CITY OF Vancouver WASHINGTON

CITY COUNCIL MEETING MINUTES
Vancouver City Hall | Council Chambers | 415 W. 6th St.
PO Box 1995 | Vancouver, WA 98668-1995
www.cityofvancouver.us

Anne McEnerny-Ogle, Mayor
Bart Hansen · Bill Turlay · Ty Stober · Linda Glover · Laurie Lebowsky · Erik Paulsen

November 18, 2019

WORKSHOPS

Vancouver City Hall - 415 W 6th Street, Vancouver WA

Councilmembers Paulsen was absent from workshops.

4:00-5:00 p.m. The Heights District Plan Update

Presenters: Teresa Brum, Economic Development Manager, 487-7949; Rebecca Kennedy, Long Range Planning Manager, 487-7896

Summary
Staff provided Council with an update on The Heights District planning process, including high-level review of recommendations for the District and Tower Mall Redevelopment Area and information pertaining to how public input informed the recommendations.

5:00-6:00 p.m. Housing Options Project

Presenter: Bryan Snodgrass, Principal Planner, 487-7946

Summary
Staff provided Council with an overview of the Housing Options Project, including project components and work to date, and proposed next steps.

6:00-6:30 p.m. Executive Session re: Potential Litigation

Mayor McEnerny-Ogle announced the Council would be entering into executive session for 30 minutes to discuss potential litigation.

COUNCIL REGULAR MEETING

Pledge of Allegiance

Call to Order and Roll Call

The regular meeting of the Vancouver City Council was called to order at 6:30 p.m. by Mayor McEnerny-Ogle in the Council Chambers of City Hall, 415 W. 6th Street, Vancouver, Washington.

Present: Councilmembers Lebowsky, Glover, Stober, Turlay, Hansen, Mayor McEnerny-Ogle

Absent: Councilmember Paulsen

Motion by Councilmember Hansen, seconded by Councilmember Lebowsky, and carried unanimously to excuse Councilmember Paulsen.

Approval of Minutes

Minutes - October 28, 2019

Motion by Councilmember Glover, seconded by Councilmember Hansen, and carried unanimously to approve the meeting minutes of October 28, 2019.

Minutes - November 4, 2019

Motion by Councilmember Lebowsky, seconded by Councilmember Glover, and carried unanimously to approve the meeting minutes of November 4, 2019.

Citizen Communication (Items 1-5)

Mayor McEnerny-Ogle opened Citizen Communication and, receiving no testimony, closed Citizen Communication.

Consent Agenda (Items 1-5)

Motion by Councilmember Glover, seconded by Councilmember Hansen, and carried unanimously to approve the Consent Agenda.

1. **BRT Fort Vancouver Way and E. McLoughlin Blvd. Sidewalk Infill and Pedestrian Signal Upgrade, construction acceptance and release of retainage bond**

Staff Report 166-19

Summary

This project constructed approximately 1,000 feet of sidewalk on Fort Vancouver way from E. McLoughlin Boulevard to the north and connecting to the C-TRAN BRT project, constructed ADA-compliant ramps at E. McLoughlin Boulevard and 'G' Street intersection, and upgraded pedestrian signal to a HAWK pedestrian signal system on Fort Vancouver Way.

The original construction contract bid amount was $561,666.00. Field adjustments and contract change orders during construction increased the contract amount to $628,286.68, an 11.9% increase. The major changes were addition of retaining wall concrete coping to connect the sidewalk to the retaining wall and revision of approximately 190 feet of handrail from 2-rail steel to 3-rail aluminum for better corrosion protection and safety.

There was no apprenticeship utilization goal specified for the project. Federal guidelines for grant projects do not allow inclusion of the local agency apprenticeship program.

Request: Accept construction as complete in accordance with contract plans and specifications and authorize release of retainage bond to Clark and Sons Excavating of Battle Ground, Washington, subject to receipt of all documentation required by law.

Steve Lee, Senior Civil Engineer, 487-7752

Motion approved the request.

2. **Purchase of Real Property located at 8713 NE 94th Ave**

Staff Report 167-19

Summary

The City of Vancouver has decided that the existing Operations Center, located at 4711 E Fourth Plain Blvd, must be replaced. The existing building has reached the end of its operational life, is not ADA compliant, and is vulnerable to collapse in a moderate seismic event.

