



MONDAY, JULY 15, 2019
CITY COUNCIL MEETING AGENDA
Regular meeting 7:00 p.m.
Scappoose Council Chambers
33568 East Columbia Avenue

ITEM AGENDA TOPIC

Action

Call to Order

Pledge of Allegiance

Roll Call

Approval of the Agenda

Public Comments

1. Consent Agenda ~ June 17, 2019 City Council meeting minutes and reappointment of Christine Collins, Brian Rosenthal and Phil Griffin to the Economic Development Committee

Old Business

2. Ord. No. 882: An Ordinance to Establish Urban Renewal Agency

Staff: Assistant to City Manager Alexandra Rains

Second Reading/Approval

New Business

3. Seely Lane Right-of-Way Dedication

Approval

Staff: Assistant to City Manager Alexandra Rains

4. Res No. 19-13: Amendment to Park & Recreation Committee Bylaws

Approval

Staff: Program Analyst Huell White

5. Res No. 19-14: A Resolution Adopting the City of Scappoose Housing Strategy Implementation Plan

Approval

Staff: City Planner Laurie Oliver

6. Res No. 19-15: A Resolution to approve the lease agreement with Feenaughty Machinery Co/Wells Fargo Vendor Financial Services for an Excavator

Approval

Staff: Public Works Director Dave Sukau

Announcements ~ information only

7. Calendar

City Manager, Police Chief, Councilors, and Mayor

8. Executive Session ~ ORS 192-660(2)(d) Labor Negotiations

Adjournment

This meeting will be conducted in a handicap accessible room. If special accommodations are needed, please contact City Recorder, Susan Reeves at (503) 543-7146, ext. 224 in advance.

TTY 1-503-378-5938

MONDAY, JUNE 17, 2019
CITY COUNCIL MEETING AGENDA
Regular meeting 6:00 p.m.
Scappoose Council Chambers
33568 East Columbia Avenue

Call to Order

Mayor Burge called the meeting to order at 6:00 p.m.

Pledge of Allegiance

Roll Call

Roll Call

Scott Burge	Mayor	Michael Sykes	City Manager
Patrick Kessi	Council President	Norm Miller	Police Chief
Megan Greisen	Councilor	Susan M. Reeves	City Recorder
Natalie Sanders	Councilor	Alexandra Rains	Assistant to City Manager
Joel Haugen	Councilor	Dave Sukau	Public Works Director
Josh Poling	Councilor	Jill Herr	Finance Administrator
Brandon Lesowske	Councilor		

Peter Watts Legal Counsel Press: None

Excused: Councilor Megan Greisen

Also present: Program Analyst Huell White

Approval of the Agenda

Councilor Sanders moved and Councilor Poling seconded the motion to approve the agenda. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Public Comments

Patty Conroy, Scappoose, explained she wanted to talk about the Peace Candle. She talked about World Peace and how we don't hear those words often. She mentioned the candle which represents World Peace is looking kind of tired and needs some maintenance. She explained the sign on the candle doesn't just say Peace Candle, it says Peace Candle of the World. She explained something she would like to present and have considered is that all of the people of the World long for and dream of World Peace. She stated the only thing preventing us from achieving World Peace is ourselves. She explained the Peace Candle represents choices that we have made ~ the choice between darkness and light, the choice between unity and disunity. She stated it is our candle that can remind us that the same virtues we need to build strong families

and communities are the same virtues we need for World Peace. She would ask that the City Council not only protect and preserve the candle but also purchase the land it stands on and maybe a small tract of land around it for seating and some paths and inspirational things for World Peace.

Council thanked Patty.

Mayor Burge explained we are working to make sure the candle is preserved.

Patty Conroy replied she would like to help anyway she can.

Consent Agenda ~ June 3, 2019 City Council meeting minutes

Councilor Haugen moved and Council President Kessi seconded the motion to approve the consent agenda ~ June 3, 2019 City Council meeting minutes. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Old Business

Ord. No. 882: An Ordinance to Establish Urban Renewal Agency

(Continuation of hearing)/First Reading

Mayor Burge continued the public hearing at 6:04 p.m.

Assistant to City Manager Alexandra Rains explained this is a continuation of the first hearing. She explained the recommendation from staff is still the same that Ordinance No. 882 is passed as presented, and as mentioned before, this establishes the Urban Renewal Agency. She explained included in your packet you will see a memo that was sent out, going over all of Chief Greisen's testimony, all of his points. She explained if you have any additional questions, they are willing to answer those questions.

Councilor Lesowske asked Assistant to City Manager Alexandra Rains if she worked directly with Chief Greisen reviewing the questions he brought up at the last meeting?

Assistant to City Manager Alexandra Rains replied they took a copy of his testimony and she sat down with the consultant team and reviewed it point by point, they researched, gathered information and she wrote parts of the memo and the consultant team wrote parts of it and then they combined it. She explained she sent Chief Greisen a copy of the memo last week and scheduled a meeting with him next week for City Manager Sykes and her to sit down with him.

Councilor Haugen asked, just establishing the agency does not commit the City to anything, correct?

Assistant to City Manager Alexandra Rains replied correct, it does not.

Council President Kessi stated I know with this resolution it is establishing the agency and in establishing the plan, did we look into what Mr. Waggoner said about the Middle School being part of the plan?

Assistant to City Manager Alexandra Rains replied we can leave it in, that is not a huge deal. She explained she spoke with the consultant team and they said putting it back isn't going to make a huge difference either way. She stated it won't generate revenue unless something happens with it. She thinks the recommendation to take it out was simply because the School District had expressed that they had no intention of really letting that site go. She explained if Council would prefer that it be in, it is not a big deal to put it back in.

Council President Kessi stated he does agree with Mr. Waggoner's comments in regard to that being a key piece of property within the City.

Councilor Poling agrees with that also.

The consensus of Council is to add the Middle School back in.

Mayor Burge asked if anyone else would like to talk on this matter, seeing none, he closed the hearing at 6:10 p.m.

Councilor Haugen moved and Council President Kessi seconded the motion to adopt Ordinance No. 882: An Ordinance Declaring that Blighted areas exist in the City of Scappoose Establishing the need for an Urban Renewal Agency in the City and Electing a Method for Exercising of the power of an Urban Renewal Agency within the City. Creating sections: 2.56– 2.56.080 Urban Renewal Agency of the Scappoose Municipal Code.

Mayor Burge read the title of Ordinance No. 882 for the first time. An Ordinance Declaring that Blighted areas exist in the City of Scappoose Establishing the need for an Urban Renewal Agency in the City and Electing a Method for Exercising of the power of an Urban Renewal Agency within the City. Creating sections: 2.56– 2.56.080 Urban Renewal Agency of the Scappoose Municipal Code.

New Business

Community Enhancement Program Recommendations

City Manager Michael Sykes explained at the June 3 Council meeting Council heard the Community Enhancement Program applicants. He explained in the packet you will find the spread sheet that shows how each of the Councilors voted for each of the projects. He explained collectively the total for all the projects is \$29,990.45.

Council President Kessi moved and Councilor Poling seconded the motion to approve the allocations as presented. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Resolution No. 19-06: Extending Workers' Compensation Coverage to Volunteers

Police Chief Norm Miller explained this is a resolution that staff brings to Council yearly regarding volunteers and this year we have included the community service workers that will go through the Municipal Court.

Councilor Haugen moved and Councilor Poling seconded the motion to approve Resolution No. 19-06: Extending Workers' Compensation Coverage to Volunteers. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Mayor Burge asked for a motion to amend the agenda to move agenda item #11 to after # 4.

Councilor Sanders moved and Council President Kessi seconded the motion to amend the agenda. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Purchase of an Excavator

Public Works Director Dave Sukau went over the staff report. He explained in 2014, City of Scappoose Public Works purchased a John Deere 60 mini excavator. This machine met the needs of the types of work being performed at that time. Recently, Public Works has begun performing larger projects "in house" in an effort to reduce the need to contract work that City crews are capable of performing. With the purchase of a full size excavator, Public Works crews will be able to perform excavation and pipework tasks in a faster more efficient manner. This will also allow Public Works to tackle larger projects within the City and City Watershed without having to rent machines to do so. Rental machines are costly and not always available when City crews need them. Projects include pipe replacement, dam maintenance and work at the Wastewater Treatment Plant. Over the last few weeks, the Public Works Dept. has solicited pricing for new and used excavators. Prices for three different new machines were obtained and the two lowest priced machines were demonstrated. Price and availability of used machines were also researched.

Findings:

New

- | | |
|-------------------------|-------------------|
| 1.) JCB JZ141 LC | \$142,628 (lease) |
| 2.) Kobelco SK140SRDZ-5 | \$163,059 " " |
| 3.) John Deere 135G | \$184,854 " " |

Used ~ No equivalent used machines are available at this time. Research of comparable machine sales found that used machines with a 15-20% reduction in price from new had substantial use and hours. These machines also had no warranty and are difficult to finance. He explained staff has inquired into a lease/purchase of qualifying models and estimates an annual payment of \$40,000 to \$47,000 depending upon the model selected. In the 2019-20 Budget, \$50,000 for the first-year lease payment has been allocated. He explained staff recommends City Council authorize purchase of the new Kobelco SK140SRDZ-5 Excavator.

Council President Kessi asked about the cost and if it is in the budget?

Finance Administrator Jill Herr explained it is a lease for four years.

Council President Kessi asked how often would we use an excavator?

Public Works Director Dave Sukau replied it is used certain times of the year and in summer we would have more work that would require it. He explained it would also be used for water line replacement, maintenance, installations, etc. He explained it would be used at the Wastewater Treatment Plant. He explained currently we are using a smaller machine and they are over working it. He explained having these tools in our toolbox allows us to jump on things right away instead of waiting until we can get the item.

Councilor Poling asked how long is the warranty for the excavator?

Public Works Director Dave Sukau replied two years.

City Manager Sykes explained a couple of years ago we had to clean out a couple of the dams and it cost it approximately \$120,000 to clean both of the dams and the reason is because we didn't have the equipment, so we contracted it out.

Councilor Poling moved and Council President Kessi seconded the motion to approve the purchase of the Kobelco SK140SRDZ-5 Excavator. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Mayor Burge recessed the meeting at 6:28 p.m.

Assistant to City Manager Alexandra Rains left at 6:28 p.m.

Mayor Burge reconvened the meeting at 7:00 p.m.

Budget items ~ starting at 7:00 p.m.

2019-2020 Budget

Consideration of the 2019-2020 Fiscal Year Budget

Hold a Public Hearing to determine if the City should elect to receive State Shared Revenues

Mayor Burge opened the public hearing at 7:00 p.m. and closed it due to no one wanting to speak on this matter.

Resolution No. 19-07: A Resolution Certifying that the City of Scappoose Meets All Requirements to Receive State Shared Revenues for Fiscal Year 2019-20

City Manager Sykes explained we would recommend approval of Resolution No. 19-07 and Resolution No. 19-08.

Resolution No. 19-08: A Resolution Declaring the City's Election to Receive State Revenue for the Fiscal Year 2019-2020, for the City of Scappoose

Council President Kessi moved and Councilor Haugen seconded the motion to adopt Resolution No. 19-07: A Resolution Certifying that the City of Scappoose Meets All Requirements to Receive State Shared Revenues for Fiscal Year 2019-20 and Resolution No. 19-08: A Resolution Declaring the City's Election to Receive State Revenue for the Fiscal Year 2019-2020, for the City of Scappoose. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Adopting the City of Scappoose 2019-2020 Budget

Public Hearing/Approval

Resolution No. 19-09: Hold a Public Hearing on the proposed Approval budget for the Fiscal Year 2019-2020, Making Appropriations, Imposing the Tax, and Categorizing the Tax

Mayor Burge opened the public hearing at 7:02 p.m.

City Manager Michael Sykes stated he thinks this is a very good budget and it offers the City an opportunity to move forward in a lot of different directions and continue to do the important work for the community. He explained staff recommends approval of the budget.

Mayor Burge asked if there was anyone who would like to comment on next year's budget? He stated seeing no comments he will go ahead and close the public hearing. He asked Council if they have any questions, seeing none he asked for a motion.

Councilor Haugen moved and Councilor Poling seconded the motion that Council adopt Resolution No. 19-09: Hold a Public Hearing on the proposed Approval budget for the Fiscal Year 2019-2020, Making Appropriations, Imposing the Tax, and Categorizing the Tax. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Resolution No. 19-10: Supplemental Budget Transfer of Appropriations, Establishing

Appropriation with the 2018-2019 Budget

Resolution No. 19-11: Budget Transfer of Appropriations, Establishing Appropriation with the 2018-2019 Budget

Mayor Burge opened the public hearing at 7:03 p.m.

Finance Administrator Jill Herr stated there is a supplemental budget and three budget transfers which are in Resolution No. 19-10 and Resolution No. 19-11. She explained the supplemental budget will be in the Parks SDC fund and that has to do with the sale of the SE 2nd Street property. She explained for the budget transfer the Police Department received a grant for some radar signs and we didn't have that budgeted for at the time. She explained we were able to make up most of the money, but we needed a little bit of a transfer to cover the purchase of those signs and we were reimbursed for those. She explained in the Stormwater Fund they weren't finished with the project along the creek when the budget was being prepared and so this is the excess expenditures related to that project. She explained in the Utility Fund the interest rate was listed incorrectly and we need an additional \$2,854 to cover that interest payment.

Mayor Burge asked if anyone would like to comment on this matter, seeing none he closed the public hearing.

Councilor Poling moved and Councilor Sanders seconded the motion that Council adopt Resolution No. 19-10: Supplemental Budget Transfer of Appropriations, Establishing Appropriation with the 2018-2019 Budget and Resolution No. 19-11: Budget Transfer of Appropriations, Establishing Appropriation with the 2018-2019 Budget. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Resolution No. 19-12: 2019-2020 Fee Resolution

Mayor Burge opened the public hearing at 7:06 p.m.

City Manager Michael Sykes explained in your packet you will see a fee update information sheet that was prepared by staff that outlines some of the modifications to the fees. He explained this is something we do once every year and the changes are highlighted in red.

Finance Administrator Jill Herr explained most of the fees have been adjusted to reflect what we are paying for, for example, copies. She explained with the business licenses we made that more uniform with the half year license, which has not been raised for some time. She explained fees for police reports and items within the court department have been adjusted to reflect what our staff time would be on those items.

Public Works Director Dave Sukau explained the updates in Public Works were ~ Connection Fee increase:

- Specify ¾" meter to be \$350.00

- Establish 1" Meter to be \$450.00 vs prior "Cost/Time & Materials"
- Add "Meters greater than 1 inch" billed at "Cost/Time & Materials"
- Add "Water – Install new service line" billed at "Cost/Time & Materials"

Public Works Director Dave Sukau explained the other increases were due to cost of living.

Mayor Burge closed the public hearing at 7:08 p.m. due to no one wanting to speak on this matter.

Councilor Haugen asked for an explanation for the increase in the stormwater rates.

Public Works Director Dave Sukau replied the increase is \$2.00 and it will allow the City to do a couple of things, one is catch basins and pipe work and the other thing is an enhanced leaf recovery. He explained we are trying to give the public the ability to have a place to dispose of leaves.

Councilor Haugen replied he thinks it might be productive to have for the public some rationale for that increase.

Councilor Sanders stated she was thinking along those lines too just because with that and the other increases they will be seeing a noticeable change.

City Manager Sykes stated we will include that in the newsletter.

Council President Kessi talked about advanced notice, as much as we can give.

Councilor Sanders stated there might not be much notice since this will go into effect July 1.

Finance Administrator explained for the utility bills it would actually start July 15, which is the new billing cycle so they actually wouldn't see it on their bill until their August bill, that will be received around the 25th of August. She explained so we will have time to put that in the next newsletter.

City Manager Sykes explained even with the \$2.00 stormwater fee increase we are cheaper than a neighboring community.

Councilor Haugen moved and Councilor Sanders seconded the motion to adopt Resolution No. 19-12: 2019-2020 Fee Resolution. Motion passed (6-0). Mayor Burge, aye; Council President Kessi, aye; Councilor Sanders, aye; Haugen, aye; Councilor Poling, aye and Councilor Lesowske, aye.

Announcements ~ information only

Calendar

Mayor Burge went over the calendar.

City Manager, Police Chief, Councilors, and Mayor

City Manager Sykes explained, the City, with the leadership of Peter, was able to assist with the agreement for the property by Crown Zellerbach. He explained we are continuing to meet with the proposed property owner of the candle. He explained we rehabbed the well at Dutch Canyon. He talked about working with the Railroad regarding maintaining the park strip, and stated we are making progress.

Chief Miller explained last month he attended the School Board meeting. He explained he did a walkthrough of all of the schools for school safety. He explained the School District has stepped up and made a lot of changes, they are still not done, but their huge list is now a short list. He explained the Municipal Court community service is up and running.

Councilor Poling explained he attended the last couple of Saturday Markets, and they were really well attended. He stated if you haven't checked it out lately, stop by.

Council President Kessi talked about the traffic committee meeting and how they are trying to make a couple of intersections safer. He talked about Chief Miller being able to get some signs up on the Highway for truck breaks and noise. He thanked Norm for all the hours that he puts in, he really appreciates that.

