass legislation including prepaid cellular devices and services under the 9-1-1 tax (HB 4055). As concerns mount with regard to disaster preparedness and recovery and as new upgrades to communications technology becomes available, it is apparent that state and local governments do not have the resources necessary to address challenges or take advantage of opportunities. Additional funding is needed and the practice of periodically sweeping funds out of the state’s emergency management account for other uses should cease. It is worthy of note that the practice of “sweeps” disqualifies the state from receiving federal funds for emergency communications. It is unknown how many federal dollars have been foregone as a result of this policy.</p>

Telecommunications, Cable & Broadband (Continued)

Legislation	Background
<p data-bbox="81 260 370 302">Y. <u>Technology Funding</u></p> <p data-bbox="81 336 630 373">Seek additional funding to assist for cities in:</p> <ul data-bbox="129 407 760 659" style="list-style-type: none"><li data-bbox="129 407 760 478">• Increasing high speed broadband deployment and close the digital divide.<li data-bbox="129 478 760 550">• Purchasing upgraded emergency management communications equipment.<li data-bbox="129 550 760 659">• Providing local match money for federal funding programs, such as high speed broadband deployment.	<p data-bbox="760 260 1529 688">The deployment of broadband throughout the state of Oregon is critical to economic development, education, health and the ability of citizens to link with their governments. Additional funding, from various sources, including the state and federal government, needs to be allocated for this purpose. The need becomes even more acute when consideration is given to the certainty of a major seismic event. Often federal assistance comes with the requirement of a state or local match which is problematical for cities. A state mechanism for providing matching fund assistance would be helpful to those communities seeking to take control of their broadband destiny.</p>

Transportation

Legislation

Z. Comprehensive, Multi-modal Transportation Funding and Policy Package

The League of Oregon Cities proposes that transportation infrastructure be raised to the same level of importance as other utilities, and be funded at a level capable of maintaining appropriate standards of operation and service. Therefore, the League will help draft and advocate for a comprehensive, inter-modal and statewide transportation funding and policy package that:

1. Provides a significant increase in resources available for the preservation and maintenance of city streets by:
 - Substantially increasing the state gas tax and licensing and registration fees.
 - Indexing the state gas tax.
 - Continuing efforts to identify and implement alternative funding mechanisms (VMT, tolling, public-private partnerships, etc.).
 - Disaster resilience and seismic upgrades for all transportation modes.
 - The completion of transportation projects begun but not yet completed due to lack of funding or changes in funding criteria.
 - Providing additional funding for voluntary jurisdictional transfer.
 - Funding transportation enhancements such as bike-ped facilities.
 - Increasing funding for the statutory Special City Allotment program while maintaining the 50%-50% ODOT/city split.
 - Repealing the referral requirement (2009 Jobs and Transportation Act) on cities seeking to create/increase local gas tax.
2. Addresses statewide needs relating to intermodal transportation through:
 - Additional funding for transit operations and capital projects.
 - Additional funding for freight rail capital projects and operations (*ConnectOregon*, short-line rail and transload facilities).

Background

Maintenance and preservation needs have outpaced the resources available for streets, roads and highways. In its March, 2016 Infrastructure Survey Report the League identifies a \$3.7 billion capital need for highway and non-highway transportation projects (\$2.6 billion highway / \$1.1 billion non-highway). In addition, the report shows, for the 120 cities that participated, an aggregated street budget shortfall for operations and maintenance of approximately \$217 million per year. Safety and disaster resilience were cited as major challenges and needs by most cities. Cities also expressed support for a voluntary jurisdictional transfer program (the sensible alignment of highway facilities and management responsibility) provided the availability of adequate funding to facilitate the transfer and to maintain the asset.

Given the threat that inadequate funding represents to investments already made in the transportation system, the League will insist on a transportation package that increases and makes more sustainable the ability of all government jurisdictions to preserve and maintain these assets. Notwithstanding its emphasis on the need to preserve and maintain existing streets, the League of Oregon Cities agrees that the state's transportation system and the policy and funding programs that support it must be multimodal and statewide in scope. The League will therefore work to pass legislation in 2017 that addresses funding and policy initiatives relating to all modes (streets, bike/ped, transit, rail, aviation and marine) and in so doing address such issues as:

- Connectivity and capacity (especially truck mobility/rail)
- Safety for all users across all modes
- Resiliency and recovery (seismic retrofit across all modes)
- Jobs and economic development
- Impact on climate change
- Active transportation and public health
- Transportation access available on an equitable basis to all Oregonians
- Continuing and extending *ConnectOregon*
- Ensuring adequate new revenues for program/equipment such as the Oregon Department of Motor Vehicles technology upgrade
- Creative solutions to ongoing challenges (dedicated non-roadway fund, increased local authority to fund transit, bike-ped funding, etc.)