A master planning effort for a new facility has shown that re-building on the existing site is not financially or logistically practical.

A currently undeveloped 35-acre site has been located that meets the *geographical demands for a new Operations Center facility.*

With City Council's prior permission, staff has been negotiating with the current property owner, Clark County, for the purchase of the parcels which total 35 acres in size. The attached purchase and sale agreement is the result of those negotiations. Its terms have been found to be acceptable by both City and County staffs, as well as the Clark County Council.

Section 4 of the purchase and sale agreement outlines the terms for reaching an acceptable purchase price. As the Purchaser, the City has had the property recently appraised. The appraisal, dated October 29, reports the value of the parcels at $7,020,000.

Request: Ratify the Purchase and Sale Agreement entered into between the City of Vancouver and Clark County to purchase real property at the purchase price determined in Section 4 of the Purchase and Sale Agreement, and authorize the City Manager or his designee to execute documents necessary to close this transaction.

Brian Carlson, Public Works Director, 487-7131

Motion approved the request.

3. Lease Agreement with the Holland Partner Group for Block 10

Staff Report 168-19

A RESOLUTION authorizing the execution of a ground lease by and between the City of Vancouver and the Holland Partner Group for Block 10; authorizing the City Manager to execute said agreement on behalf of the City of Vancouver; and providing for an effective date.

Summary

Block 10 is a 41,681 square foot vacant City-owned block located east of Columbia Street and north of 8th Street in downtown Vancouver, zoned CX, City Center.

In the early 1990s, the City of Vancouver purchased five full city blocks on the north, northeast, and east sides of Esther Short Park from the Lucky Lager Brewery Company, which had vacated the property several years before. This purchase and subsequent planning efforts through the Esther Short Redevelopment Plan of 1998 spurred the dramatic improvements to the park itself and redevelopment of a number of properties in the vicinity of Esther Short Park, the oldest known public park in the Pacific Northwest. Block 10, which refers to its designation among the original thirty blocks *included in the Esther Short Plan, is the last remaining vacant block of the former brewery blocks. The block was vacant and without any structures when the City purchased it in the early 1990s.*

In May of 2019, City Council, in response to a proposal from The Holland Partner Group for a large mixed use project on Block 10 which would utilize the newly created Opportunity Zone incentives, provided direction to staff to commence negotiations with The Holland Partner Group with the intent to construct a large mixed-use project on Block 10.

The proposed development is described as follows:

- *80,000 square foot, four-story office building above a two-story parking deck, with 40,000 square feet to be occupied by Holland for their corporate headquarters*
- *105-110 apartments in a five-story building over the same two-story parking deck*
- *110 parking stalls on portions of two floors with driveway access from 8th Street on the south and 9th Street on the north.*
- *10,000 square feet of active retail uses are proposed along portions of Columbia, 8th, and Washington Streets, with particular emphasis on the corners.*
- *A courtyard above the second floor would be usable by tenants (floors above the parking deck are in the shape of a "U" with the opening to the south).*

Key elements of the lease agreement include:

- *Project will be developed as described in the Disposition and Development Agreement*
- *The term of the lease will be for 60 years, with a single 39-year extension right of the tenant*
- *Rent will be as follows: Lease Year 1 through the earlier of substantial completion or Lease Year 3 = $30,000/year; The balance of Lease Years 1 through 3 if substantial completion prior to the end of Lease Year 3 and Lease Year 4 = $66,500/year; Lease Years 5-10 = $133,200/year; Lease Year 11-29 = $166,500/year*
- *Every year beginning the 5th Lease Year, base rent will be increased by the CPI subject to a maximum 3 percent adjustment*
- *Annual Base Rent in the 30th, 45th, 60th, and 80th Lease Years will be increased to the greater of either: a) the CPI Adjustment amount or b) five percent of the Revaluation Fair Market Value. In no event shall the Base Rent increase by more than 15 percent on a Revaluation Date.*
- *Target dates are established for project milestones, including obtaining a shoring and excavation permit (March 18, 2020), commencing construction (May 31, 2020), obtaining a building permit for the podium (June 9, 2020), obtaining an office core and shell*

permit (September 2, 2020), obtaining a permit for the multi-family building (September 2, 2020), and obtaining a tenant improvement permit (April 29, 2021)