Councilor Sanders thanked everyone for joining in on her celebration.

Councilor Haugen stated it was timely that Patty made her comments about the candle and we should leverage her enthusiasm to move this forward.

Councilor Lesowske stated congrats to the Class of 2019.

Mayor Burge explained the Columbia County Tourism initiative has a draft for pre-budgeting the destination development plan for the County, which is the first step for accessing funding and one of the major projects is the Crown Zellerbach Trail. He explained it is going to include parking and outreach to help people come here and visit. He explained if you want to see the plan, City Manager Sykes has a copy of it. He explained the Columbia County Economic Team is reforming. He explained they are going to reelect the board and there will be a good mix of government and some private businesses that are involved and a chance to really grow that organization. He stated it should be a much more effective organization.

Council thanked Peter for all his work on the property transaction.

Mayor Burge explained City Manager Sykes helped with that also.

Legal Counsel Peter Watts explained it was a team effort and he got a lot of help from staff.

Adjournment

Mayor Burge adjourned the meeting at 7:22 p.m.

Mayor Scott Burge

Attest:

City Recorder Susan M. Reeves, MMC

CITY OF SCAPPOOSE

Council Action & Status Report

Date Submitted:	July 10, 2019
Agenda Date Requested:	July 15, 2019
To:	Scappoose City Council
From:	Alexandra Rains, Assistant to City Manager
Subject:	Establishment of the Scappoose Urban Renewal Agency

TYPE OF ACTION REQUESTED:

☐ Resolution

☒ Ordinance

☐ Formal Action

☐ Report Only

ANALYSIS: In order to continue forward with Council's goal of establishing an Urban Renewal District, staff has prepared Ordinance No. 882 which will form the Scappoose Urban Renewal Agency. This action is necessary at this time for two reasons, first, the Agency, by statute, is the body that completes the first review of the Urban Renewal Plan and sends it to the Planning Commission and City Council for their review and potential adoption. Second, in order to keep pace with the Urban Renewal Project schedule, the Agency must be created prior to August 19, 2019, which is their first scheduled meeting, and the Agency must be created through a non-emergency ordinance, receive two readings by Council and take thirty (30) days to go into effect. Ultimately, should Council opt not to adopt the Urban Renewal Plan, they may rescind Ordinance 882.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends Council adopt Ordinance No. 882 as presented.

SUGGESTED MOTION: N/A, second reading of ordinance.

Request for Council Action

ORDINANCE NO. 882

AN ORDINANCE DECLARING THAT BLIGHTED AREAS EXIST IN THE CITY OF SCAPPOOSE ESTABLISHING THE NEED FOR AN URBAN RENEWAL AGENCY IN THE CITY AND ELECTING A METHOD FOR EXERCISING OF THE POWER OF AN URBAN RENEWAL AGENCY WITHIN THE CITY. CREATING SECTIONS: 2.56-2.56.080 URBAN RENEWAL AGENCY OF THE SCAPPOOSE MUNICIPAL CODE.

WHEREAS, there exists in the City of Scappoose blighted areas as defined in ORS 457.010(1); and

WHEREAS, such blighted areas impair economic values and negatively impact the health, safety, and welfare of the City's citizens; and

WHEREAS, some portions of these blighted areas may be improved by development and rehabilitation to eliminate the conditions of blight; and

WHEREAS, these development, rehabilitation, acquisition and clearance activities and the prevention and reduction of blight are public purposes for which public money may be spent; and

WHEREAS, there is a need to establish an urban renewal agency to assist in the elimination of blight in Scappoose; and

WHEREAS, ORS 457.020(5) sets forth the powers of an urban renewal agency including the acquisition, conservation, rehabilitation, redevelopment, clearance, planning and preparation for rebuilding of these areas, and the prevention or the reduction of blight and its causes, are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of state concern; and

WHEREAS, ORS 457.035 authorizes the City to activate the powers of its Urban Renewal Agency by adoption of a nonemergency ordinance declaring that blight exists and that there is a need for an Urban Renewal Agency to function in the City and electing one of three ways to exercise the powers of an Urban Renewal Agency in the City; now therefore;

THE CITY OF SCAPPOOSE ORDAINS AS FOLLOWS:

Section 1. Based on the existence of blighted conditions, the City Council declares that blighted areas, as defined by ORS 457.010(1), exist within the City and that there is a need for an Urban Renewal Agency to function within the City. The City Council further declares that, pursuant to ORS 457.045(3), all of the rights, powers, duties, privileges, and immunities granted to and vested in an Urban Renewal Agency shall be exercised by and vested in the City Council itself. Any act of the City Council acting as the Urban Renewal Agency shall be considered the act of the Urban Renewal Agency only and not of the City Council. The corporate name of the Urban Renewal Agency activated by this ordinance shall be, and the agency shall be known as the Scappoose Urban Renewal

Agency. The Scappoose Municipal Code of ordinances shall be added to as follows:

Section 2. This Ordinance will be known as the “City of Scappoose Urban Renewal Agency Ordinance.”

Section 3. The Council hereby adopts the City of Scappoose Urban Renewal Agency Ordinance.

Section 4. This ordinance is effective 30 days after passage

Section 5. The Scappoose Municipal Code shall be added to as follows:

Urban Renewal Agency.

Sections:

- 2.56.10 Creation of Urban Renewal Agency
- 2.56.020 Powers and duties
- 2.56.030 Membership and compensation of the Agency
- 2.56.040 Terms of office
- 2.56.050 Election of chairperson and vice-chairperson
- 2.56.060 Agency secretary
- 2.56.070 Meetings and rules

2.56.010 Creation of Urban Renewal Agency. Pursuant to ORS 457.035, the Scappoose City Council hereby finds and declares that blighted areas, as defined in ORS 457.010, exist within the city. Given the blighted conditions, the city council declares and recognizes that there is a need for an Urban Renewal Agency to function within the City of Scappoose with the powers contained in ORS 457.020 and hereby created an urban renewal agency. The corporate name of the Agency created by this chapter shall be, and said Agency shall be known as, the Scappoose Urban Renewal Agency.

2.56.020 Powers and duties. The City Council further declares, pursuant to ORS 457.045(3), that all of the rights, powers, duties, privileges, and immunities granted to and vested in an Urban Renewal Agency by the laws of the state of Oregon shall be exercised by and vested in the Agency of the City of Scappoose provided, however, that any act of the governing body acting as the urban renewal agency shall be considered the act of the Agency only and not of the City Council.

2.56.030 Membership and compensation of the Agency. The City Council declares the Agency membership shall be the same as that of the City Council. Agency members shall receive no compensation, but shall be reimbursed for duly authorized expenses.

2.56.040 Terms of office. The term of office shall be the same as that of the City Council. Appointments to fill vacancies shall be for the remainder of the unexpired term. When an elective City Office becomes vacant, thus creating a vacancy in the Urban Renewal Agency, appointments to fill the vacancy will follow the City’s process outlined in Chapter 7 of the City

Charter: the appointee selected by the remaining members of Council to serve the unexpired term will also serve in the Urban Renewal Agency for the same term.

2.56.050 Election of chairperson and vice-chairperson. The Agency, at its first meeting in July of each year, shall elect a chairperson and vice chairperson who shall hold office at the pleasure of the Agency.

2.56.060 Agency secretary. The City Manager shall appoint a secretary who shall not be a member of the Agency. The secretary shall keep an accurate record of all agency proceedings.

2.56.070 Meetings and rules. A. Meetings shall occur on the regularly scheduled City Council meeting dates unless a special meeting is required. A majority of the members of the Agency shall constitute a quorum. The Agency shall meet at least once a quarter unless the Chairperson and City Manager jointly agree that there is no business to be conducted.

B. Special meetings may be called at any time by the same procedure used by the Scappoose City Council. Special meetings will be duly noticed as required by State Statutes relating to public meetings.

C. The Agency shall at all times abide by the provisions of the Oregon Public Meetings Law.

D. A member of the Agency shall not participate in any Agency proceedings or action in which any of the following has a direct or substantial financial interest: The member or the spouse, brother, sister, child, parent, father-in-law, mother-in-law of the member, any business in which the member is then serving or has served within the previous two years, or any business with which the member is negotiating for or has an arrangement or understanding concerning prospective partnership or employment. Any actual or potential interest shall be disclosed at the meeting of the Agency where the action is being taken.

2.56.080 Annual report. The Agency shall prepare an annual report pursuant to ORS 457.460.

PASSED and ADOPTED by the City Council this ____ day of _____, 2019 and signed by the Mayor and City Recorder in authentication of its passage.

CITY OF SCAPPOOSE, OREGON

Scott Burge, Mayor

First Reading: June 17, 2019

Second Reading: _____

Attest: _____
Susan M. Reeves, MMC
City Recorder

CITY OF SCAPPOOSE

Council Action & Status Report

Date Submitted: July 10, 2019
Agenda Date Requested: July 15, 2019
To: Scappoose City Council
From: Alexandra Rains, Assistant to City Manager
Subject: Seely Lane ROW Dedication

TYPE OF ACTION REQUESTED:☐ Resolution☐ Ordinance☒ Formal Action☐ Report Only

ANALYSIS: As part of the development of Chief Concomly Park, the City completed a half street improvement on Seely Lane that requires a dedication of City property to the public right-of-way. Exhibits A and B provide the description of the property to be dedicated.

FISCAL IMPACT: None, the City is both the grantor and grantee.

RECOMMENDATION: Staff recommends Council approve the dedication of City property to public right-of-way.

SUGGESTED MOTION: I move Council approve the dedication of City property to public right-of-way, as described in Exhibits A and B.

Return Recorded Document To:
City Recorder
City of Scappoose
33568 E. Columbia Ave.
Scappoose, OR 97056

File No. _____

DEDICATION DEED
FOR ROAD OR STREET PURPOSES

The City of Scappoose, owner of the property described in the attached **Exhibit A & B**, does hereby dedicate to the City of Scappoose, Oregon for public use a perpetual right-of-way for street, road, and utility purposes on, over, across, under, along, and within the following described real properties in Columbia County, Oregon:

Attached Exhibit A & B

To have and to hold the above-described and dedicated rights unto the public forever for uses and purposes herein above stated.

The grantor hereby covenants that grantor is the sole owner of the Exhibit A property in fee simple, the property is free of all liens and encumbrances, grantor has good and legal right to grant the rights above-described, and grantor will pay all taxes and assessments due and owing on the property.

The true consideration for this conveyance is \$ 0.00. However, the actual consideration includes other property or value given or promised.

IN WITNESS WHEREOF, I hereunto set my hand on this ____ day of _____, 20____.

Name of Grantor: City of Scappoose

Signature

Address: 33568 E Columbia Ave

Title

Scappoose, OR 97056

Signature

Tax Statement Mailing Address
(if different from above)

Title

STATE OF OREGON)
) ss.
County of Columbia)

This instrument was acknowledged before me this ____ day of _____, 20____ by
_____ as _____ of _____.

Notary Public for Oregon
My Commission Expires: _____

Accepted on behalf of the City of Scappoose this ____ day of _____, 20____.

City Manager

STATE OF OREGON)
) ss.

**NORTHWEST
SURVEYING, INC.**

BOUNDARY TOPOGRAPHIC CONSTRUCTION CADASTRAL
Licensed in OR & WA

1815 NW 169TH PLACE, SUITE 2090
BEAVERTON, OR 97006

TELEPHONE: (503) 848-2127
FAX: (503) 848-2179

Exhibit A

PROPERTY DESCRIPTION

June 4, 2018
NWS Project No. 1765
Dedication of Right-of-Way

A tract of land within the unrecorded plat of the Samual Adams Estate as surveyed by L. J. Van Orshoven, Columbia County Surveyor, dated November 1916 and filed as County Survey No. 57 in the Columbia County Survey Records, located in the northwest one-quarter of Section 12, Township 3 North, Range 2 West, Willamette Meridian, City of Scappoose, Columbia County, Oregon, being more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Samual Adams Estate, said point being called by said Van Orshoven survey to be North 306.12 feet and East 1808.24 feet from the one-quarter corner between Sections 11 and 12, Township 3 North, Range 2 West, and said point being on the northerly right-of-way line of Seely lane, 12.5 feet northerly of the centerline thereof, when measured at right angles; thence along said northerly right-of-way line, South 85°59'02" West a distance of 288.64 feet to a point; thence North 04°00'58" West a distance of 10.50 feet to a point 10.50 feet northerly of said northerly right-of-way line, when measured at right angles; thence parallel with and 10.50 feet northerly of said northerly right-of-way line, when measured at right angles, North 85°59'02" East a distance of 288.47 feet to a point on the easterly line of said Lot 3; thence along the easterly line of said Lot 3, South 04°56'35" East a distance of 10.50 feet to the Point of Beginning.

Said described tract of land contains 3,030 square feet, more or less.

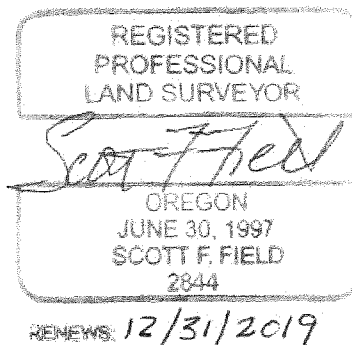


EXHIBIT B

DEDICATION OF RIGHT-OF-WAY

LOCATED IN THE NW 1/4 OF SECTION 12,
T. 3 N., R. 2 W., W.M., CITY OF SCAPPOOSE,
COLUMBIA COUNTY, OREGON
JUNE 4, 2018

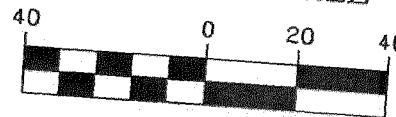
REGISTERED
PROFESSIONAL
LAND SURVEYOR

Scott F. Field

OREGON
JUNE 30, 1997
SCOTT F. FIELD
2844

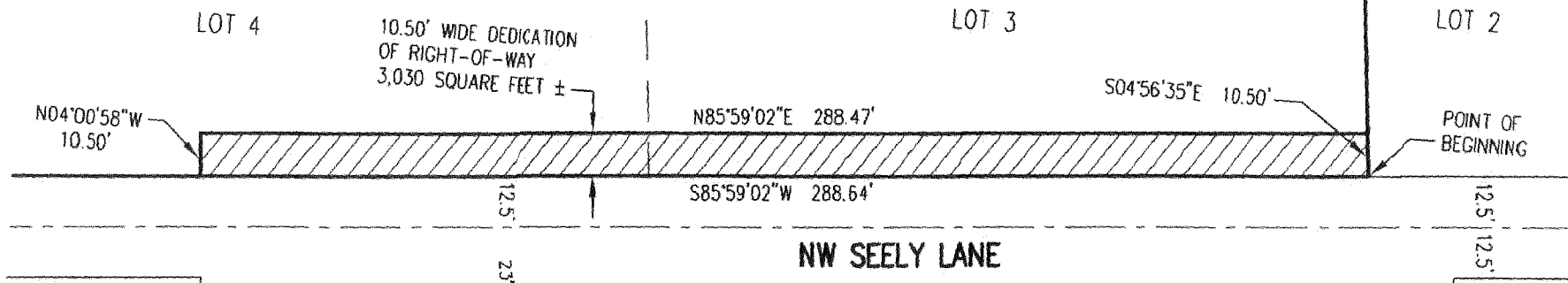
12-31-2019
RENEWAL DATE

GRAPHIC SCALE



(IN FEET)
1 INCH = 40 FT.

"SAMUAL ADAMS ESTATE"
(UNRECORDED)



NW 4TH STREET

NW SEELY LANE

JOB NAME:	SEELY PARK
JOB NUMBER:	1765
DRAWING NAME:	1765 DEDICATION
DRAWN BY:	SFF
CHECKED BY:	CHS

**NORTHWEST
SURVEYING, Inc.**

1815 NW 169TH PLACE
SUITE 2090
BEAVERTON, OR 97006
PHONE: (503) 848-2127
FAX: (503) 848-2179

CITY OF SCAPPOOSE

Council Action & Status Report

Date Submitted: July 8, 2019
Agenda Date Requested: July 15, 2019
To: Scappoose City Council
From: Huell White, Program Analyst
Subject: Amendment to Parks and Recreation Committee Bylaws

TYPE OF ACTION REQUESTED:

☐ Resolution

☐ Ordinance

☐ Formal Action

☒ Report Only

ANALYSIS: At their June 20th meeting, the Parks and Recreation Committee recommended City Council consider revising the Committee's bylaws to allow additional consecutive terms to be served by its members. Currently, the bylaws only allow two consecutive terms, and four consecutive terms is being proposed. The Committee felt this was important for two primary reasons, 1) its often difficult to find volunteers to serve on the Committee, that holds evening meetings 2) two existing members who's terms are expiring in August, were only given a one-year long second term, in order to establish the staggered terms required by the bylaws, one of those members was chosen by the Committee at the May 16th meeting to serve as the new Committee Chair.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends Council approve Resolution No. 19-13, thereby approving the updated language to the Parks and Recreation Committee's Bylaws.