- **Additional funding for passenger rail operations, equipment and capital projects (federal matching money and AMTRAK Cascades).**

3. Does not:

- **Preempt local government ability to self-generate transportation revenues for street maintenance and preservation.**
- **Change the dedication of State Highway Fund dollars to highway, road and street projects contained in Article 8, Section 3a of the Oregon Constitution.**
- **Reduce cities 20% share of the State Highway Fund.**
- **Create unfunded mandates requiring cities to undertake specific programs, such as greenhouse gas reduction scenarios.**
- **Further complicate the planning and regulatory process that currently governs the project delivery process.**

- **Maximizing local benefits of the federal FAST Act in Oregon**

Water & Wastewater

Legislation

AA. Funding for Water System Resilience

Secure dedicated funding for water and wastewater system resilience and emergency preparation. This would include additional funds to plan for and upgrade water systems to increase seismic resiliency and funding to better position communities to better prepare for water supply shortages due to drought, climate change or other emergency scenarios.

Background

In general, Oregon’s drinking water and wastewater systems are woefully underprepared for a catastrophic earthquake event. Restoration of water supply following such an event is critical for fire suppression, first aid, and for human health and safety. In 2013, the Oregon Resilience Plan provided estimates for service recovery of water and wastewaters systems in the event of a Cascadia earthquake under current infrastructure conditions. According to the plan, the estimated timeframe for service recovery in the valley ranges from one to twelve months. For the coast, service recovery is estimated between one to three years.

In addition to risks associated with significant natural disaster events, recent drought conditions in Oregon have demonstrated the need for emergency supply planning and coordination with other water users to better address water supply challenges. It is critical that communities are able to acquire alternative and back-up water supplies from multiple sources in order to better prepare for supply shortages or emergency situations, such as natural disasters or supply contamination.

The League will work to identify and secure low-interest loans or grants to seismically upgrade drinking water and wastewater system infrastructure and to help ensure that these systems are more resilient and better positioned to respond to water supply shortages resulting from drought, climate change, natural disasters, or other system failures.

Water & Wastewater (Continued)

Legislation	Background
<p>BB. <u>Promote an Enhanced Prescription Drug Take-Back</u></p> <p>Advocate for enhanced prescription drug take-back program funding and additional collection locations to reduce contamination of water from unwanted prescription drugs.</p>	<p>Unused prescription drugs are problematic from both a public health and safety perspective as well as from a water quality perspective. Drug take-back programs help to ensure that unused prescription drugs are properly disposed of which keeps them from being abused, keeps them out of the hands of children, and keeps them from entering Oregon’s waterways. Unwanted prescription drugs are often flushed down the toilet and despite wastewater treatment systems, they can end up contaminating lakes, streams and rivers. In 2014, U. S. Drug Enforcement Administration (DEA) expanded the types of locations allowed to accept unwanted medications including retail pharmacies and drug manufacturers. Prior to 2014, drug-take back programs were primarily supported through police department drop boxes. The challenge in expanding prescription drug take-back programs is now focused on the cost of transporting unused drugs from the take-back location to the disposal site and in educating the public about responsible disposal opportunities.</p> <p>The League will work with a variety of stakeholders, including public health advocates, to identify additional funding mechanisms to increase drug take-back collection locations across Oregon. Funding should support the transportation and responsible disposal of unused prescription drugs. Funds should also be dedicated for enhanced education of disposal opportunities and the establishment of convenience standards to ensure that all Oregonians have reasonable access to drug take-back locations.</p>
<p>CC. <u>Increased Funding for Water Supply Development</u></p> <p>Support additional water supply funding through the state’s Water Supply Development Account.</p>	<p>According to a survey conducted by the League, Oregon’s water and wastewater infrastructure needs for cities alone are estimated to be \$9 billion over the next twenty years. In addition, the survey identified 66 percent of respondent cities as being in need of additional water supply storage. The 2015 drought highlighted the need for additional investments in water supply infrastructure, including storage and water delivery system efficiencies. Additional storage project investments are not only critical for adequate drinking water supply, they are an important tool for supplementing streamflows and habitat restoration.</p> <p>The League will work to secure additional funding for existing water supply development programs. This includes support for feasibility grants and for the state’s Water Supply Development Account which provides funding for water supply storage, reuse, restoration and conservation projects.</p>