- *Improvements shall be designed and constructed substantially in accordance with the approved conceptual design plans*
- *Reference is made to the change to VMC 20.630 "Building Lines" section of the Land Use and Development Code that would be required to allow the proposed design, and the tenant agrees that there is no obligation under the lease to approve such a code amendment in favor of the project*
- *Holland shall deliver any improvements on Block 10 installed by Vancouver's Downtown Association to them at Holland's sole cost and expense*
- *Holland agrees that it shall lease at least two floors containing approximately 40,000 square feet for its corporate headquarters for a period of at least ten years.*
- *City agrees to terminate the right-of-way permit for the bank drive-thru on 9th Street no later than 30 days prior to estimated commencement of construction*
- *Holland, upon execution of the lease, will deposit $250,000 to be held in security by the City. Such deposit shall be refunded to Holland once $5,000,000 in hard costs for the construction of the new improvements has been expended.*
- *Holland agrees to pay any additional rent, all taxes and assessments on the property and shall arrange and pay for heat, light, water, gas and sewer and for all other public utilities during the full lease term.*
- *Tenant shall have the right to purchase the property for fair market value at the end of the 60th, 80th, and 99th Lease Years.*

Request: Authorize the City Manager or Designee to approve a lease agreement substantially in the form attached to this staff report, and all necessary related documents, to include a parking license agreement, with a legal entity of Holland for the development and use of Block 10, with an option to purchase the property after lease years 60, 80, and 99.

Chad Eiken, Community and Economic Development Director, 487-7882; Jonathan Young, City Attorney, 487-8500

Motion adopted Resolution M-4045 approving the request.

4. Appointment to the PDX Citizen Noise Advisory Committee

Request: Reappoint Mike Yee to the PDX Citizen Noise Advisory Committee, term beginning December 1, 2019, and expiring

November 30, 2022.

Council Committee 2

Motion approved the request.

5. Approval of Claim Vouchers

Request: Approve claim vouchers for November 18, 2019.

Motion approved claim vouchers for November 18, 2019, in the amount of $10,947,535.57.

Public Hearings (Items 6-14)

6. 9th Amendment to Vancouvercenter Disposition and Development Agreement

Staff Report 169-19

A RESOLUTION approving an extension of a disposition and development agreement by and among the City of Vancouver, by and among Vandevco Residential LLC, a Washington limited liability company, as owner of Unit 1A; NASH – Holland 601 Columbia, LLC, a Delaware limited liability company, as owner of Unit 1B; Vandevco Office Tower LLC, a Delaware limited liability company, as owner of Unit 1C; and NASH – Holland Washington & Sixth, LLC, a Delaware limited liability company, as owner of Unit 1D and the City of Vancouver, a State of Washington municipality, as owner of Unit 2 (“City”).

Summary
Holland Partner Group, which is currently constructing a six-story residential tower on the Vancouvercenter project, has an option to purchase the City's 750-space parking garage that expires on December 31, 2019, according to a Disposition and Development Agreement that was approved in June of 1999 and subsequently amended.

Holland's request regarding the purchase option was described in a recently-approved Disposition and Development Agreement for Block 10, located immediately north of Vancouvercenter. In order to demonstrate to potential lenders that revenue from the garage will be sustainable through more proactive management, Holland has also requested that they be allowed to manage all or a portion of the garage during the three-year period, which will be considered by Council under a separate agreement.

The proposed amendment would extend the option term by three years only. The minimum purchase price and other terms contained in the DDA will remain as currently exists. If approved, Holland's Option to Purchase Garage Agreement, as specified in the Vancouvercenter DDA as amended, would be extended to December 31, 2022.

Request: On Monday, November 18, 2019, subject to public hearing, adopt a resolution amending the Vancouvercenter Disposition and Development Agreement.

Chad Eiken, Community and Economic Development Director, 487-7882

Chad Eiken, Community and Economic Development Director, provided an overview of the proposed amendment to the Disposition and Development Agreement (DDA).

Councilmember Stober asked what the status is of the City's analysis and progress related to a downtown parking strategy and how this development agreement gives the City more time to develop that strategy.

Mr. Eiken explained that staff had laid out a number of activities that are being worked on to add to the parking supply, but the overall strategy must address needs and initiatives beyond system efficiencies. He stated because of this, the downtown parking strategy is scheduled to be part of the Vancouver City Center Vision update and analysis to be completed next year. Mr. Eiken noted staff has been in discussions with Holland about an opportunity to take over operations of the Vancouvercenter garage and test the market related to how efficiently the garage can be operated, which will help the City determine how much additional capacity can be added to the system by proactively managing the garage. It will also help the City determine whether it should sell or retain the garage.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Hansen, seconded by Councilmember Turlay, and carried unanimously adopted Resolution M-4046 approving the request.