SUGGESTED MOTION: I move Council approve Resolution No. 19-13, thereby approving updated language to the Parks and Recreation Committee's Bylaws.

Request for Council Action

PARK AND RECREATION COMMITTEE

ROSTER (06.24.2019)

Peter McHugh ~ Term expires 08/21

Jeannine Duehren ~ Term expires 08/21

Cara Heinze ~ Term expires 08/19

Lindsey Goodwick ~ Term expires 08/20

Alyse Lansing ~ Term expires 08/19

Kristen Persons ~ Term expires 08/20

Dana Pricher ~ Term expires 08/21

Bryan Hammond ~ Term expires 08/20

Joel Haugen, City Council Liaison

Alexandra Rains, City Staff

Huell White, City Staff

RESOLUTION NO. 19-13

A RESOLUTION AMENDING RESOLUTION NO. 18-23, CITY OF SCAPPOOSE PARKS AND RECREATION COMMITTEE BYLAWS, ARTICLE V, SECTION 1D, MEMBERSHIP

WHEREAS, the Scappoose City Council created a Parks and Recreation Committee to make recommendations to the City Council regarding development of new parks for the City of Scappoose and coordinating community activities and programs for public benefit; and

WHEREAS, the members of the Committee volunteer their time to meet once per month for an evening meeting; and

WHEREAS, it's difficult to find volunteers who have the time necessary to serve on the City's Parks and Recreation Committee, particularly since more than 70 percent of the Scappoose citizens commute for employment; and

WHEREAS, in order to ensure a full membership, the Committee requested Council extend the number of full subsequent terms a member may serve from two to four terms; and

WHEREAS, three of the Committee's existing members only served a one-year long, second term in order to establish the staggered terms required in the bylaws; and

WHEREAS, two of the Committee's permanent members resigned in 2019, resulting in a need to search for one additional permanent member and two alternate members.

NOW THEREFORE, THE CITY OF SCAPPOOSE ORDAINS AS FOLLOWS:

Article V, Section 1D. D. Members of the SPRC will be appointed by the Mayor and with the consent of the Scappoose City Council for terms up to three years, or a portion of three years if appointed to fill an unexpired term. Expiration dates for terms shall be staggered so that no more than one-third or up to three of the members' terms will expire in any year. It is recommended that members who have filled an unexpired term may serve for four full subsequent terms; however, no more than four consecutive full terms may be served by any member.

PASSED AND ADOPTED by the Scappoose City Council on this ____ day of July, 2019, and signed by me and the City Recorder, in authentication of its passage.

CITY OF SCAPPOOSE, OREGON

Scott Burge, Mayor

Attest: _____
Susan Reeves, MMC, City Recorder

City of Scappoose Park and Recreation Committee

BYLAWS

ARTICLE I – NAME

Scappoose Park and Recreation Committee

ARTICLE II – AUTHORIZATION

Established by resolution by the Scappoose City Council, Resolution No. 15-15, passed August 3, 2015, Resolution No. 17-27 passed and then by Resolution No. 18-11 on June 6, 2018 which rescinded and replaced 15-15 and 17-27 and then by Resolution No. 18-23 which rescinded and replaced Resolution 18-11 on October 1, 2018.

ARTICLE III – PURPOSE

- A.** Advise and make recommendations to the City Council on park and recreation policies and issues.
- B.** Support community and City Council efforts to maintain, develop and promote parks and recreation opportunities.

ARTICLE IV – RESPONSIBILITIES/OBJECTIVES

- A.** To advise the City Council on park and recreation matters.
- B.** To support the development of a Master Plan and updates as necessary.
- C.** To be the City's ambassadors in developing and promoting park and recreation activities.
- D.** To act as a facilitator for community forums that serve as a catalyst for the promotion and development of park and recreation activities.
- E.** To encourage building partnerships and coordination with other local, regional and state organizations that enhance park and recreation opportunities that benefit the City of Scappoose and south Columbia County.

- F. To respond to additional matters relating to parks and recreation as requested by the City Council

ARTICLE V – ORGANIZATION AND STRUCTURE

Section 1 Membership

- A. Membership of the Scappoose Park and Recreation Committee shall consist of a maximum of nine (9) voting members appointed by the Mayor and with the consent of the City Council in accordance with Scappoose Municipal Code 2.040.080. A majority of SPRC members shall be from the private sector.
- B. Members shall live or work or have significant interest in parks and recreation opportunities in the City of Scappoose.
- C. Ex-officio representatives of related organizations and the business community may also be invited to participate in SPRC meetings and work sessions as determined by the voting members.
- D. Members of the SPRC will be appointed by the Mayor and with the consent of the City Council for terms up to three years, or a portion of three years if appointed to fill an unexpired term. Expiration dates for terms shall be staggered so that no more than one-third or up to three of the members' terms will expire in any year. It is recommended that members who have filled an unexpired term may serve for two full subsequent terms; however, no more than two consecutive full terms may be served by any member.
- E. An alternate to each member may be selected. The alternate member may participate in discussions, but shall have no vote, unless a regular member of the Committee is absent or not participating due to a conflict of interest; in such case the alternate shall be called upon to vote. In no case shall both the member and alternate both have a vote on the same motion.
- F. Members, or their alternates, missing three (3) consecutive meetings will be considered for removal. The commission will present a written recommendation to Council for their action.

Section 2. Officers

- A.** The SPRC shall elect a Chair and Vice Chair every twelve (12) months.
- B.** The duties and powers of the officers of the SPRC, who shall be elected annually in July, shall be as follows:

(1) Chair

- Preside at all meetings of the Committee
- Development of a written agenda in sufficient time to allow for distribution to Committee prior to any regular meeting.
- Call special meetings of the Committee in accordance with the By-laws;
- See that all actions of the Committee are properly taken;
- Presents the Committee's views, recommendations or actions to the City Council and any other appropriate body as designated by the Mayor, Council or Council's liaison to the commission.
- Co-Sign official documents of the SPRC, with Recording Secretary.

(2) Vice Chair

- During absence, disability, or disqualification of the Chair, the Vice Chair shall exercise or perform the duties and be subject to all of the duties of the Chair.

- C.** The following position is filled by City of Scappoose staff assigned to the SPRC and is not a member of the Board.

Recording Secretary

- Keep summary minutes of all meeting of the SPRC;
- Give or serve all notices required by law or required in the SPRC By-laws;
- Prepare the agenda of all meetings of the SPRC;
- Be custodian of SPRC records;
- Inform the SPRC of correspondence relating to business of the SPRC and attend to such correspondence;
- Co-Sign official documents of the SPRC, with Chair.

ARTICLE VI - MEETING PROCEDURES AND QUORUM

- A.** The SPRC shall hold regularly scheduled meetings. Members will be reminded by written notice, including electronic means such as email, at

least five (5) days prior to the scheduled meetings. The notice will include the date, time, location and agenda for the meeting. The SPRC shall schedule and publish regular meeting dates on a monthly basis. Summary minutes shall be taken for all meetings and shall be available for viewing by anyone, on request. Minutes are to be distributed to all members and others expressing an interest in receiving them.

- B.** Special meetings may be called at any time by the Chair or by a petition signed by not less than three of the SPRC membership, setting forth and the reason for calling such a meeting.
- C.** SPRC Meetings shall be publicized in accordance with the Oregon public meetings law.
- D.** A majority of current membership entitled to vote shall constitute a quorum for the transaction of business.
- E.** Robert's Rules of Order shall guide the SPRC in all cases not otherwise provided for in these rules. All final determination of procedure shall be the responsibility of the Chair.
- F.** Matters referred to the SPRC by City Council shall be placed on the calendar for consideration and action at the first regular meeting of the SPRC after such reference, providing that an appropriate amount of time is allowed for public notice if required by law.
- G.** Committees and subcommittees shall meet at the call of the SPRC Chair and the respective committee or subcommittee.
- H.** The Chair has the right to vote whenever a vote is cast. In the case of a tie vote with the Chair voting, the motion fails.
- I.** A report of the SPRC activities shall be made to City Council annually.

ARTICLE VII - AMENDING BY-LAWS

Amendments to these bylaws may be made by the City Council or may be proposed by the Parks and Recreation Committee to the City Council. City Council will

consider all amendments proposed by a majority of the Parks and Recreation Committee.

ARTICLE VIII - APPROVALS

The above bylaws for the Scappoose Park and Recreation Committee have been duly considered and reviewed, and are hereby recommended for adoption by the Scappoose City Council this 1st day of October, 2018.

DRAFT

City of Scappoose
Council Action & Status Report

Date Submitted: July 10, 2019

Agenda Date Requested: July 15, 2019

To: Scappoose City Council

Through: Michael Sykes

From: Laurie Oliver, CFM, Planning Department
Supervisor

Subject: Adoption of Housing Strategy Implementation
Plan

Type of Action Requested:

<input checked="" type="checkbox"/>	Resolution	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Formal Action	<input type="checkbox"/>	Report Only

Issue: Seeing the need for a proactive approach on affordable housing, City Council set a goal for the 2018-19 fiscal year to “Develop an Affordable Housing Plan.” To this end, the City applied for and received a grant from the Department of Land Conservation and Development (DLCD) to adopt or advance strategies to increase the supply and affordability of housing in Scappoose. The grant provided funding for ECONorthwest to assist the City with the creation of a housing strategy implementation plan, with guidance from an Affordable Housing Strategy Technical Advisory Committee (TAC), composed of City Councilors and housing providers.

*Adoption of Resolution 19-14 does not implement any of the strategies identified in the Housing Strategy Implementation Plan. It is the final report on what strategies could be implemented in Scappoose should Council decide to do so in the future.

Analysis: ECONorthwest evaluated a range of potential strategies - options for local funding sources to support affordable housing and property tax abatements that can provide an incentive for certain types of housing. The tools identified are

summarized in **Exhibit 1** (found on pages 3 – 5 of the Housing Strategy Implementation Plan, which is attached), along with the TAC's recommendations.

At a high level, the TAC recommended that the City advance the following elements of an affordable housing plan and housing strategy:

- Establish a locally controlled funding source to support Regulated Affordable and/or workforce housing.
- Support providers of Regulated Affordable Housing by offering a local program for property tax exemptions.
- Explore the potential to offer incentives to owners of existing low-cost market-rate housing to keep rents affordable as local market rents increase.
- Depending on how market conditions change over the coming years, consider one or more incentives to support housing development in specific situations that offer a public benefit and may not be financially feasible on their own (e.g., mixed use development in the town center or certain types of multifamily housing).

Exhibit 1 shows how the various tools considered through this process align with and can support these strategies as well as recommendations for how they could be applied in Scappoose if Council decides to implement them. Tools highlighted in green had strong support from the TAC for near-term implementation. Those in yellow had mixed opinions, require further study, or are recommended for consideration in future. Tools shown in orange were not supported by the TAC at this time. This exhibit also includes a column that outlines the next steps needed for each strategy identified.

Fiscal Impact: None at this time

Recommendation: Staff recommends that the Council adopt Resolution 19-14 as presented.

Suggested Motion: I move that Council adopt Resolution 19-14 as presented.

Please find attached:

1. Resolution 19-14
2. City of Scappoose Housing Strategy Implementation Plan, dated June 2019

RESOLUTION NO. 19-14

**A RESOLUTION ADOPTING THE CITY OF SCAPPOOSE HOUSING STRATEGY
IMPLEMENTATION PLAN**

WHEREAS, the City completed and adopted a Housing Needs Analysis in January of 2018 to prepare Scappoose for accommodating housing growth within its urban growth boundary through the year 2038; and

WHEREAS, the Housing Needs Analysis provided a recommendation that the City develop policies to support affordable housing development and the Scappoose City Council set a goal for the 2018-19 fiscal year to “Develop an Affordable Housing Plan”; and

WHEREAS, the City applied for and received a grant from the Department of Land Conservation and Development (DLCD) to adopt or advance strategies to increase the supply and affordability of housing in Scappoose; and

WHEREAS, the City convened an Affordable Housing Strategy Technical Advisory Committee (TAC) and held three public meetings to discuss the Housing Strategy Implementation Plan;

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The City of Scappoose Housing Strategy Implementation Plan dated June 2019, a copy of which is on file with the City Recorder, is hereby adopted.

Section 2: This resolution shall be effective immediately upon passage.

PASSED AND ADOPTED by the Scappoose City Council and signed by me, and the City Recorder, in authentication of its passage on this ____ day of July 2019.

CITY OF SCAPPOOSE, OREGON

Scott Burge, Mayor

Attest: _____

Susan M. Reeves, MMC, City Recorder

City of Scappoose Housing Strategy Implementation Plan

June 2019

Prepared for:

City of Scappoose
and the
Department of Land Conservation and Development

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

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This project is funded by a grant from the Oregon Department of Land Conservation and Development (DLCD). The contents of this document do not necessarily reflect the views or the policies of the State of Oregon.

ECONorthwest prepared this report for the City of Scappoose. It received substantial assistance from City staff. That assistance notwithstanding, ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of housing and development economics, and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

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For more information about this report:

Lorelei Juntunen
juntunen@econw.com
KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

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Executive Summary

Scappoose's housing market is at a pivot-point. The recent establishment of the Oregon Manufacturing and Innovation Center (OMIC) is attracting additional industrial development and jobs to the city. At the same time, escalating housing costs in the Portland region are driving households looking for more affordable housing to consider outlying communities. The local housing market has already started to respond to these trends, with new single-family homes selling quickly. The City's recent Housing Needs Analysis (HNA) pointed to a need for more multifamily housing and other lower-cost housing options. The City has already begun implementing recommendations from the HNA, starting with removing regulatory (development code) obstacles to multifamily housing development. These code changes have begun to bear fruit—there are two new multifamily developments in the permitting process already. Still, there is more the City can do.

Seeing the need for a proactive approach on affordable housing, the Scappoose City Council set a goal for the 2018-19 fiscal year to "Develop an Affordable Housing Plan." To this end, the City applied for and received a grant from the Department of Land Conservation and Development (DLCD) to adopt or advance strategies to increase the supply and affordability of housing in Scappoose.¹ The grant provided funding for ECONorthwest to assist the City with the creation of an affordable housing plan / housing strategy implementation plan,² with guidance from an Affordable Housing Strategy Technical Advisory Committee (TAC) composed of City Councilors and housing providers. This document describes the results of that process and identifies the steps that the City will take in the coming months and years.

To support the TAC's decision-making, ECONorthwest evaluated a range of potential strategies—options for local funding sources to support affordable housing and property tax abatements that can provide an incentive for certain types of housing. These tools are summarized in Exhibit 1 along with the TAC's recommendations. At a high level, the TAC recommended that the City advance the following elements of an affordable housing plan and housing strategy:

What do we mean by affordable housing?

The term "affordable housing" is used to mean different things in different contexts. Below are definitions used in this report.

affordable housing: Housing that is affordable to a given household (with or without public subsidy). This is often defined as housing that costs no more than 30% of a household's income.

Regulated Affordable Housing: Housing that is affordable due to public subsidies and/or regulations that restrict based on income levels or rents

¹ This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

² The DLCD grant refers to the product as a housing strategy implementation plan rather than an affordable housing plan.

- Establish a locally-controlled funding source to support Regulated Affordable and/or workforce housing.
- Support providers of Regulated Affordable Housing by offering a local program for property tax exemptions.
- Explore the potential to offer incentives to owners of existing low-cost market-rate housing to keep rents affordable as local market rents increase.
- Depending on how market conditions change over the coming years, consider one or more incentives to support housing development in specific situations that offer a public benefit and may not be financially feasible on their own (e.g., mixed-use development in the town center or certain types of multifamily housing).
- Seek opportunities to streamline the permitting process for new housing development.

Exhibit 1 shows how the various tools considered through this process align with and can support these strategies as well as recommendations for how they could be applied in Scappoose if Council decides to implement them. Tools highlighted in green had strong support from the TAC for near-term implementation. Those in yellow had mixed opinions, require further study, or are recommended for consideration in future. Tools shown in orange were not supported by the TAC at this time.