RESOLUTION 2016-13

A RESOLUTION APPROVING REFERRAL TO THE ELECTORS OF THE CITY OF MOLALLA THE QUESTION OF IMPOSING A THREE PERCENT TAX ON THE SALE OF MARIJUANA ITEMS BY A MARIJUANA RETAILER WITHIN THE CITY.

WHEREAS, under ORS 475B.345, cities that allow medical marijuana processors, medical marijuana dispensaries, recreational marijuana producers, recreational marijuana processors, recreational marijuana wholesalers and recreational marijuana retailers may impose a tax of three percent on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city if such a tax is approved by the voters of the City; and

WHEREAS, the City of Molalla adopted Ordinance No. 2016-03 imposing a tax of three percent on the sale of marijuana items by a marijuana retailer in the city and, pursuant to ORS 475B.345, has referred the ordinance to the electorate at the statewide general election in November 2016; and

NOW, THEREFORE, THE CITY OF MOLALLA RESOLVES AS FOLLOWS:

Section 1. An election is hereby called in and for the City of Molalla, Clackamas County, Oregon, to submit to the legal voters of the City the following question:

Shall Molalla impose a three percent tax on the sale of marijuana items by a marijuana retailer?

Section 2. Tuesday, November 8, 2016 is hereby designated as the date for holding the election for voting on the measure.

Section 3. The election shall be conducted by the Clackamas County Elections Department.

Section 4. The precincts for said election shall be and do constitute all of the territory included within the corporate limits of the City of Molalla.

Section 5. The ballot title to appear on the ballots shall read as follows:

CAPTION: **Authorizing tax on recreational retail sales of marijuana items**

QUESTION: **Shall Molalla impose a three percent tax on the sale of marijuana items by a marijuana retailer?**

SUMMARY:

Under a state law, cities in Oregon may adopt ordinances imposing up to a three percent tax or fee on the sale of recreational marijuana items in the city by state-licensed marijuana retailers as long as the ordinance is referred to the voters for approval at the next statewide general election. This measure seeks the required voter approval for a three percent tax on recreational marijuana sold in the city by state-licensed marijuana retailers.

If this measure is approved, the City would be authorized to impose a three percent tax on recreational marijuana sales in Molalla.

Section 6. The City Recorder is hereby authorized to submit an impartial explanatory statement for the Marion County Voters' Pamphlet on behalf of the City to read something substantially similar to the following:

EXPLANATORY STATEMENT:

Approval of this measure would impose a three percent tax on the sale of marijuana items by a marijuana retailer within the city. There are no restrictions on how the city may use the revenues generated by this tax.

Under Measure 91, adopted by Oregon voters in November 2014, codified in ORS chapter 475B and amended by the Legislature in 2016, the Oregon Liquor Control Commission must license the retail sale of recreational marijuana. ORS 475B.345 provides that a city council may adopt an ordinance imposing up to a three percent tax on the sale of marijuana items (which include marijuana concentrates, extracts, edibles, and other products intended for human consumption and use) by retail licensees in the city, but the council must refer that ordinance to the voters at a statewide general election. The Molalla City Council has adopted an ordinance imposing a three percent tax on the sale of marijuana items by a retail licensee in the city, and, as a result, has referred this measure to the voters.

Section 7. The City Recorder shall take any and all steps necessary to place this measure on the ballot at the November 8, 2016 statewide general election including but not limited to publishing a copy of the ballot title in the next available edition of a newspaper of general distribution in the City as well as notice of the seven day challenge ballot title challenge period as required in ORS250.296.

Section 8. This resolution is effective upon its adoption by the City Council.

DULY ADOPTED AND EFFECTIVE the ____ day of _____, 2016, by a
vote of _____ ayes and _____ nays.

Mayor Debbie Rogge

ATTEST this ____ day of _____, 2016:

City Recorder, Sadie Cramer