7. Multifamily Tax Exemption: Downtown Block 10

Staff Report 170-19

A RESOLUTION of the City Council of the City of Vancouver approving an agreement with HOLLAND PARTNER GROUP for an eight-year property tax exemption including 20 percent of the units affordable to households at or below 100 percent area median income for the property located on Block 10 of the West Vancouver Plat (Tax Lot 48120000) in Vancouver, Washington.

Summary

The multi-family property tax exemption program in general is designed to incentivize new private multi-family development in targeted areas in the City. The program is a tool to assist cities in accommodating future population growth in designated centers, close to employment, shopping, and transit services and to encourage affordable housing where appropriate.

The Holland Partners Group is proposing an eight-year exemption for 105 residential units with 20% of those units restricted to households at 100 percent of the area median income (AMI) defined by HUD. The rent must not be higher than 30 percent of the household income, including utilities. For 2019, the AMI for a family of four is $87,900. The development is a seven-story mixed use building with 6,000 square feet of commercial space on the ground floor and 110 on-site structured parking spaces. The tax exemption applies only to the residential portions of the project; the non-residential portions will be subject to property tax in the usual manner.

The tax impact of the project is estimated as follows:

	Total – all taxing districts	***City of Vancouver***
Net Present value of future tax revenue (20 year)*	*$4,369,024*	*$1,211,000*
Net present value of "foregone" tax revenue (8 years)	*($772,000)*	*($253,000)*
NET PRESENT 20 YEAR BENEFIT	*$3,597,024*	*$958,000*

**Estimated discounted present value of construction sales tax, utility tax and property tax over 20 years*

The site is currently exempt from property tax as it is owned by the City of Vancouver.

In addition to the above considerations, the exemption accelerates a project that will be on the tax rolls for decades beyond the end of the eight-year exemption period.

Request: On Monday, November 18, 2019, subject to public hearing, adopt a resolution approving the Agreement and conditional tax exemption certificate for the Block 10 development.

Peggy Sheehan, Community Development Programs

Manager, 487-7952

Peggy Sheehan, Community Development Programs Manager, provided an overview of the Multifamily Tax Exemption (MFTE) program and the details of this specific proposal.

Mayor McEnerny-Ogle noted that the HUD median income is for the entire Portland metro area, and asked if there is any way to reflect just Vancouver's median income. Ms. Sheehan explained that state law requires the City to use HUD's designation of median income, and HUD assigns that to the entire Portland metro area as a region and does not specify the index for just Southwest Washington. She stated Vancouver's median income based on the last census data is around $56,000.

Councilmember Hansen stated this property has been sitting vacant for 26 years with $0 in tax revenue coming to the City. He noted that the commercial component of the proposed development will not be exempt from taxes, and he expressed support for this project moving forward.

Mayor McEnerny-Ogle opened the public hearing and received the following testimony:

- Glen Yung, Vancouver, expressed concerns that the MFTE program is presented as providing abatement to improve affordable housing in Vancouver, but because of the HUD thresholds for median income and state law, the rents that can be charged for such projects are not affordable to Vancouver residents.

There being no further testimony, Mayor McEnerny-Ogle closed the public hearing.

Motion by Councilmember Glover, seconded by Councilmember Hansen, and carried unanimously to adopt Resolution M-4047 approving the request.

8. Proposed changes to VMC 20.630 Downtown District standards governing building extensions into the right-of-way

Staff Report 161-19

AN ORDINANCE relating to downtown standards for horizontal building extensions into the right-of-way, amending Vancouver Municipal Code (VMC) 20.630, Downtown District, providing for severability, and providing for an effective date.

Summary
At the October 8 Planning Commission public hearing, staff recommended adding an allowance for horizontal extensions of up to 5 feet into the right-

of-way for up to 85 feet of building height, and other changes also consistent with the Block 10 proposal. Commissioners acknowledged the importance of efforts to develop Block 10 but expressed varying degrees of concern about the policy implications the proposal could have for building size, street front function and public safety if the proposed extensions and potential use of supportive columns are allowed throughout downtown. Motions to forward the staff recommendation with added requirements for safety monitoring, to forward it with added limits on the extensions to 75% of any one block face and 50% of all four faces of any one building, and to oppose the staff recommendation as currently formulated without amendments all failed by votes of 2-4, 3-3, and 3-3, respectively. Planning Commission staff report on page 4 and draft minutes on page 9.