Exhibit 1: Summary of housing tools considered and implementation recommendations
Locally-Controlled Funding Tools

Tool	Description	Recommendation	Rationale	Next Steps
Urban Renewal	A tool that captures property tax revenue generated by increases in the designated area's assessed value to pay for capital investments in that area. Funds could be used to support housing development in the area, including paying for infrastructure improvements, predevelopment activities, land acquisition, or System Development Charges.	As part of the Urban Renewal Plan, establish a program that allows the City to use Urban Renewal funds to provide funding/financial incentives for housing and mixed-use development in the downtown.	Program can be highly discretionary—City can select only housing projects that are not viable without public investment and that would help bring energy and investment to the downtown as well as increasing housing supply.	Adopt an urban renewal plan, including incentives for housing/mixed-use development in the project list for potential funding.
Enterprise Zone Betterment Fund	Enterprise Zones provide a property tax exemption for three years on new plants and equipment for manufacturing, distribution, processing and other "traded-sector businesses". To qualify, firms must invest at least \$50,000 in real and personal property and must expand their workforce by at least 10 percent within the enterprise zone. ³ Businesses can qualify for an extended tax abatement if they agree to pay above average wages and remit 10% of the value of the abatement to a "betterment fund" to support local economic development activities. ⁴	The TAC suggested that these funds could potentially be used for housing. The City is investigating whether this is possible. If determined to be a viable use of betterment funds, explore the potential to use the funds to support workforce housing, including identifying appropriate criteria and protocols to award funds.	The City already receives betterment fund dollars from certain employers (close to \$60,000 in the 2018-19 fiscal year) and will likely receive more as additional businesses locate in Scappoose's Enterprise Zone. Given that having housing options close to work that are affordable based on employees' salary ranges is important for employee attraction and retention, there is an argument to put some funds towards workforce housing if possible.	Clarify whether this is a viable use of these funds and what follow up actions (if any) would be needed to authorize use of these funds for housing.
Construction Excise Tax (CET)	Levies a tax on new construction projects to fund housing programs/investments. Can be applied to residential and/or commercial and industrial development.	If the betterment fund is not viable as a source for housing investments or if additional revenue is desired, consider implementing a 1% CET on commercial and industrial development, with an exemption for small projects under \$50,000.	The TAC agreed that a locally-controlled revenue source is needed. CET provides an opportunity to leverage industrial development that will bring new jobs to generate revenue to help support housing and economic development. Some TAC members had concerns about deterring employers from locating in Scappoose, but the Columbia County Economic Team suggested that this would not be an obstacle to business recruitment.	Determine whether CET is needed as a local funding source instead of or in addition to Betterment funds.
Local Option Levy	Creates a time-limited property tax, subject to voter approval, that is levied in addition to a City or taxing jurisdiction's permanent rate to pay for specified programs or investments.	Not recommended for near-term implementation. Revisit longer-term if additional funding for affordable housing programs is a priority.	No appetite locally for property tax increases. Concern about impact on existing residents and businesses.	None.

Key: Green = Support from TAC for near-term implementation; Yellow = Mixed opinions or requires further study; Orange = Not supported by the TAC at this time.

³ Columbia County Economic Team, "Incentives," <http://www.columbiacountyoregon.com/incentives/>, accessed June 2019.

⁴ City of Scappoose Resolution No. 16-10, "A Resolution of the City of Scappoose Approving Local Criteria for companies Applying for South Columbia County Enterprise Zone and Lower Columbia Maritime Enterprise Zone Extended Property Tax Exemptions", September 19, 2016.

Property Tax Abatement Programs

Tool	Description	Recommendation	Rationale	Next Steps
Nonprofit Low-Income Rental Housing Exemption	Provides a simplified way for affordable housing owned and operated by a nonprofit (as well as land held by a nonprofit for future affordable housing development) to qualify for a property tax exemption.	Work with overlapping taxing districts to adopt this exemption.	Supported by TAC. Helps streamline and provide certainty for an exemption many people already assume is in place.	Initiate discussions with overlapping taxing districts, seeking support from enough districts to secure full tax abatements through this program.
Vertical Housing Development Zones (VHDZ)	Incentivizes higher density housing and mixed-use development by offering a partial property tax exemption for 10 years to mixed-use developments that include housing as well as non-residential use (e.g. retail on the ground floor), with a larger tax exemption for higher density developments.	Consider applying to the block across E. Columbia Ave. from City Hall, to specifically encourage multi-story mixed-use development in that area, consistent with the urban design framework.	Interaction with urban renewal is a minimal concern due to the small geographic area, limited eligibility, and the fact that only part of the improvement value is exempt, so some increment flows to the urban renewal district right away.	Initiate discussions with overlapping taxing districts to explain the program and where it would be applied, and offer opportunities for questions and concerns.
Multiple Unit Property Tax Exemption (MUPTe)	Can be used to incentivize production of multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years.	Re-evaluate application to market rate new construction in future if market-rate multifamily development is facing financial feasibility challenges.	The market is changing rapidly, and multifamily housing may not need public support at this time. There is also limited staff capacity to administer a program in the near-term. Also, multifamily development is likely to occur in commercial zones that are also in the proposed Urban Renewal Area. With TIF revenues projected to be limited already, the tax abatement is a concern.	Monitor multifamily housing production and whether recently permitted projects move to construction.
	Can also provide a partial tax exemption for construction or preservation of housing subject to affordability restrictions, regardless of income level targeted, for as long as the restrictions are in place.	Explore the potential to use MUPTe as an incentive to low-cost market-rate housing in exchange for keeping rents affordable.	Preserving affordability of existing housing stock may provide a cost-effective way to maintain housing affordability and prevent displacement as market rents increase.	Reach out to affordable housing providers to explore potential for partnership on implementation of affordability restrictions.

Key: **Green** = Support from TAC for near-term implementation; **Yellow** = Mixed opinions or requires further study; **Orange** = Not supported by the TAC at this time.

Other Strategies

Tool	Description	Recommendation	Rationale	Next Steps
Streamline Permitting for New Housing	Modify procedures or protocols to reduce the time it takes for new development to complete the permitting process.	Evaluate and potentially amend review procedures in the development code so that more applications can be approved at a staff level rather than by the Planning Commission.	The City has a lean Community Development Center, with just three staff members. Further expediting permitting would require a different review procedure, since there is little staff can do to review applications more quickly within the existing regulations.	Confirm if Council supports moving forward with evaluating changes to review procedures. If directed, identify funding and a timeline for this effort.

Key: **Green** = Support from TAC for near-term implementation; **Yellow** = Mixed opinions or requires further study; **Orange** = Not supported by the TAC at this time.

1 Background

The City's recently adopted Housing Needs Analysis (HNA) evaluates the need for different types of housing in Scappoose and identifies the need for housing affordable at many different income levels. It projects a shortage of housing affordable for low- and middle-income households, especially renters. The HNA identifies a need for more multifamily housing, townhomes, and other types of housing that tend to cost less to buy or rent in Scappoose.

The City recently amended its development code to remove regulatory barriers to building new multifamily housing, including:

- Removed the limit on the number of units per building for apartment buildings (previously limited to eight units per building)
- Increased the height limit in the High Density Residential (A-1) zone from 35 feet to 45 feet to allow three-story buildings
- Increased the height limit for multifamily buildings in the Commercial (C) and Expanded Commercial (EC) zones from 35 feet to 60 feet to allow five-story buildings
- Decreased the minimum lot size for duplexes, triplexes, and quadplexes in all residential zones

These actions cost little and are expected to yield results this year. City staff recently held pre-application conferences for a 14-unit mixed-use building and a 36-unit apartment complex, both of which would be located centrally, in the Downtown Overlay. City staff is also currently processing a development application for a quadplex and reviewing the first Cottage Housing Development application.

The City's action on code amendments is an important step to implementing the recommendations from the HNA, but there is more the City could do to advance housing affordability and availability and to encourage a range of housing options that meets current and future residents' needs. Specifically, the Oregon Manufacturing Innovation Center (OMIC) and related developments that are coming to Scappoose will create an influx of new jobs that will impact the future housing market. To accommodate new workers while meeting the needs of existing residents, new housing will be needed at a range of price points.

The Scappoose City Council set a goal for the 2018-19 fiscal year to "Develop an Affordable Housing Plan." The City received a grant from the Department of Land Conservation and Development (DLCD) to adopt or advance strategies to increase the supply and affordability of housing in Scappoose. The grant provided funding for ECONorthwest to assist the City with

the creation of a housing strategy implementation plan,⁵ with guidance from an Affordable Housing Technical Advisory Committee (TAC) composed of City Councilors and housing providers.

2 Housing Strategy Overview

The City is ready to build on the momentum generated by recent policy changes and take a more proactive approach to supporting housing affordability. Being proactive will require some combination of funding and/or incentives to encourage production of housing that the market will not deliver on its own. However, the City does not have funding available for housing programs in its existing budget. ECONorthwest, City staff, and the TAC considered a range of potential local funding sources and incentive programs, including those listed below. This starting list emerged from recommendations in the HNA and initial discussions with staff and the TAC. The list of potential funding sources and incentives explored through this project was limited to tools with limited impact on revenue collection due to the City's fiscal constraints. The City and other service providers have limited ability to withstand reduced revenue, particularly for System Development Charges (SDCs), given planned infrastructure projects and increased demand for services stemming from expected population growth. In addition, the City is currently considering adopting an urban renewal area that would impact tax revenue to the City and overlapping taxing districts.

LOCALLY CONTROLLED FUNDING SOURCES

- Urban Renewal
- Betterment Funds⁶
- Construction Excise Tax
- Local Option Levy

PROPERTY TAX ABATEMENTS

- Nonprofit Low-Income Rental Housing Exemption
- Vertical Housing Development Zones
- Multiple Unit Property Tax Exemption

OTHER STRATEGIES

- Streamlining Permitting⁶

⁵ The DLCD grant refers to the product as a housing strategy implementation plan rather than an affordable housing plan.

⁶ These strategies were not included in the initial list of potential tools for consideration, but were raised during the last TAC meeting and are thus included in this list.

Because the Council's direction to develop an affordable housing plan did not detail specific strategies or outcomes that the plan should accomplish, our exploration of potential tools also helped illuminate the TAC's priorities and clarify the higher-level strategies that the tools would help to implement. At a high level, the TAC recommended that the City advance the following elements of an affordable housing plan and housing strategy:

- Establish a locally-controlled funding source to support Regulated Affordable and/or workforce housing.
- Support providers of Regulated Affordable Housing by offering a local program for property tax exemptions.
- Explore the potential to offer incentives to owners of existing low-cost market-rate housing to keep rents affordable as local market rents increase.
- Depending on how market conditions change over the coming years, consider one or more incentives to support housing development in specific situations that offer a public benefit and are not yet financially feasible on their own (e.g., mixed-use development in the town center or certain types of multifamily housing).
- Seek opportunities to streamline the permitting process for new housing development.

3 Tools Evaluated and Recommended Implementation

This section describes each tool evaluated through this process. For those that were ultimately recommended for implementation or further consideration, this section summarizes key findings from our evaluation regarding the role the tool could play in supporting housing affordability and offers recommendations for implementing the tool in Scappoose.

3.1 Locally Controlled Funding Sources

Urban Renewal

How it Works

The City is undertaking a community conversation about the use of urban renewal in its town center and industrial areas and anticipates beginning an adoption process this summer (2019). Urban Renewal often uses tax increment finance revenue to support housing development within the URA boundaries. Tax increment finance revenues are generated as the assessed value inside the URA increases; taxes on this growth are available to the urban renewal agency for a defined set of investments inside the boundary. Urban renewal does not directly increase the amount of property taxes that any property owner pays. Instead, it diverts those taxes to the urban renewal agency.

Urban renewal funding should generally go towards investments that increase property value in the urban renewal area, which makes it most appropriate to support market-rate development that achieves specific public goals for the urban renewal area (e.g. adding housing in downtown Scappoose). If financial incentives for housing and mixed-use development are included in the urban renewal project list, the Urban Renewal Agency has the option to support a project that meets the URA goals. This doesn't commit the Agency to fund any particular project, or require the Agency to use the funds for housing at all if a suitable opportunity does not arise.

Pros and Cons

PROS:

- The City is already considering urban renewal for a range of reasons, and has engaged the community and a group of stakeholders in providing input into potential priorities for urban renewal funding.
- Urban renewal dollars can be used flexibly to address a range of housing development needs, including pre-development studies, site preparation, and / or construction grants or loans.

- Given its relative flexibility, the City can use tax increment revenues to leverage other funding (e.g., Low-Income Housing Tax Credits or other state, federal, or local funding sources).

CONS:

- Can only be spent within the adopted urban renewal area boundary, and on projects identified in an adopted urban renewal plan.
- Housing competes with other potential uses of urban renewal funds, such as infrastructure funding and storefront improvement grants.

Application in Scappoose

The City of Scappoose is currently exploring the creation of an urban renewal area (URA). The City is still making final decisions about the project list and uses of urban renewal funds. If the City eventually adopts an Urban Renewal Plan and that plan includes funding for housing and mixed-use development, in the future, the Urban Renewal Agency could use funds targeted for infill and redevelopment to support housing and mixed-use development within the urban renewal area. Urban renewal funding could allow the City to provide low interest loans or grants, or cover the cost of required infrastructure improvements or system development charges for affordable housing within the urban renewal area or for market-rate development projects that present compelling opportunities and are not feasible without public assistance.

Next Steps

The Council is already preparing for adoption of an Urban Renewal Plan and Report, consistent with statutory requirements. The preliminary project list includes housing.

Enterprise Zone Betterment Fund

How it Works

Enterprise Zones provide a property tax exemption for three years on new plants and equipment for manufacturing, distribution, processing and other "traded-sector businesses". To qualify, firms must invest at least \$50,000 in real and personal property and must expand their workforce by at least 10 percent within the enterprise zone.⁷

In Columbia County, businesses can qualify for an extended tax abatement if they agree to pay above average wages and remit 10% of the value of the abatement to a "betterment fund" for economic development within Columbia County. Half of the funds remain with the Columbia County Economic Team for operations, while the other half are remitted to City sponsoring the Enterprise Zone for local economic development expenditures.⁸

Pros and Cons

PROS:

- This is an existing source of revenue tied to the City's attraction of new employers, which is a key driver of the growing need for housing.
- There is a nexus between housing and economic development: employers can more easily attract and retain workers when there are housing options nearby that are affordable for those employees. This is an argument to put some funds towards housing if possible.
- Revenue may increase (at least temporarily) as more businesses locate in Scappoose's Enterprise Zone.

CONS:

- Businesses do not pay into the fund indefinitely—this funding source will last only as long as there are businesses paying into it.
- The City's ordinance states that the fund is intended to be directed towards economic development. It is not clear at present whether there are limits on the City's ability to amend the ordinance to change how funds can be used or to interpret economic development broadly in using the funds.
- Funds are limited, and not likely to be enough for major investments in housing projects.

⁷ Columbia County Economic Team, "Incentives," <http://www.columbiacountyoregon.com/incentives/>, accessed June 2019.

⁸ City of Scappoose Resolution No. 16-10, "A Resolution of the City of Scappoose Approving Local Criteria for Companies Applying for South Columbia County Enterprise Zone and Lower Columbia Maritime Enterprise Zone Extended Property Tax Exemptions", September 19, 2016.

- Any funding directed towards housing would take away from funds available for other economic development activities.
- Further consideration is needed of what types of housing could best be considered part of an economic development strategy to attract and retain employers and what the best methods to provide funding for those types of housing would be.

Application in Scappoose

The City already receives betterment fund dollars from certain employers (close to \$60,000 in the 2018-19 fiscal year) and will likely receive more as additional businesses locate in Scappoose's Enterprise Zone. The criteria for the betterment fund, including language about its use for economic development are found in the City's resolution, and are not dictated in state statute. The City is exploring whether the language directing the funds for economic development purposes can be modified or interpreted broadly.

If the City determines that the funds need to have a nexus with economic development but that housing in support of economic development is appropriate, the housing programs could focus on housing for moderate-income residents (especially those with jobs in Scappoose) and/or on housing investments constructed using local contractors or subcontractors. Some possible examples to consider and explore further include:

- Partner with local housing providers to expand down payment assistance programs for first-time homebuyers who have a job in Scappoose
- Provide small grants to Habitat for Humanity or similar nonprofit housing providers for housing affordable to moderate-income households
- Offer SDC rebates for new homes sold for less than the current median home price in Scappoose

If the City determines that the betterment fund dollars can be used for housing broadly, with or without a nexus to economic development, the City could use the funds to support nonprofit affordable housing development in addition to or instead of the examples listed above.

Next Steps

Clarify the limits on the City's discretion for how to use the betterment funds.

Construction Excise Tax

How it Works

Cities can adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. The tax is limited to 1% of permit value on residential construction with no cap on the rate applied to commercial and industrial construction. Under statute, the City may retain up to 4% of funds to cover administrative costs. For a commercial / industrial CET, 50% of the remaining funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing), and the remaining 50% are unrestricted.

The statute exempts public buildings, regulated affordable housing, places of worship, public and private hospitals, agricultural buildings, nonprofit facilities, long term care facilities, residential care facilities, and continuing care retirement communities.⁹ The City can exempt other types of development if desired (e.g., small developments under a certain permit value).

Pros and Cons

PROS:

- Ability to link industrial or other employment investments, which generate new jobs and demand for new housing, with funding for housing development.
- Flexible funding source, especially for funds derived from commercial/industrial development.
- Allows some use of funds for administration; can fund staff time needed to administer programs.

CONS:

- CET increases costs for subject development.
- Revenue will fluctuate with market cycles and will not be a steady source of funding when limited development is occurring.

