

FINANCE/ADMINISTRATION COMMITTEE MINUTES

October 29, 2014

Meeting called to order on October 29, 2014, at 7:52 p.m. in the Philomath City Council Chambers by Chair Charla Koeppé.

1. **ROLL CALL**

Present: Councilors Charla Koeppé, Jason Leonard, and Angie Baca.

Staff: Chris Workman, City Manager; Joan Swanson, Finance Director; and Ruth Post, City Recorder.

2. **MINUTES APPROVAL**

2.1 May 22, 2014 Minutes

MOTION: Councilor Leonard moved, Councilor Baca second, to approve the minutes of May 22, 2014, as presented. Motion APPROVED 3-0.

3. **NEW BUSINESS**

3.1 Mosaic Farms Contract

Ms. Swanson reminded the committee about the existing agreement with Mosaic Farms at the barn on the sewer lagoon property. She stated that the farmer hasn't expanded much and is using about one-quarter of the available barn space. She stated he is current on his rent but is a small enterprise. She stated that Mr. Fear is very pleased with the maintenance the farmer is performing and there have been no complaints received.

MOTION: Councilor Koeppé moved, Councilor Baca second, the Finance/Administration Committee authorize the City Manager to enter into an amendment to the lease with Mosaic Farms, with a quarterly payment amount of \$300 and a term of 3 years with automatic renewals. Motion APPROVED 3-0.

3.2 Proposed Enterprise Zone

Councilor Koeppé stated it was exciting to see so many people at the Council meeting in support of the enterprise zone. Ms. Swanson stated she is pro-growth but has two primary concerns related to the proposed enterprise zone. She described the issue of nearing capacity in the water treatment plant and concerns about the related fire suppression capabilities. Mr. Workman expanded on that by describing efforts that have been made to re-establish the Corvallis inter-tie and buy water from Corvallis. He summarized potential scenarios to improve the city's water capacity. He described potential options in working with the city of Corvallis that he is exploring and policy decisions that the City Council will ultimately need to make. He stated he doesn't have all of the necessary information ready yet to present to the Council. He stated concerns about creating a welcome mat with the enterprise zone and then having to pull back because of water capacity.

Ms. Swanson stated it will take a couple of years to make long-term plans to remedy the water issue. She also described an impending problem with the general fund and lack of property tax growth. She stated that expenses are growing faster than the property tax base and reserves are decreasing year by year. Councilor Baca had

concerns about businesses choosing to locate elsewhere and losing existing businesses.

There was discussion about steps that have been taken to improve the city's water rights situation. There was discussion about the specific remaining capacity for growth available in the water capacity. Mr. Workman stated he will get clarification on that. He noted that the enterprise zone will only affect the industrial property tax base but new houses will continue to grow the tax base. There was discussion about the existing subdivisions with available lots for new homes.

Councilor Baca stated a strong support for the enterprise zone. Ms. Swanson stated that many businesses like Philomath but some businesses are never going to come to Philomath because it isn't a good fit. Councilor Baca suggested the possibility of delaying the enterprise zone application until next year and, in the meanwhile, learn more about the water situation. Ms. Swanson described potential options for a new water treatment plant that need to be explored more in-depth. Mr. Workman stated a new water master plan will be on the agenda for next year.

There was discussion about the intertie use and potential timing issues for an enterprise zone applicant. There was discussion about the six months to establish criteria if the enterprise zone is approved by the State. Councilor Baca requested more information about the water situation to avoid having to decide between industrial growth and housing. Mr. Workman stated that it's not intended for Council to have to choose between the two. He stated much work has been completed in recent years and it was anticipated in the current master plan. There was discussion about the need for another reservoir. There was discussion about an existing business expanding and, if they were in the enterprise zone, receiving the property tax abatement on the expansion.

There was discussion about the types of business decisions involved in locating a business and the comparatively small benefit of the enterprise zone's property tax abatement. There was discussion about general fund growth and the slowdown in the residential tax base growth.

The committee consensus was that the water issues need to move to the forefront and the enterprise zone needs to be delayed even though there is strong support for it. Mr. Workman reviewed the application deadline of November 20 for the enterprise zone application. He noted that this process has been rushed. He stated that the enterprise zone could be a positive for the community but it might be best to take a step back and get a better plan in place. Mr. Workman explained that there will likely be two more enterprise zone designations available from the State in 2015 and it's typically an annual process.

There was further discussion about the current housing inventory and the tradeoff of giving up property taxes through the enterprise zone in exchange for more new housing construction.

MOTION: Councilor Baca moved, Councilor Koepp second, that the Finance/Administration Committee recognize the community support for an enterprise zone but recommended delay of the application for an enterprise zone pending evaluation of more detailed information about water capacity and property tax impacts. Motion APPROVED 3-0.

4. **ADJOURNMENT:**
Meeting adjourned at 9:10 p.m.

Recorded by: Ruth Post, City Recorder