The proposed code change is before City Council without a majority position from the Planning Commission. Following discussion at the October 14 City Council worksession, staff recommends adding the allowance for horizontal extensions of 5 feet into the right-of-way up to 85 feet of building height, but only for projects subject to a Development Agreement; eliminating the existing allowance for extensions up to 15 feet into the right-of-way for up to 35 feet of building height; prohibiting supporting columns in the right-of-way; eliminating the existing 10-foot maximum sidewalk-to-extension height requirement, and raising the minimum height to 12 feet; and revisiting all downtown standards in the VCCV update beginning in 2020.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Bryan Snodgrass, Principal Planner, 487-7946

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Bryan Snodgrass, Principal Planner, provided an overview of the proposed code amendment.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Stober, seconded by Councilmember Glover, and carried unanimously to approve Ordinance M-4278.

9. Proposed New Zoning Standards for Self-Service Storage Facilities

Staff Report 162-19

AN ORDINANCE of the City of Vancouver, Washington regarding self-service storage zoning standards; amending Vancouver Municipal Code (“VMC”) VMC 20.895 “Miscellaneous Special Use Standards”, VMC 20.160.020 “Listing of Use Classifications”, VMC 20.430.030 “Uses”, VMC 20.440.030 “Uses”; providing for severability; and establishing an effective date.

Summary
Self-storage is recommended to continue to be permitted in zoning districts where it is currently allowed (General Commercial, Community Commercial, Office Campus Industrial, and Light Industrial), but subject to the following:

- *Prohibit new storage uses on properties located in whole or part within 500 feet of major corridors as identified in the map.*
- *Allow existing self-storage businesses to expand or construct new buildings within parcels currently being used for self-storage if they are rendered nonconforming by new code changes.*
- *Require new self-storage to be two or more stories with interior access to storage units only.*
- *Prohibit outdoor storage on the property.*
- *Prohibit activities not appropriate within storage units such as heavy industrial activity, storage of hazardous materials or animals, or conducting garage or estate sales.*
- *Require each floor above the ground floor facing a street to be at least 15% glass.*
- *Require at least 75% of any ground floor building wall facing a primary, minor, or collector arterial street to incorporate interest-creating features.*
- *Update VMC 20.160 Use Classifications to specify that self-storage does not include outdoor storage, and specifically include outdoor storage in the warehouse/freight movement use category instead; prohibit tenants from using storage units for residential purposes; and state that the term mini-storage used in the code is meant to mean self-storage.*
- *Update use tables in VMC 20.430 Commercial and Mixed Use Districts and 20.440 Industrial Districts to add footnotes that reference the new self-storage standards.*

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Bryan Snodgrass, Principal Planner, 487-7946

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Mr. Snodgrass and Cayla Cothron, Associate Planner, provided an overview of the proposed regulations and corridors to be included in the regulations.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Councilmember Stober expressed concerns about the map and the corridors proposed for inclusion under the regulations and stated it seems like the map was developed around existing C-TRAN corridors, rather than being based on where the City wants commercial corridors to be developed. He stated he is ready for the moratorium to be removed but he is uncomfortable about waiting for a year to revisit this and make amendments at that time.

Council spoke at length regarding the corridors proposed for inclusion and notable gaps where self-storage would be prohibited. Mr. Snodgrass explained Council may make adjustments to those corridors as they see fit, and staff had been attempting to remain consistent with previous Council policy direction on similar standards.

Council spoke at length regarding timing and process if amendments were made to the map at this meeting. City Attorney Jonathan Young explained such amendments would be substantive, so an additional reading of the ordinance as amended and a public hearing would be required. Mr. Snodgrass stated Council would have time to do this before the moratorium expires, and could bring an amended ordinance back to Council on December 2 for an additional reading and public hearing.

Mr. Young requested an amendment to the implementation date in the ordinance, as it currently puts the ordinance into effect 30 days following final passage, which would put it past the expiration date of the moratorium. He recommended Council amend the ordinance date so regulations would be effective immediately.