Application in Scappoose

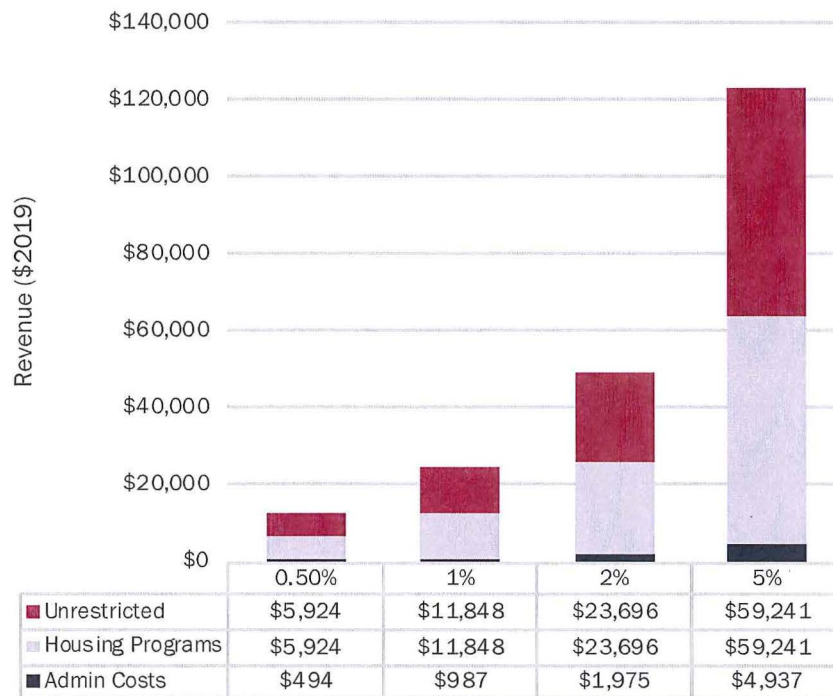
RATE AND APPLICABILITY

The TAC did not recommend a CET on residential development, out of concern for impacts to housing development, but they supported exploring a CET on commercial and industrial development. Because there is no cap on the CET rate applied to commercial and industrial construction, we tested the revenue potential and cost implications to development for a range of CET rates (0.5%, 1%, 2%, and 5%). Based on historical and projected building permit values for commercial and industrial development, we estimated the average annual CET revenue for each rate and allocated it according to statute. The limited non-exempt commercial and

⁹ Oregon Revised Statute 320.173

industrial permitting activity (on average) would result in relatively low amounts available for programs and low amounts available for administrative costs, as shown in Exhibit 2.

Exhibit 2: Hypothetical Total CET Revenue by Rate, by Allowed Use of Funds



Source: ECONorthwest analysis of City of Scappoose permit data, 2019

To understand the cost a CET would add to expanding or building a new commercial or industrial building, we evaluated several recent examples to calculate what the CET costs would have been. For the largest recent commercial and industrial investments—a \$7 million new building for Cascade Tissue and a \$2.8 million new building for Bi-Mart—the CET costs at the upper end of the range tested would represent a fairly substantial increase in development costs. With a CET only on commercial and industrial development and only new buildings and expansions covered, these large investments would be the primary source of funds from the CET, so there is a trade-off between keeping their costs low and generating enough revenue to manage and implement meaningful housing investments.

We found that a 0.5% CET would be too low to generate meaningful revenue to support programs and to cover administration costs, and a 5% CET may be so high that it imposes an excessive burden on new and expanding businesses.

We also tested the impact on revenue if the City offered exemptions for small projects. We tested exemption thresholds ranging from \$10,000 to \$100,000 (meaning that a project with a permit value less than that threshold would not be subject to the CET). We found that many smaller projects would be exempted with a threshold at \$50,000, with little impact to overall revenue collection.

City staff reached out to staff at the Columbia County Economic Team for feedback on the idea of adopting a CET on commercial and industrial development. The Columbia County Economic Team staff was not concerned about the impact of CET on attracting businesses to Scappoose, and noted that factors such as having adequate utilities (power, water, etc.) and a suitable workforce were more important in recruitment than development fees.

Based on the findings of our analysis, we recommend Council consider a 1% CET on commercial and industrial development, with an exemption for projects under \$50,000. The City could choose to adjust the rate in the future if it finds that it is hampering development, or that development is strong and a higher rate is possible. This would provide a highly volatile source of funding with minimal amounts available to cover administration, but if the City could establish a cost-effective way to administer the funds, it could provide opportunities to offer incentives or support to housing that meets the City's goals.

The City could also consider combining CET revenue with betterment funds (if determined to be viable to use for housing) to increase the potential impact, since either source alone would yield limited revenues.

POTENTIAL USE OF CET FUNDS

Given the limited funding for administration and limited staff capacity, simplicity is essential to program design for administering CET funds. We recommend the City focus on funding Regulated Affordable housing development or partnering with local affordable housing providers to expand existing programs (e.g. rent vouchers, homeownership programs, or emergency rent assistance) to serve more city residents. These non-capital programs can play an important role in stabilizing households living in Scappoose who could be at risk of displacement if rents increase. To fund Regulated Affordable development, the City should allow a balance to grow for the first several years and establish criteria for non-profit and affordable housing developers to request funds. Funds could be used to cover the cost of SDCs or required infrastructure improvements, or as grants to provide gap financing.

Because a portion of the CET revenue is unrestricted, this portion of the funds (up to 50% of remaining funds after deducting 4% for administration) could be used for other uses, such as economic development activities (e.g. street fairs or events to support local businesses) if desired. However, given the small total dollar amounts, the TAC recommended that 100% of CET funds (after deducting for administration) be allocated to housing.

Next Steps

City staff has already sought input from the Columbia County Economic Team regarding the potential impact of a CET on business recruitment in response to concerns from some TAC members. As noted above, the Columbia County Economic Team did not think it would be an obstacle to recruitment. Staff has not yet had the opportunity to share this feedback with the TAC/City Council, but will provide an update to Council when bringing this Plan to Council.

The TAC also wanted to explore the potential use of the Betterment fund prior to bringing a decision on CET forward to Council. Once that question has been resolved, staff may want to provide an update to Council and seek further direction.

It may also be helpful to conduct additional outreach to affordable housing providers to help the City understand how best to administer funding if a CET is adopted.

If the City chooses to adopt a CET, it must pass an ordinance or resolution that states the rate and base of the tax.¹⁰ Most communities also identify any further self-imposed restrictions on the use of funds as part of the adopting ordinance (e.g. establishing that the housing programs will support housing affordable up to a certain percentage of area median income, or specifying the allowed uses of unrestricted funds). If the ordinance passes, the City must then establish a process to distribute the funds.

¹⁰ ORS 320.192

Local Option Levy

How it Works

A local option levy is a commonly-used public funding mechanism, though it is less frequently used for affordable housing. It is a time-limited property tax (five years for operations and 10 years for capital projects), subject to voter approval, that is levied in addition to a City or taxing jurisdiction's permanent rate to pay for specified programs or investments. The City could use a local option levy to raise funds for affordable housing programs or capital investments, each with different rules and time limits. For example, a levy for operations could fund rent subsidies or housing vouchers for low-income residents; a levy for capital projects could fund new affordable housing development.

Pros and Cons

PROS:

- Provides a tool for land acquisition and development that can be flexibly deployed throughout the city.
- Can be used to provide rent support or achieve other programmatic or operational goals, so long as voters approve the uses.
- Can be paired with other funding tools for greater impact.

CONS:

- Increases property taxes for residents and businesses.
- Requires a city-wide public vote.
- Levies are issued as a rate, rather than a fixed amount, meaning that actual revenues may fluctuate from year to year with new development and with market cycles as assessed values change. However, with the exception of risk of compression (see next), Oregon's property taxation system would insulate a new levy from declining revenue.

Application in Scappoose

A Local Option Levy is not recommended for near-term implementation due to concerns about impacts on existing residents and businesses and lack of support for tax increases. The City could revisit the tool longer-term if additional funding for affordable housing programs is a priority.

3.2 Property Tax Abatement Programs

Nonprofit Low-Income Rental Housing Exemption

How it Works

This tax exemption program would apply to rental housing for low-income persons¹¹ that is owned, being purchased, and/or operated by a nonprofit. It would also apply to land held for affordable housing development. Land and improvements are exempt for as long as the property meets the criteria, but developers must reapply every year to show that they continue to meet the program criteria. Rents within the eligible properties must reflect the full value of the property tax abatement.

This program would provide an opportunity to assist nonprofits providing affordable housing in the community by lowering operating costs. Affordable housing provided by the Housing Authority, which accounts for most of the current affordable housing supply in the city, is already exempt.

Pros and Cons

PROS:

- The affordable housing tax abatement can be used for any non-profit affordable housing development.
- No requirement that construction be complete prior to application.
- Reduces carrying costs before development occurs (tax exemption available for land being held for development of affordable units), and offsets operational costs once the development is complete.
- Abatement lasts as long as units meet affordability criteria, providing a lasting benefit.

CONS:

- Reduces general fund revenues for all overlapping taxing districts if properties that would not otherwise have received an exemption are approved through the program.
- Must get affirmative support from enough overlapping taxing districts to apply to their tax collections.
- Limited applicability / eligibility, since it does not apply to mixed-income housing or affordable housing built by for-profit developers.
- The requirement for the property owner to resubmit eligibility documentation every year may be burdensome.

¹¹ Incomes must be at or below 60% of area median income (AMI) to start, and up to 80% AMI in subsequent years.

Application in Scappoose

The TAC recommended that the City adopt this program as a way to simplify tax exempt status for nonprofit affordable housing developments.

Next Steps

To enact this program, the City would need to adopt the provisions of ORS 307.540 to 307.548 to establish the program locally. Statute contains definitions, eligibility criteria, application procedures, and requirements for how the City must review applications and provide notice to the assessor. The City must choose between two available definitions of “low income” provided in statute, but there is little else about the program that the City must design.

Outreach to overlapping taxing districts would be needed to build support for extending the tax abatement to their tax rolls—governing boards representing 51% of the combined tax rate must agree to the policy of exemption in order for the exemption to apply to all taxing districts. This 51% could be met by the City in combination with the School District or the City along with Columbia County, the Scappoose Fire District, and one other taxing district.

Vertical Housing Development Zones (VHDZ)

How it Works

This program incents mixed-use development and affordable housing by partially exempting property taxes for mixed-use or affordable housing projects. The exemption varies in accordance with the number of residential floors in a mixed-use project with a maximum property tax exemption of 80% of improvement value over 10 years. Projects where some or all of the residential housing is for low-income persons (80% of area median income or below) are eligible for an additional partial property tax exemption on the land. There is no tax exemption on the non-residential uses, so at least 20% of the new improvement value is taxable in year 1.

As its name suggests, the Vertical Housing tax exemption applies within a specific geographic area—the Vertical Housing Development Zone—adopted by the city (or county, for unincorporated areas). The City of Scappoose could consider designating a portion of the town center as a VHDZ to encourage mixed-use and higher density development. Per state statute, jurisdictions must consider the potential for displacement¹² of households within a proposed vertical housing development zone before designating the zone. Once the VHDZ is established, developers may apply for tax abatement on qualifying projects.

Pros and Cons

PROS:

- Targeted tool to support mixed-use development in specific locations.
- Overlapping taxing districts must take action to opt out, rather than having to take affirmative action to approve zone designations and project applications.
- Incents higher density development as well as mixed-income development.
- Because a portion of the new improvement value is taxable immediately, the program has less impact on overlapping taxing districts than some other tax abatement programs.

CONS:

- Requires retail space, which will be viable and appropriate for only a limited number of development projects.

¹² According to the relevant statute (ORS 307.841(2)): “Displacement” means a situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence and that: (a) A reasonable person would consider to be beyond the household’s ability to prevent or control; (b) Occur despite the household’s having met all previously imposed conditions of occupancy; and (c) Make continued occupancy of the residence by the household unaffordable, hazardous or impossible.

In evaluating this issue for other communities, ECONorthwest has considered the potential for displacement because of redevelopment of existing housing with new development using the VHDZ program (“direct displacement”), and the potential that the presence of new development that uses the VHDZ program could encourage property owners to increase rents in existing housing to a degree that the households can no longer afford them (“indirect displacement”).

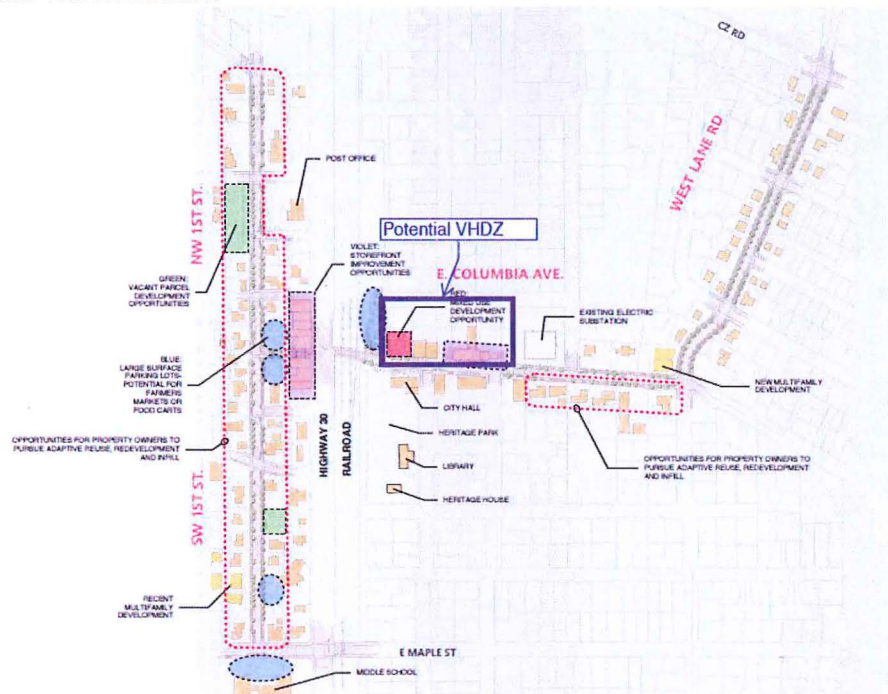
- Generally provides insufficient incentive for market-rate developers to include affordable units unless paired with other tools.
- Less attractive for affordable housing development since including commercial space can trigger prevailing wage rates for construction and increase costs.¹³
- Projects can't qualify until they are under construction, which creates uncertainty for developers and lenders.
- Reduces general fund revenues for all overlapping taxing districts (unless they opt out).

Application in Scappoose

Based on the City's draft Urban Design Framework, produced by ZGF Architects, and existing development conditions within the Town Center, the most appropriate location for VHDZ at present is on E. Columbia Avenue, particularly on the block across from City Hall (between 1st and 2nd streets on the north side of E. Columbia—see Exhibit 3). There may be other locations in the future where mixed-use development is a priority and needs financial support; the City could expand the VHDZ in the future as conditions change. This recommended location is fully within the proposed Urban Renewal Area, which means that the foregone tax revenue is lost to the urban renewal district rather than to the overlapping taxing districts during the life of the urban renewal area. This may make the other taxing districts more willing to participate in the program.

¹³ Publicly-funded projects generally require prevailing wage rates for construction; however, for affordable housing, residential construction up to 4 stories that is owned or operated by a non-profit or other private entity is generally exempt. Because commercial construction is not exempt, the inclusion of commercial space in an affordable housing development (particularly in the same building) can trigger prevailing wage requirements and increase construction costs. For more information see https://www.oregon.gov/boli/WHDPWR/pages/w_pwr_covered.aspx.

Exhibit 3: Potential VHDZ Location



Next Steps

If the City decides to move forward with a VHDZ, it would need to define a specific boundary and notify the overlapping taxing districts of the proposed zone and how they can opt out if desired. Notice must be sent by mail at least 60 days prior to adoption of an ordinance or resolution to create the VHDZ. Per state statute, jurisdictions must also consider the potential for displacement¹⁴ of households within a proposed vertical housing development zone before designating the zone. The ordinance or resolution to adopt VHDZ must identify the boundaries of the zone and may include any additional local criteria that will apply. After adoption, the City would notify the tax assessor and advertise the program to property owners and developers, if it has not already done so.

¹⁴ According to the relevant statute (ORS 307.841(2)): "Displacement" means a situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence and that: (a) A reasonable person would consider to be beyond the household's ability to prevent or control; (b) Occur despite the household's having met all previously imposed conditions of occupancy; and (c) Make continued occupancy of the residence by the household unaffordable, hazardous or impossible.

In evaluating this issue for other communities, ECONorthwest has considered the potential for displacement because of redevelopment of existing housing with new development using the VHDZ program ("direct displacement"), and the potential that the presence of new development that uses the VHDZ program could encourage property owners to increase rents in existing housing to a degree that the households can no longer afford them ("indirect displacement").

Multiple Unit Property Tax Exemption (MUPTE)

How it Works

Through a multiple unit property tax exemption, a jurisdiction can encourage multifamily and attached housing in specific locations lacking in housing choices, or inclusion of units with below-market rents. The abatement applies to improvement value only and lasts for 10 years, except for affordable housing, which lasts as long as the affordability restriction lasts. The program can also be used for preservation of existing housing that is or will be subject to affordability restrictions. Though the state enables the program, each city has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria, and program cap. The city can select projects on a case-by-case basis through a competitive process. Those applicants must show that the housing would not be feasible without the abatement.