Councilmember Glover expressed concerns about making hasty decisions about future commercial corridors without some kind of evidence to support such decisions. City Manager Eric Holmes stated that the commercial corridors in the city are generally settled because of the historic land use patterns. Within this specific policy, there are some gaps when looking at the corridors that are also the subject of the ongoing commercial corridors study, specifically extending the Fourth Plain segment beyond 117th Avenue to the east, gaps along Mill Plain Boulevard, as well as 39th Street between Main Street and Fruit Valley Road. He noted Council had expressed some discomfort with including portions of State Route 14 also.

Council spoke at length regarding potential amendments to the map and included corridors. Councilmember Stober asked whether 162nd Avenue north to Fourth Plain should be included. Ms. Cothron stated that staff did take a look at that corridor and had some concerns because that corridor includes one of the largest concentrations of available industrial land.

Councilmember Hansen expressed concerns about legislating on the fly and stated he would be voting against an amendment at this point.

Motion by Councilmember Stober, seconded by Councilmember Lebowsky, and approved 4-2 with Councilmembers Turlay and Hansen voting No, to amend Figure 20.895-1 of the ordinance to include Mill Plain Boulevard for its entirety; Fourth Plain Boulevard for its entirety; the entirety of NE 112th Avenue to the intersection of SE McGillivray Boulevard; and the entirety of 39th Street from Fruit Valley Road west to I-5; and to exclude State Route 14.

Motion by Councilmember Stober, seconded by Councilmember Lebowsky, and carried 5-1 with Councilmember Turlay voting No, to amended Section 7 "Effective Date" to set an effective date immediately upon final passage of the ordinance.

10. Property Tax Levy for 2020

Staff Report 156-19

AN ORDINANCE relating to the annual property tax levy; authorizing an increase of 1.0% in the City's regular levy from the amount levied the previous year; and providing for an effective date.

Summary

On November 6, 2001, Washington voters approved Initiative 747 (I-747), which limits the allowable increase in the property tax levy to 1.0%, or the rate of inflation, whichever is less. The intent of the Initiative was reaffirmed by the Legislature in November 2007. The measure of inflation used under this law is the Implicit Price Deflator (IPD). The IPD inflation rate for 2020 levy calculations is 1.396%.

Staff recommends that City Council approve a 1.0% increase in the property tax levy. Because the inflation rate is higher than the 1.0% limit, the 1.0% increase is the maximum increase allowed. Based on last year's General Fund levy of $50,021,773.90, the increase will be $500,217.74. Authorization of this increase requires a simple majority vote of City Council.

Staff estimates that the City's general fund property tax levy rate in 2020 will range between $1.95 per $1,000 of assessed value to $2.05 per $1,000 of assessed value, compared to the actual 2019 general fund property tax levy rate of $2.114 per $1,000. The decrease in the property tax levy rate is attributed to assessed values in the City increasing by approximately 6.5% compared to the prior year. Because of the limit on property tax increases, as discussed above, the property tax levy rate declines as assessed value increases. The statutory cap for the City's levy rate is $3.325 per $1,000 of assessed value.

Example calculation of City Property Tax:

Assessed Value 2019 *$305,000*	***Levy Rate 2019*** *$2.114 (per $1,000 assessed value; General Fund Levy only)*	***2019 City Property Tax*** *= $644.77*
Assessed Value 2020 *$324,825 (assumes assessed value increases 6.5%)*	***Estimated Levy Rate 2020*** *$2.00 (per $1,000 assessed value; General Fund Levy only)*	***2020 City Property Tax** (hypothetical)* *= $649.65*
AV increases 6.5%	*Levy Rate declines*	*Annual tax increase $4.88 for this example taxpayer**

**If the assessed value of the resident's property as a percentage increased by less than 6.5%, the resident's annual taxes would be equal to or slightly less than the taxes paid to the City in 2019. If the assessed value of the resident's property increased by more than 6.5% from the previous year, the increase in the annual taxes would be slightly higher.*

Some citizens may qualify for tax relief, or qualify for a deferral program. To find out more information about this, residents should contact the Clark County Assessor's Office at 564-397-2391 or visit their website at http://www.clark.wa.gov/assessor/taxrelief/index.html.