Pros and Cons

PROS:

- City sets eligibility criteria and controls application process and project selection.
- Program is flexible to support various objectives related to encouraging housing.
- Tax abatements can contribute to the feasibility of both market-rate and regulated units. Saving on operational costs contributes to greater net operating income, which is important in determining project value and subsequently the development feasibility.
- The city can use the abatement program to incent private development to include some affordable units, or to incent higher density housing or other specific types of housing not being delivered by the market.
- Since applicants need to prove that the project would not be feasible without the exemption, the funding only goes to developments that would not have otherwise occurred.
- Property owner can apply by the February before first assessment year of requested exemption. Construction need not be complete.
- The city can set an annual cap on the total amount of tax exemptions in any given year for all projects.

CONS:

- May provide insufficient incentive to lead to affordability unless paired with other tools.
- Discretionary application process creates uncertainty during the development stage and more work for applicants. Some developers will be discouraged from applying.
- City must weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas.

- Reduces general fund revenues for all overlapping taxing districts, which could make it harder to promote the tool to partner jurisdictions that do not perceive the same project benefits.
- Depending on the project criteria, can be a highly competitive process among development projects.
- Must get affirmative support from enough overlapping taxing districts to apply to their tax collections.

Application in Scappoose

MARKET-RATE HOUSING

With rapidly changing market conditions, it is unclear whether market-rate multifamily development needs a tax incentive to be viable—recent development applications suggest that it may not. Given this situation, **the TAC recommended waiting to see how market conditions evolve to determine whether the program is appropriate for market-rate multifamily housing.**

MIXED-INCOME HOUSING

We evaluated the potential to use MUPTE to incent the inclusion of below-market-rent units in market-rate multifamily housing development in Scappoose. We found that the program could potentially provide a meaningful incentive to encourage inclusion of units with below-market rents if all taxing districts are included. However, the administrative challenges of enforcement for rent-restricted units in a market-rate development (both for the City and for applicants) were a substantial concern. **Unless the City is able to partner with an affordable housing provider to handle compliance and income certification, City staff and the TAC did not recommend using MUPTE to incent inclusionary housing development.**

PRESERVING AFFORDABILITY

Finally, the TAC expressed an interest in preserving the affordability of existing multifamily housing stock in the City. Statute allows for MUPTE to be used for existing multiple-unit housing that is or becomes subject to an affordability agreement with a public agency. This means that the City could offer the tax abatement authorized under MUPTE in exchange for signing an agreement with a public agency (such as the local Housing Authority or another affordable housing provider) to regulate rents. Because the statute is flexible about the nature of the affordability agreement, it could be structured to limit the annual increase in rents or to require a reduction based on the value of the tax abatement. The City could require that participating property owners invest in renovations in order to qualify, but this is not required under statute. Possible options include:

- **Rehabilitation emphasis:** Make renovations an eligibility requirement, with a required investment amount that is proportional to (and less than) the value of the tax abatement to the property owner. Require that participating property owners prioritize investments in health and safety improvements first, and then improvements for energy

efficiency, universal accessibility, etc. Limit the rate of rent increases for the duration of the tax abatement (e.g., 2% or less).

- **Rent reduction emphasis:** Do not require renovations, but require that rents be reduced in proportion to the tax abatement, with a limit on the rate of increase year-to-year.

For either option, the affordability agreement should require rent restrictions but not income qualification in order to avoid creating administrative burden for the property owner and to ensure that existing residents would be able to remain. For enforcement, participating property owners could be required to submit current rent rolls and provide written notice to all tenants of the affordability agreement with contact information to report any potential violations. Since income qualification would not be necessary, the City could in theory establish affordability contracts directly with property owners. This would require some additional administrative effort, but much less than income certification.

Next Steps

Reach out to affordable housing providers to explore the potential for partnership on implementation of affordability restrictions for preservation and/or for mixed-income projects. If providers are unwilling to take this role on, consider whether City staff can administer a preservation program like the one described above. If the City is willing to take this on, staff may need additional support to create the program.

The City should also track multifamily housing production and whether recently permitted projects move to construction to determine whether MUPTE is appropriate for market-rate multifamily housing.

If the City ultimately decides to implement MUPTE, the City must adopt the provisions of ORS 307.600 to 307.637. The City must designate a specific area if MUPTE will be applied to market-rate housing; for housing subject to affordability restrictions, the City can designate the entire city for the exemption. In order to extend the exemption to all taxing districts, the City must secure support (in the form of a resolution) from governing boards representing at least 51% of the total combined rate of taxation levied on the property. Prior to passing an ordinance or resolution to adopt MUPTE, the City must hold a public hearing to determine whether qualifying housing would otherwise be built or preserved without the benefit of the exemption. The City must also establish standards and guidelines to consider applications and make decisions, including setting eligibility criteria.

3.3 Other Strategies

Streamlining Permitting

How it Works

The permitting process can be as simple as obtaining building permits for a development that is allowed as-of-right subject to simple development standards. For other types of development, site development review or other types of review are required. Some applications can be approved by planning staff, while others are reviewed by the Planning Commission. In Oregon, virtually all housing development must have the option for review under clear and objective standards that do not create unreasonable burden or delay. However, the incremental time and cost associated with a more detailed review process does affect development.

Depending on the situation, streamlining the permitting process can mean prioritizing one type of permit over another for staff time, implementing streamlined administrative protocols (e.g., online application submittal), or changing review procedures established in the development code to simplify the review process.

Pros and Cons

PROS:

- Can reduce permit fees for applicants
- Can decrease carrying costs of holding land (e.g., property taxes)
- Can decrease the cost of professional services and developer staff time to help prepare applications and pay consultants to attend hearings
- Reduces the risk that construction costs increase before construction can begin, affecting the development budget
- Reduces the lag between an increase in demand for new housing and a corresponding increase in supply of new housing (this lag can lead to increases in rents in existing buildings, putting existing tenants at risk of displacement)

CONS:

- Can reduce public input into land use decisions (however, as noted above, in Oregon, housing is supposed to have the option to proceed under clear and objective standards and procedures that do not require discretionary decisions)
- May require additional staff to review applications more quickly without changing procedures
- Can slow permitting for development that is not prioritized if some types are given first priority on staff time

Application in Scappoose

The City of Scappoose has a lean Community Development Center, with just three staff members. The Community Development Center recently started offering Pre-Development Inquiry Meetings and a comprehensive Pre-Application Conference for larger projects to assist developers in submitting a successful application and to assist homeowners in answering their questions about permissible uses on their property, saving time and effort for applicants by ensuring they know what they need to submit and understand the process.

Further expediting the permitting process will require evaluating and potentially amending review procedures in the development code so that more applications can be approved at a staff level rather than by the Planning Commission.

Next Steps

Given that it would likely require limiting Planning Commission reviews, further direction from Council is needed to determine whether staff should pursue this effort.

Evaluating and potentially amending the development code would be a substantial project that the City would need to seek grant funding or budget to cover.

4 Conclusion and Priorities for Implementation

The TAC has clarified a multi-pronged affordable housing strategy to support development of new housing at a range of price points and to preserve existing affordable housing stock.

The TAC recommended two tools for near-term implementation: establishing an urban renewal plan with funding for housing and mixed-use development within the urban renewal area boundary, and adopting a local tax exemption for nonprofit affordable housing.

The TAC also agreed that a locally-controlled funding source is critical to successful implementation, and identified two options—use of the Betterment Fund or implementation of a CET. Each of these options require some additional exploration in the coming months to determine which is most appropriate (or a combination of the two).

Additional tax abatements require further study, but the TAC has set a path for the City to advance those decisions. Further direction from Council is needed to set a course on the approach to streamlining permitting.

These follow-up actions should be advanced as soon as possible; the sooner the City acts to put new tools in place, the more impact they can have on developer and property owner decision-making.

6.

City of Scappoose
Council Action & Status Report

Date Submitted: 7/11/19
Agenda Date Requested: 7/15/19
To: Scappoose City Council
From: Public Works Director, Dave Sukau
Subject: Resolution to approve lease agreement with
Feenaughty Machinery Co/Wells Fargo Vendor
Financial Services for Purchase of an Excavator

Type of Action Requested:

<input checked="" type="checkbox"/>	<input type="checkbox"/>	Resolution	<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Formal Action	<input type="checkbox"/>	<input type="checkbox"/>	Report Only

Background: At the June 17, 2019 City Council meeting Council authorized the purchase of the new Kobelco SK140SRDZ-5 Excavator. The City Council (the "Governing Body") has the power under the laws of the State to lease or purchase personal property for use by the Lessee; and the Governing Body has determined, and hereby determines, that it is in the best interests of the Lessee to enter into a Municipal Lease Agreement with Feenaughty Machinery CO("Lessor") which lease will be assigned to Wells Fargo Vendor Financial Services, LLC ("Assignee") pursuant to an assignment by Lessor to Assignee (such Municipal Lease Agreement and Assignment are herein together referred to as the "Lease") for the purpose of financing the acquisition of the equipment (the "Equipment") described in Exhibit A to the Lease, and that the use of such Equipment is essential to the Lessee's proper, efficient and economic operation.

Financial Impact: In the 2019-20 Budget, \$50,000 for the first-year lease payment has been allocated.

Recommendation: Staff recommends City Council adopt Resolution No. 19-15 approving the lease agreement with Feenaughty Machinery Co/Wells Fargo Vendor Financial Services for the purchase of the new Kobelco SK140SRDZ-5 Excavator.

RESOLUTION NO. 19-15

WHEREAS, **CITY OF SCAPPOOSE** (the "Lessee") is a validly existing political subdivision of the State of **OR** (the "State"), existing as such under and by virtue of the Constitution, statutes and laws of the State;

WHEREAS, the City Council (the "Governing Body") has the power under the laws of the State to lease or purchase personal property for use by the Lessee; and the Governing Body has determined, and hereby determines, that it is in the best interests of the Lessee to enter into a Municipal Lease Agreement with Feenaughty Machinery CO("Lessor") which lease will be assigned to Wells Fargo Vendor Financial Services, LLC ("Assignee") pursuant to an assignment by Lessor to Assignee (such Municipal Lease Agreement and Assignment are herein together referred to as the "Lease") for the purpose of financing the acquisition of the equipment (the "Equipment") described in Exhibit A to the Lease, and that the use of such Equipment is essential to the Lessee's proper, efficient and economic operation;

WHEREAS, the Governing Body has taken the necessary and appropriate steps under applicable law, including, without limitation, any public bidding requirements, to arrange for the acquisition and financing of the Equipment under the Lease;

WHEREAS, the Lease terminates, and the Lessee's obligations thereunder are extinguished, if the Governing Body fails to appropriate money for the ensuring fiscal year for the payment of the amounts due in such fiscal year;

WHEREAS, there has been presented to the Governing Body the form of the Lease, including Exhibit A thereto, which the Lessee proposes to approve, enter into and deliver, as applicable, to effectuate the proposed financing of the Equipment; and it appears that the Lease and its Exhibit A are in appropriate form and are appropriate instruments for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:

Section 1. That all actions of the Lessee in effectuating the Lease are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Lease.

Section 2. That sums be and hereby are allocated from the budget of the Governing Body for the fiscal year ending on 2019, sufficient to meet all obligations of the Lessee under the Lease, including without limitation ~~Monthly~~ Yearly Payment ~~Rent~~ in the amount of \$40,667.25 ~~per month~~.

Section 3. The Governing Body hereby approves the acquisition by the Lessee of the Equipment described in Exhibit A to the Lease, such acquisition to be financed by Lessor/Assignee pursuant to and in accordance with the terms of the Lease, which will be a valid, legal and binding obligation of the Lessee enforceable in accordance with its terms. The form and content of the Lease are in all respects authorized, approved and confirmed and the City Manager (Michael J. Sykes) of the Lessee, or his designee is authorized, empowered and directed to execute and deliver the Lease and the other Documents (as defined in the Lease) for and on behalf of the Lessee in substantially the form attached hereto, but with such changes, modifications, additions or deletions therein as shall to him seem necessary, desirable or appropriate.

Section 4. Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 (the "Code"), the Lessee hereby specifically designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and the Lessee represents it will not designate more than ten million dollars (\$10,000,000) of obligations issued by the Lessee in the calendar year in which the Lease and Exhibit A thereto are executed and delivered as such "qualified tax-exempt obligations." The aggregate face amount of all tax-exempt obligations issued or to be issued by the Lessee and all subordinate entities thereof during calendar year 2019 is not reasonably anticipated to exceed ten million dollars (\$10,000,000).

BE IT FURTHER RESOLVED THAT this Resolution take effect from and after its passage.

PASSED AND ADOPTED by the City Council of Scappoose and signed by me, and the City Recorder in authentication of its passage this ____ day of July, 2019.

CITY OF SCAPPOOSE, OREGON

Attest:

Scott Burge, Mayor

Susan M Reeves, MMC, City Recorder

Municipal Lease Agreement (Tax-Exempt) # 9423632-001

This Municipal Lease Agreement ("Lease") is dated and effective as of _____ ("Effective Date"), between FEENAUGHTY MACHINERY CO which, together with any successor or assignee, is referred to as "Lessor", and the Lessee indicated below which, together with any successor or permitted assignee, is referred to as "Lessee".

A. LESSEE:
LEGAL NAME: CITY OF SCAPPOOSE
TRADE NAME:
ADDRESS: 33568 E COLUMBIA AVE, SCAPPOOSE, OR 97056

CONTACT AND TELEPHONE:
LEGAL ENTITY (give type of political entity):
FISCAL YEAR OF LESSEE ENDS:

B. EQUIPMENT LOCATION: STREET ADDRESS: 33568 E COLUMBIA AVE
CITY, STATE ZIP: SCAPPOOSE, OR 97056

C. DESCRIPTION OF EQUIPMENT

<u>Manufacturer</u>	<u>Equipment Description</u> (Type/Model/Serial/ID Numbers)	<u>Number of Units</u>	<u>Cost</u>
KOBELCO	SK140SRLC-5; KOBELCO HYDRAULIC EXCAVATOR; YH08-13342	1	Equipment Price: \$162,709.00

Equipment Total Cost: \$ 162,709.00

D. TRANSACTION TERMS:

Scheduled Rent: See Amortization Table
(Including any applicable Taxes)

Fiscal Period Begins: _____ and ends _____ (insert day and month)

Term: 48 Payment Periods

Each Payment Period equals: 1 (One)

☐ Monthly Payment
☐ Quarterly Payment

☐ Semiannual Payment
☒ Annual Payment

Scheduled Rent due the 8th day of Payment Period

Last Funding Date: 8/8/19

Advance Rent: \$ 40,677.25 (Including any applicable taxes)

Purchase Option: \$ 1.00

E. ADDITIONAL DOCUMENTATION:

Additional documents required from Lessee (see Section F (2)):

☒ Amortization Table
☒ Resolutions
☒ Incumbency Certificate
☐ Counsel Opinion
☒ Form 8038G or GC
☐ Other:

LESSEE AGREES TO THE INTEREST RATE SET FORTH IN THE AMORTIZATION TABLE AND THE OTHER TRANSACTION TERMS SET FORTH HEREIN.

Initial Here: X _____

F. LEASE TERMS AND CONDITIONS:

1. **LEASING.** Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the above described equipment ("*Equipment*"), as provided herein.

2. **CONDITIONS.** Lessor is not obligated to lease the Equipment unless: (i) Lessor has confirmed to its satisfaction that the Equipment has been delivered to and irrevocably accepted by Lessee for lease from Lessor; (ii) if required by Lessor, Lessor has received from Lessee in form acceptable to Lessor (A) a resolution enacted by Lessee's governing body, authorizing this Lease and the appropriation of funds for this Lease during the Lessee's current fiscal year; (B) an opinion of Lessee's counsel; (C) a form 8038G or GC; and (D) any other documents required by Lessor. Lessee irrevocably authorizes Lessor to adjust the Equipment Price and Equipment Total Cost by no more than 15% to account for equipment change orders or returns which are accepted by Lessor, invoicing errors and similar matters, and agrees to any resulting adjustments in the TRANSACTION TERMS and ADDITIONAL DOCUMENTATION stated above. Lessor will send Lessee a written notice stating the final Equipment Price, Equipment Total Cost, TRANSACTION TERMS (including a revised Amortization Table, if necessary) and ADDITIONAL DOCUMENTATION, if different from those stated above. Lessee agrees that delays in delivery of the Equipment shall not affect the validity of this Lease.

3. **TERM AND RENT.** (a) The Term begins on the acceptance by Lessee of the Equipment ("*Lease Commencement Date*"), and continues until the earlier of: (i) payment in full of all Scheduled Rent and all other amounts due hereunder, (ii) a permitted termination pursuant to Non-Appropriation (Section 7); or (iii) Lessor's termination of this Lease after Default (Section 13). (b) The first Payment Period commences on the Lease Commencement Date, and Scheduled Rent accrues from such Lease Commencement Date. Each Scheduled Rent payment consists of principal plus interest derived in the manner stated in the Amortization Table. The first Scheduled Rent is payable either at the beginning or the end of the first Payment Period as indicated in the Transaction Terms and on same day of each Payment Period thereafter. If Scheduled Rent is not paid when within 10 days of its due date, Lessee agrees to pay a late charge equal to the greater of \$35.00 or five cents (\$0.05) per dollar on, and in addition to, such Scheduled Rent, but not exceeding the lawful maximum, if any. Advance Rent, if any, is applied to the first Scheduled Rent Payment due. Any excess Advance Rent will be applied towards the payment of any overdue obligation of Lessee or to the final Scheduled Rent payment(s). Lessor is not required to: (i) refund any Advance Rent or Scheduled Rent; (ii) pay any interest on Advance Rent; or (iii) keep Advance Rent in a separate account. (c) Upon the expiration or other termination of this Lease, until Lessee has complied with Section 6(b) ("*Return of Equipment*") or has acquired the Equipment pursuant to Section 14 ("*Option*"), Lessee shall pay Lessor as liquidated damages for lost rentals and not as a penalty, such payment to be computed on a daily basis (with one day's Rent being 1/360th of the Scheduled Rent payable in a twelve month period) until the Equipment is returned or purchased. Lessee's obligations and all other provisions of this Lease continue until such time.

4. **REPRESENTATIONS AND WARRANTIES OF LESSEE.** Lessee represents and warrants to Lessor that as of the date of, and throughout the Term of, this Lease: (a) Lessee is the entity indicated on the first page hereof and is a state or a political subdivision of the state in which it is located. Lessee is organized and existing under the Constitution and laws of said state, and is authorized to enter into and to carry out its obligations under this Lease, any documents relative to the acquisition of the Equipment and any other documents required to be delivered in connection with this Lease (collectively, the "*Documents*"). (b) The Documents have been authorized, executed and delivered by Lessee in accordance with all applicable laws, rules, ordinances, and regulations. The Documents are valid, legal, binding agreements, and are enforceable in accordance with their terms. The person(s) signing the Documents have the authority to do so, are acting with the full authorization of Lessee's governing body, and hold the offices indicated below their signatures, each of which are genuine. (c) The Equipment is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of its authority and will be used during the Term of this Lease only by Lessee and only to perform such function. Lessee intends to use the Equipment for the entire Term of this Lease and will take all necessary actions to include in its annual budget any funds required to fulfill its obligations for each fiscal year during such Term. (d) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with this Lease and the acquisition of the Equipment. (e) Unless Lessee has otherwise notified Lessor in writing, Lessee is exempt from all personal property taxes and from all sales and/or use taxes in connection with the Equipment and this Lease. (f) Lessee's obligations to pay Scheduled Rent and Rent under this Lease constitute a current expense and not a debt of Lessee under applicable state law. No provision of this Lease constitutes a pledge of the tax or general revenues of Lessee, and any provision which is so construed by a court of competent jurisdiction is void from the inception of this Lease. (g) All payments due under the Lease for the current Fiscal Year are within the fiscal budget for such year, and are included within an unrestricted and unencumbered appropriation currently available for the lease/purchase of the Equipment. (h) The financial statements, certificates or summaries relating to Lessee's financial condition, fiscal budget or the assessment and collection of taxes delivered by Lessee to Lessor fairly present the activity and position of the Lessee as of the stated date(s) and period(s). Since the date of the most recently delivered certificate or summary, there has been no material change in the budget, and no material adverse change in the financial condition of, or the level of assessment or collection of taxes by, the Lessee.

5. **LESSEE'S AGREEMENTS.** (a) LESSEE AGREES THAT IT WILL KEEP THE EQUIPMENT FREE AND CLEAR FROM ALL CLAIMS, LIENS AND ENCUMBRANCES AND WILL NOT ASSIGN, SUBLET, OR GRANT A SECURITY INTEREST IN THE EQUIPMENT OR IN THIS LEASE. (b) Lessee agrees to notify Lessor immediately in writing of any change in Lessee's name or in the location of its chief administrative office. Lessor may inspect the Equipment during normal business hours. (c) Upon Lessor's reasonable request, Lessee will deliver to Lessor a summary or certificate (as Lessor shall require) reflecting the amount of taxes assessed and the amount of taxes collected by the Lessee, financial statements (if available), as well as Lessee's current approved budget (and any variances therefrom), and, if known, the budget of the Lessee approved for the upcoming Fiscal Period.

6. **USE, OPERATION, RETURN OF EQUIPMENT.** (a) Lessee agrees at its own expense to: (i) maintain the Equipment in a condition suitable for certification by the manufacturer (if certification is available) and in any event in good operating condition and in the same configuration as when accepted; (ii) use the Equipment solely for the discharge of its duties and obligations as a governing entity, in the manner for which it was intended and in compliance with manufacturer instructions and (iii) comply with all license and copyright requirements of any software ("*Software*") used in connection with the Equipment. (b) At the end of the Term of this Lease (unless Lessee has acquired the Equipment pursuant to Section 14), or in the event of a Default or Non-Appropriation, Lessee agrees, at its own expense, (i) to pay for any repairs to place the Equipment in the same condition and configuration as when accepted by Lessee, reasonable wear and tear excepted; (ii) without unreasonable delay, to cause the Equipment to be deinstalled, inspected, tested and crated in accordance with manufacturer's requirements, if any; and (iii) to deliver the Equipment, freight prepaid, to a carrier selected by Lessor for shipment to a location selected by Lessor.

7. **NON-APPROPRIATION.** (a) A "*Non-Appropriation*" is defined as an occurrence in which, notwithstanding Lessee's best efforts and exhaustion of all available administrative appeals, Lessee is not allotted funds for any fiscal year and has no other funds legally available to be allocated to the payment of its obligations under this Lease, as evidenced by the passage of an ordinance or resolution specifically prohibiting Lessee from performing its obligations under this Lease and from using any moneys to pay Scheduled Rent due under this Lease for a designated Fiscal Year and all subsequent Fiscal Years. Lessee may, upon the occurrence of a Non-Appropriation, elect to terminate this Lease. Lessee's election to terminate must be exercised by its delivering prior written notice of its intent to terminate accompanied by a certified statement by an authorized official of Lessee to the effect that conditions permitting a Non-Appropriation have occurred. Termination will be effective upon expiration of the applicable fiscal year and payment of all Scheduled Rent, Rent and other sums then due. Lessee will use its best efforts to give Lessor sixty (60) days prior written notice of such Non-Appropriation and termination. If a Non-Appropriation occurs, Lessor shall have the immediate right to possession of the Equipment and Lessee shall comply immediately with the provisions of Section 6 (b) ("*Return of Equipment*"). At Lessor's request, Lessee shall promptly provide supplemental documentation as to such Non-Appropriation satisfactory to Lessor. (b) If Lessee terminates this Lease pursuant to this Section 7, Lessee agrees that, unless the following would affect the validity of this Lease: (i) for a period of three hundred sixty (360) days after the effective date of such termination, it will not purchase, lease, rent, seek appropriations for, or otherwise obtain equipment serving the same or similar function as the Equipment; and (ii) its obligations under clause (i) will survive termination of this Lease. (c) Lessee's exercise of its rights pursuant to this Section 7 shall not affect the survival of any indemnity and other provisions (other than the obligation to lease the Equipment and pay Scheduled Rent) which survive the termination of the Lease.

Initial Here: X _____

8. TITLE. Unless otherwise required by the law of the state where the Lessee is located, title to the Equipment shall pass to Lessee upon Lessee's acceptance of the Equipment pursuant to this Lease. To secure its obligations and liabilities to Lessor, Lessee grants Lessor a continuing first priority security interest in the Equipment and in its proceeds. Lessee will execute and deliver to Lessor such financing statements or other evidences of said security interest as Lessor may from time to time request to protect its lien and security interest. Upon the occurrence of either a Non-Appropriation or exercise of remedies by the Lessor pursuant to Section 13, title to the Equipment shall pass to Lessor and Lessee shall execute documents necessary to show such transfer.

9. TAXES. Unless Lessee first provides proof of exemption therefrom, Lessee will pay promptly as additional Rent all license and registration fees and all taxes (excluding taxes on Lessor's net income) together with penalties and interest (collectively "Taxes") assessed against Lessor (including its assignee), Lessee, this Lease, the Equipment, the purchase (including purchase by Lessee) sale, ownership, delivery, leasing, possession, use, operation or return of the Equipment or its proceeds. Where permitted by applicable law, Lessee will report all Taxes. Lessee will reimburse Lessor on demand for any Taxes paid by Lessor.

10. LOSS OR DAMAGE. Lessee assumes the risk of any disappearance of or damage to any part of the Equipment from any cause whatsoever, and will repair such damage or disappearance unless the Equipment is, in Lessee's reasonable opinion, irreparably damaged or permanently unfit for use ("Casualty"). Within ten (10) days of learning of any condemnation or other circumstance which constitutes a Casualty, Lessee will (i) provide Lessor full details of the Casualty, and (ii) unless Lessor agrees in writing to a replacement of such Equipment, pay to Lessor, within thirty (30) days of the Casualty ("Casualty Value Payment Date"), an amount ("Casualty Value") equal to the sum of (1) all Scheduled Rents, Rents and other sums which are then due under this Lease; plus (2) the present value of (A) all remaining Scheduled Rents for the affected item(s) of Equipment, and (B) the amount of the Purchase Option set forth in the Transaction Terms for the affected item(s) of Equipment, or if no Purchase Option is specified, the Fair Market Value of the affected item(s) of Equipment, each discounted at the rate of 4% per annum (or if such rate is not permitted by applicable law, then at the lowest permitted rate; together with interest on the sum of the foregoing amounts accruing to the date of payment at the Overdue Rate (Section 16). Fair Market Value" of the Equipment means its installed fair market value at the end of the Term, assuming good order and condition (except for ordinary wear and tear from normal use), as estimated by Lessor. If Lessee disagrees with Lessor's estimate of fair market value, upon Lessee's request, Lessor will appoint an independent appraiser (reasonably acceptable to Lessee) to determine fair market value and that determination shall be final, binding and conclusive. Lessee shall bear all costs associated with any such appraisal. Scheduled Rent will continue to accrue until Lessor receives the Casualty Value and all other amounts then due (unless Lessor has agreed to a replacement of the Equipment) at which time this Lease will terminate. If Lessor has agreed to replacement of the Equipment, Lessee shall obtain replacement equipment satisfactory to Lessor and of comparable value, function, capacity and features, and shall provide satisfactory evidence of such replacement, in which event this Lease shall continue and the replacement equipment shall constitute Equipment for all purposes of this Lease. Proceeds paid for the destroyed or lost Equipment from insurance maintained by Lessee (Section 11) may be applied to the payment of the sums due under this Section 10. If, however, replacement of Equipment has been permitted by Lessor, such insurance proceeds shall be applied to the cost of such replacement equipment, and Lessee shall bear the cost over and above such insurance proceeds.

11. INSURANCE. Lessee agrees, at its own expense and throughout the Term of this Lease, to keep the Equipment insured with companies acceptable to Lessor and to maintain prepaid primary coverage consisting of (i) actual cash value all risk insurance on the Equipment, naming Lessor or its assignee as loss payee, unless Lessor has agreed in writing that Lessee may self-insure for property damage to the Equipment, and (ii) single limit public liability and property damage insurance of not less than \$500,000 per occurrence (or such other amount as Lessor or its assignee may require by notice to Lessee) naming Lessee as insured and Lessor or its assignee as additional insured. The insurance will provide for not less than thirty (30) days, notice to Lessor or its assignee of changes in or cancellation of the policy. Lessee will not make adjustments without Lessor's prior written consent.

12. REIMBURSEMENT. (a) To the maximum extent permitted by applicable law, Lessee agrees to compensate, defend and keep harmless Lessor, its assignee, and its agents, successors and assigns of each, for and against any and all losses, damages, penalties, claims and actions, including legal expenses ("Losses"), arising out of or in connection with (i) any breach by Lessee of its representations, warranties or obligations hereunder (ii) the selection, manufacture, purchase, delivery, transportation, installation, acceptance or rejection of Equipment, the ownership of Equipment during the term of this Lease, and the delivery, lease, possession, maintenance, use, condition, return or operation of Equipment, or (iii) the condition of Equipment sold or disposed of after or as a result of use by Lessee; provided, however, that Lessee shall have no liability to Lessor under this Section for Losses directly attributable to a breach of warranty concerning the Equipment by, or the gross negligence or willful misconduct of Lessor. (b) Lessee represents for the benefit of Lessor, its assignee and the assignee's consolidated taxpayer group, if any ("Taxpayer") that throughout the Term of this Lease: (i) Lessee is a state or a political subdivision thereof under Section 103 of the Internal Revenue Code of 1986, as amended and regulations thereunder (the "Code"), and (ii) this Lease is neither a "private activity bond" nor an "arbitrage bond" under the Code. Lessee agrees that: (i) it will not take or fail to take any action which could result in the interest income derived under this Lease being, in Taxpayer's reasonable opinion, includible in the Taxpayer's gross income on the federal income tax return of Taxpayer ("Tax Loss"); and (ii) it will promptly complete and submit to Taxpayer such informational reporting statements as may be required from time to time under the Code. If as a result of a breach of any representation, warranty or agreement contained in this Lease, a Tax Loss shall occur, then Lessee shall on the next succeeding Scheduled Rent payment date, pay Taxpayer as additional Rent such amount as shall fully compensate Taxpayer on an after-tax basis for the additional federal income taxes (including interest and penalties) incurred or expected to be incurred by virtue of the Tax Loss with respect to Scheduled Rents accrued up to such Scheduled Rent payment date. In addition, Scheduled Rent accruing after such Scheduled Rent payment date shall be adjusted on an after-tax basis to fully compensate the Taxpayer for the additional tax liability incurred or expected to be incurred by virtue of the Tax Loss. For purposes of determining a Tax Loss and the amount of Taxpayer's additional liability, it shall be assumed that the Taxpayer is not subject to any alternative minimum tax under the Code.

13. DEFAULT. (a) Lessor may declare this Lease in default (a "Default") if (i) Lessor has not received Scheduled Rent or any other Rent or sums due hereunder within ten (10) days after its due date; or (ii) Lessee fails to fulfill its obligations under Section 11 ("Insurance"); or (iii) Lessee violates any other term of this Lease and fails to correct such violation within thirty (30) days after written notice from Lessor; or (iv) Lessee violates the terms of any license or agreement for Software; or (v) Lessee assigns its rights or property for the benefit of creditors; or (vi) Lessee's assets or property are attached or seized pursuant to an execution of judgment; or (vii) a petition is filed by Lessee under Title 11 of the United States Code or any successor or similar law; or (viii) Lessee is determined by Lessor to have made any material false or misleading statement or representation hereunder. (b) At any time after declaring a Default, Lessor has the right to enter any premises where the Equipment may be located, with or without legal process, and take possession of the Equipment. Immediately after Lessor declares a Default, Lessee will pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the sum of (i) all Scheduled Rents, Rents and other sums then due under this Lease; plus (ii) all Scheduled Rents due during the remaining Payment Periods in the Fiscal Year in which the Default is declared discounted to present value at the interest rate set forth in the Amortization Table; together with interest on such sum accruing to the date of payment at the Overdue Rate (Section 16). After a Default and at the request of Lessor, Lessee will return the Equipment as required by Section 6(b). Lessor will then dispose of the Equipment either by sale, or lease in a commercially reasonable manner consistent with the Uniform Commercial Code. Lessor may, without paying rent or providing insurance, use the location of the Equipment to store the Equipment or conduct any sale. The proceeds of the sale or lease, if any, will be applied in the following order of priority: (1) to all of Lessor's expenses incurred in taking, removing, holding, repairing and disposing of Equipment; then, (2) to Scheduled Rent and any other sums which are due Lessor under this Section 13(b); then, (3) to the Lessor an amount equal to the option price derived from the Amortization Table for the Scheduled Rent payment date immediately preceding the date of the Default. Any proceeds which remain will be distributed to Lessee. (c) Lessor's remedies for Default may be exercised instead of or in addition to each other or any other legal or equitable remedies. Lessor has the right to set-off any sums received from any source (including insurance proceeds) against Lessee's obligations under this Lease. Lessee waives its right to object to the place of sale or lease and to the place of any advertising. Lessor's waiver of any Default is not a waiver of its rights with respect to a different or later Default. Lessor may exercise any other remedy available at law or equity. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease.

14. OPTIONS AT END OF LEASE. Provided Lessee is not in default and Lessee has made all payments required to be made hereunder, upon the expiration of the final Payment Period set forth in the Amortization Table, Lessee shall have the option to purchase all (but not less than all) the Equipment for the Purchase Option price stated in the Transaction Terms, plus sales and other applicable taxes. If Lessee elects to purchase the Equipment, upon receipt of the Purchase Option price, Lessor will transfer all of its right, title and interest in the Equipment to Lessee on an AS-IS WHERE-IS BASIS without representation or warranty. Unless the Purchase Option price is \$1.00, Lessee must give Lessor irrevocable written notice of its election to purchase the Equipment at least thirty (30) days before the expiration of the final Payment Period.

15. ASSIGNMENT. Lessor may assign its interest in this Lease, its rights to receive Scheduled Rent and other sums due hereunder, and its rights in the Equipment without the consent of Lessee. Any such assignment shall be effective upon receipt by Lessee of a duplicate of the assignment and notice thereof. Lessee agrees to keep a complete and accurate record of all assignments by Lessor in form necessary to comply with Section 149(a) of the Code and regulations issued thereunder.

Initial Here: X _____

If requested, Lessee agrees to acknowledge, in writing, any assignment. LESSEE AGREES TO SUCH ASSIGNMENT, AND FURTHER AGREES THAT, BY SUCH ASSIGNMENT: (1) THE ASSIGNEE SHALL NOT BE CHARGEABLE WITH OR ASSUME ANY OF THE OBLIGATIONS OR LIABILITIES OF LESSOR OR THE CONTRACTOR UNDER ANY REQUEST FOR PROPOSAL OR SIMILAR DOCUMENT ISSUED BY LESSEE IN CONNECTION WITH THE EQUIPMENT, AND (2) THE ASSIGNEE SHALL HAVE ALL THE RIGHTS AND DISCRETIONS OF LESSOR UNDER THE LEASE, INCLUDING BUT NOT LIMITED TO THE RIGHT TO ISSUE OR RECEIVE ALL NOTICES OR REPORTS, TO GIVE ALL CONSENTS, TO RECEIVE TITLE TO THE EQUIPMENT AND TO EXERCISE ALL REMEDIES THEREUNDER, AND (3) LESSEE SHALL, IN ACCORDANCE WITH THE TERMS OF THIS LEASE, PAY ASSIGNEE ALL RENTS AND OTHER AMOUNTS DUE UNDER THIS LEASE AS AND WHEN DUE, WITHOUT DEDUCTION OR OFFSET, NOTWITHSTANDING ANY CLAIM LESSEE MAY HAVE AGAINST LESSOR, OR RELATIVE TO THE EQUIPMENT, OR ANY OTHER CLAIM OF LESSEE ARISING PRIOR TO THE ASSIGNMENT, AND (4) LESSEE WILL NOT ASSERT AGAINST THE ASSIGNEE ANY DEFENSE, CLAIM, COUNTERCLAIM, OR SET-OFF ON ACCOUNT OF BREACH OF WARRANTY, BREACH OF SERVICE AGREEMENT OR OTHERWISE IN ANY ACTION FOR RENT OR POSSESSION BROUGHT BY LESSOR'S ASSIGNEE, AND WILL SETTLE ALL WARRANTY, MECHANICAL, SERVICE, OR OTHER CLAIMS WITH RESPECT TO THE EQUIPMENT OR SOFTWARE DIRECTLY WITH THE LESSOR AND THAT ASSIGNEE SHALL NOT BE LIABLE FOR SUCH SERVICE OR OTHER CLAIMS.

16. MISCELLANEOUS. (a) The Interest (which is defined as any imputed interest, finance charge, or time price differential) assessed under this Lease is not intended to exceed the maximum amount of interest permitted to be charged or collected by applicable law. If interest charged by Lessor exceeds such maximum, then the interest payable will be reduced to the legally permitted maximum amount of interest, and any excessive interest will be used to reduce the principal amount of Lessee's obligation or refunded to Lessee. (b) Time is of the essence of this Lease. Lessor's failure at any time to require that Lessee strictly perform its obligations shall not prevent the Lessor from later requiring such performance. Lessee agrees, upon Lessor's request, to sign any document presented by Lessor from time to time to protect Lessor's or its assignee's rights in the Equipment. Lessee also agrees to pay Lessor's attorneys' fees and out-of-pocket expenses in protecting or enforcing its rights under this Lease. (c) All required notices will be considered to have been given if sent by registered or certified mail or overnight courier service to the addressee at its address stated in this Lease, or at such other place as such addressee may have designated in writing. (d) This Lease constitutes the entire agreement of the parties with respect to the lease of the Equipment and supersedes and incorporates all prior oral or written agreements, representations, promises and statements. If a provision of this Lease is declared invalid under law, the affected provision will be considered omitted or modified to conform to applicable law. All other provisions will remain in full force and effect. (e) If Lessee fails to comply with any provision of this Lease, Lessor has the right, but is not obligated, to have the provisions brought into compliance, including but not limited to the acquisition of insurance. This right is in addition to Lessor's right to declare a Default. All expenses incurred by Lessor in bringing about such compliance will be considered additional Rent which is due to Lessor within five (5) days after the date Lessor sends to Lessee a written request for payment. (f) All sums payable under this Lease shall constitute "Rent" for purposes hereof. All overdue payments will bear interest at the Overdue Rate, which is the lower of eighteen percent (18%) per annum or the maximum rate allowed by law. Interest will accrue until payment in full is received. (g) All of Lessor's rights (including indemnity rights) under this Lease survive the Lease's expiration or termination, and are enforceable by Lessor, its successors and assigns. (h) Lessee hereby acknowledges and confirms that Lessee has not received any tax, financial, accounting or legal advice from Lessor or supplier or manufacturer of Equipment.

THIS LEASE IS A NET LEASE. EXCEPT AS PROVIDED IN SECTION 7 HEREOF, LESSEE IS UNCONDITIONALLY OBLIGATED TO PAY SCHEDULED RENT AND OTHER AMOUNTS DUE UNDER THIS LEASE REGARDLESS OF ANY DEFECT OR DAMAGE TO EQUIPMENT, OR LOSS OF POSSESSION, USE OR DESTRUCTION FROM ANY CAUSE WHATSOEVER. LESSEE'S OBLIGATIONS CONTINUE UNTIL SPECIFICALLY TERMINATED AS PROVIDED IN THIS LEASE. LESSEE IS NOT ENTITLED TO ANY ABATEMENT, REDUCTION, RECOUPMENT, DEFENSE, OR SET-OFF AGAINST SCHEDULED RENT OR OTHER AMOUNTS DUE TO LESSOR WHETHER ARISING OUT OF THIS LEASE, OUT OF LESSOR'S NEGLIGENCE, FROM ANY THIRD PARTY, OR OTHERWISE. NOTWITHSTANDING THE FOREGOING, HOWEVER, LESSEE SHALL HAVE THE RIGHT TO INITIATE LEGAL ACTION TO ENFORCE LESSOR'S OBLIGATIONS UNDER THIS LEASE OR WITH RESPECT TO THE EQUIPMENT OR TO RECOVER DAMAGES FOR LESSOR'S NONPERFORMANCE.

DISCLAIMER: LESSEE AGREES THAT EXCEPT AS PROVIDED IN LESSOR'S PUBLISHED WARRANTIES WITH RESPECT TO THE EQUIPMENT: (1) LESSOR DOES NOT MAKE, AND HAS NOT MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE EQUIPMENT OR ANY RELATED SOFTWARE; (2) LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF, THE EQUIPMENT OR SOFTWARE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT OR SOFTWARE. LESSOR SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT OR SOFTWARE OR USE THEREOF OR BY ANY EQUIPMENT OR SOFTWARE DEFECT, WHETHER OR NOT IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LIABILITY, LOSS OR DAMAGE. EXCEPT AS PROVIDED IN LESSOR'S PUBLISHED WARRANTIES, LESSOR SHALL NOT HAVE ANY LIABILITY TO LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (1) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES; OR (2) THE DELIVERY, SERVICING, MAINTENANCE, REPAIR, OR REPLACEMENT OF THE EQUIPMENT OR SOFTWARE.

THIS LEASE IS EFFECTIVE UPON SIGNING BY BOTH PARTIES AND MAY ONLY BE CHANGED BY WRITTEN AGREEMENT. LESSEE IRREVOCABLY AUTHORIZES LESSOR OR ITS ASSIGNEE TO PREPARE AND SIGN ON BEHALF OF LESSEE ANY INSTRUMENT NECESSARY OR EXPEDIENT FOR FILING, RECORDING OR PERFECTING THE INTEREST OF LESSOR OR ITS ASSIGNEE IN THE EQUIPMENT, THIS LEASE OR THE PROCEEDS OF BOTH.

LESSOR AND LESSEE HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS LEASE OR ANY RELATED DOCUMENTS.

Each signatory on behalf of the Lessee warrants that he and/or she has complete authority to sign this Lease on behalf of the Lessee and, by so signing, to bind the Lessee to this Lease.

Lessor: FEENAUGHTY MACHINERY CO

Lessee: CITY OF SCAPPOOSE

By: _____

By: X

Name: _____

Name: X

Title: _____

Title: X

Date: _____

Date: X

Federal Tax I.D.: X

Amortization
CITY OF SCAPPOOSE
9423632-001

Date	Funding	Payment	Interest @ 0.0000	Principal	Balance
7/8/2019	\$162,709.00				
7/8/2019		\$40,677.25	\$0.00	\$40,677.25	\$122,031.75
7/8/2020		\$40,677.25	\$0.00	\$40,677.25	\$81,354.50
7/8/2021		\$40,677.25	\$0.00	\$40,677.25	\$40,677.25
7/8/2022		\$40,677.25	\$0.00	\$40,677.25	\$0.00
	-----	-----	-----	-----	
	\$162,709.00	\$162,709.00	\$0.00	\$162,709.00	

By: X

Name: X

Title: X

Date: X

Certificate of Acceptance
9423632-001

MUNICIPAL LEASE AGREEMENT Effective Date: _____, 20__

LESSOR/ASSIGNOR: NAME: **FEENAUGHTY MACHINERY CO**
ADDRESS: **4800 N E COLUMBIA BLVD, PORTLAND, OR 97218**
CONTACT AND TELEPHONE:

ASSIGNEE: NAME: Wells Fargo Vendor Financial Services, LLC
ADDRESS: 5000 Riverside Drive, Suite 300 East, Irving, TX 75039-4314
CONTACT AND TELEPHONE:

LESSEE: LEGAL NAME: **CITY OF SCAPPOOSE**
TRADE NAME:
ADDRESS: **33568 E COLUMBIA AVE, SCAPPOOSE, OR 97056**
CONTACT AND TELEPHONE:
LEGAL ENTITY (give type of political entity):
FISCAL YEAR OF LESSEE ENDS:

EQUIPMENT LOCATION: Street Address: 33568 E COLUMBIA AVE
City, State Zip: SCAPPOOSE, OR 97056

DESCRIPTION OF EQUIPMENT:

<u>Manufacturer</u>	<u>Equipment Description</u> <u>(Type/Model/Serial/ID Numbers)</u>	<u>Number of Units</u>
KOBELCO	SK140SRLC-5; KOBELCO HYDRAULIC EXCAVATOR; YH08-13342	1

LESSEE, THROUGH ITS AUTHORIZED REPRESENTATIVE, CERTIFIES TO LESSOR AND ITS ASSIGNEE THAT:

- (a) All the Equipment has been delivered and inspected by Lessee on the Lease Commencement Date specified below in accordance with the Municipal Lease Agreement having the Effective Date stated above between Lessor and Lessee ("*Lease*").
- (b) Lessee irrevocable accepts the Equipment for lease under the Lease as of the Lease Commencement Date.
- (c) No Non-Appropriation or event which would allow the Lessor to declare a Default under Section 13 of the Lease has occurred, and all of the representations and warranties made in the Lease are true as of the Lease Commencement Date.
- (d) Lessee agrees to the transfer of the Lease from the Lessor to the Assignee, and has indicated the occurrence of such transfer on its books so that the transfer is effective as to the Lessor, the Assignee, and the Lessee as of the Lease Commencement Date.
- (e) Lessee agrees that it shall continue to look to Lessor for performance of all obligations of the contractor under any request for proposal or similar document issued by Lessee in connection with the Equipment.
- (f) **Lessee hereby expressly authorizes LESSOR or its ASSIGNEE to insert the Date of Acceptance/Lease Commencement Date in the space below upon the verbal instruction of Lessee.**

Each signatory on behalf of the Lessee warrants that he and/or she has complete authority to sign this Certificate of Acceptance on behalf of the Lessee and, by so signing, to bind the Lessee to this Certificate of Acceptance.

Lessee: CITY OF SCAPPOOSE

By: X

Name: X

Title: X

Date of Acceptance/
Lease Commencement Date: _____

Assignment/Notice of Assignment/Acknowledgement 9423632-001

MUNICIPAL LEASE AGREEMENT Effective Date: _____, 20__

LESSOR/ASSIGNOR: NAME: FEENAUGHTY MACHINERY CO
ADDRESS: 4800 N E COLUMBIA BLVD, PORTLAND, OR 97218
CONTACT AND TELEPHONE:

ASSIGNEE: NAME: Wells Fargo Vendor Financial Services, LLC
ADDRESS: 5000 Riverside Drive, Suite 300 East, Irving, TX 75039-4314
CONTACT AND TELEPHONE:

LESSEE: LEGAL NAME: CITY OF SCAPPOOSE
TRADE NAME:
ADDRESS: 33568 E COLUMBIA AVE, SCAPPOOSE, OR 97056
CONTACT AND TELEPHONE:
LEGAL ENTITY (GIVE TYPE OF POLITICAL ENTITY):
FISCAL YEAR OF LESSEE ENDS:

ASSIGNMENT

FOR VALUE RECEIVED, Lessor (hereafter called "**Assignor**") hereby sells, assigns, and transfers to Wells Fargo Vendor Financial Services, LLC, with administrative offices at 5000 Riverside Drive, Suite 300 East, Irving, TX 75039-4314, its successors and assigns ("**Assignee**"), and Assignee accepts such sale, assignment and transfer of all of Assignor's right, title and interest in and to the Municipal Lease Agreement having the Effective Date stated above by and between the Lessor and the Lessee ("**Lease**"), together with the Equipment described therein, excluding, however, Equipment representations or warranties made by Assignor, and any other obligations of Assignor, which representations, warranties, and obligations, whether arising before or after the effective date of this Assignment, are expressly not assigned or delegated. Assignor represents, warrants and agrees: that it has full power, authority and legal right to enter into and perform its obligations under the Lease and this Assignment, and to transfer all right, title and interest in and to the Lease, all sums due thereunder, and the Equipment; that the Lease, the Rents and Equipment are free and clear of all claims, liens, security interests, and encumbrances of any kind and character (except the rights of the Lessee); that the individuals signing this Assignment on Assignor's behalf have been duly authorized to do so; and that Assignor shall assume full responsibility for verifying that this Assignment is properly entered in the books of the Lessee. This Assignment is effective as of the Lease Commencement Date (as defined in the Lease) upon receipt by the Lessee of a duplicate of this Assignment and upon entry by the Lessee upon its books and records of the transfer of the Lease from Assignor to Assignee.

NOTICE OF ASSIGNMENT

TO THE LESSEE:
PURSUANT TO SECTION 15 OF THE LEASE, YOU ARE HEREBY NOTIFIED OF THE ASSIGNMENT OF THE LEASE FROM ASSIGNOR TO ASSIGNEE, AND ARE INSTRUCTED TO: (1) REFLECT THIS TRANSFER THROUGH YOUR BOOK ENTRY SYSTEM, AND (2) MAKE ALL PAYMENTS DUE UNDER THE LEASE TO THE ASSIGNEE AT THE ADDRESS STATED BELOW:

ASSIGNEE: NAME: WELLS FARGO VENDOR FINANCIAL SERVICES, LLC
5000 Riverside Drive, Suite 300 East
Irving, TX 75039-4314

ASSIGNOR:
FEENAUGHTY MACHINERY CO

ASSIGNEE:
Wells Fargo Vendor Financial Services, LLC

By: _____
(Signature & Title)

By: _____
(Signature & Title)

ACKNOWLEDGEMENT

Received by Lessee on _____
Each signatory on behalf of the Lessee warrants that he and/or she has complete authority to sign this Acknowledgement on behalf of the Lessee and, by so signing, to bind the Lessee to this Acknowledgement.


LESSEE: CITY OF SCAPPOOSE

By: _____
(Signature & Title)

Please return a signed copy of this Assignment/Notice of Assignment/Acknowledgement to the Assignee at the above address.

CITY OF SCAPPOOSE

July 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 No City Council meeting	2	3	4 City Offices closed 	5	6 Scappoose Farmers Market 9 am - 2pm
7	8	9	10	11	12	13 Farmers Market 9 am - 2pm Scappoose Public Library presents ~ Concerts in the Park: Trio Subtonic (Jazz trio) 3:00pm
14	15 City Council 7pm	16	17	18 EDC ~ noon	19	20 Scappoose Farmers Market 9 am - 2pm
21	22	23	24	25	26 Charles T Parker Way Dedication Ceremony 9:00 a.m. Chief Concomly Park Grand Opening 11:30	27 Farmers Market 9 am - 2pm Scappoose Public Library presents ~ Concerts in the Park: Madero Winds 3pm
28	29	30	31			

CITY OF SCAPPOOSE

August 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2 Movies in the Park 6pm	3 Scappoose Farmers Market 9 am - 2pm
4	5 Work Session 6pm City Council 7pm	6	7	8	9 Movies in the Park 6pm	10 Scappoose Farmers Market 9 am - 2pm
11	12	13	14	15 EDC ~ noon Park & Rec Comm. & Friends of Park meeting ~ 6pm	16 Movies in the Park 6pm	17 Scappoose Farmers Market 9 am - 2pm Chamber ~ Wings & Wheels event
18	19 Urban Renewal Agency mtg, 6pm City Council 7pm	20	21	22	23 Movies in the Park 6pm	24 Scappoose Farmers Market 9 am - 2pm
25	26	27	28	29	30 Movies in the Park 6pm	31 Scappoose Farmers Market 9 am - 2pm