In addition to the base levy, the City collects new property tax revenue based on the value of new construction added to the assessment rolls during the prior year. The revenue to the City is calculated using the assessed value of new construction multiplied by the prior year's levy rate. The value of new construction is still being finalized by the County Assessor's Office and includes the value of utility new construction provided to the County Assessor by the State. The most recent estimate from the County Assessor's Office indicates more than $378 million of new construction, which translates into $800,000 of additional City property tax revenue, which is slightly more than the $718,400 received for new construction values for 2019 taxes. The City's ordinance states the percentage and dollar amount increase in the City's base property tax levy as required by RCW 84.55.120. The County Assessor will determine the levy amount for new construction based on their final calculations.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Carrie Lewellen, City Treasurer, 487-8482

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Carrie Lewellen, City Treasurer, provided an overview of the proposed ordinance.

Councilmember Stober noted that state law prohibits cities from increasing property taxes more than the lesser of 1 percent or CPI annually, but the City is subject to inflation that is usually much higher than either, which is why the City has a structural deficit.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Hansen, seconded by Councilmember Stober, and carried unanimously to approve Ordinance M-4279.

11. Property Tax Affordable Housing Levy for 2020

Staff Report 157-19

AN ORDINANCE relating to the annual property tax levy; authorizing an increase of 0.0% in the City's Affordable Housing Fund levy from the amount levied the previous year; and providing for an effective date.

Summary

Proposition 1 was approved by the citizens of Vancouver in November 2016, and authorized a $6,000,000 annual property tax levy for 7 years, beginning in 2017. Information provided by the Washington State Department of Revenue states that the dollar amount stated in the ballot title is a limiting amount, and the highest lawful levy amount is $6,000,000.

Staff recommends that City Council approve a 0.0% increase in the property tax levy for the Affordable Housing Levy. Based on last year's Affordable Housing Fund levy of $6,000,000, the increase will be $0.00. Authorization of this requires a simple majority vote of City Council.

Staff estimates that the City's Affordable Housing Fund property tax levy rate in 2020 will range between $0.23 per $1,000 of assessed value to $0.245 per $1,000 of assessed value, compared to the actual 2019 affordable housing fund property tax levy rate of $0.254 per $1,000. The decrease in the property tax levy rate is attributed to assessed values in the City increasing by approximately 6.5% compared to the prior year. Because of the limit on property tax increases, as discussed above, the property tax levy rate declines as assessed value increases. The statutory cap for the City's levy rate is $3.325 per $1,000 of assessed value.

Example calculation of City Property Tax:

Assessed Value 2019 *$305,000*	***Levy Rate 2019*** *$0.25360337 (per $1,000 assessed value; Affordable Housing Levy only)*	***2019 City Property Tax*** *= $77.35*
Assessed Value 2020 *$324,825 (assumes assessed value increases 6.5%)*	***Estimated Levy Rate 2020*** *$0.23813 (per $1,000 assessed value; Affordable Housing Levy only)*	***2020 City Property Tax** (hypothetical)* *= $77.35*
AV increases 6.5%	*Levy Rate declines*	*Annual tax increase $0.00 for this example taxpayer**

**If the assessed value of the resident's property as a percentage increased by less than 6.5%, the resident's annual taxes would be equal to or slightly less than the taxes paid to the City in 2019. If the assessed value of the resident's property increased by more than 6.5% from the previous year, the increase in the annual taxes would be slightly higher.*

Some citizens may qualify for tax relief, or qualify for a deferral program. To find out more information about this, residents should contact the Clark County Assessor's Office at 564-397-2391 or visit their website at http://www.clark.wa.gov/assessor/taxrelief/index.html.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve the ordinance.

Carrie Lewellen, City Treasurer, 487-8482

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Carrie Lewellen, City Treasurer, provided an overview of the proposed ordinance.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Glover, seconded by Councilmember Lebowsky, and carried unanimously to approve Ordinance M-4280.

12. Ad Valorem Taxes for 2020

Staff Report 158-19

AN ORDINANCE fixing and levying the amount of ad valorem taxes necessary to balance estimated revenue with estimated expenditures for the 2019-2020 Budget for the City of Vancouver; providing for an effective date.

Summary
Pursuant to RCW 35.33.135, Council must approve an ordinance to fix and authorize the Clark County Assessor's Office to levy ad valorem taxes necessary to fund the City of Vancouver's 2019-2020 Biennial Budget.

An ad valorem tax (Latin for "according to value") is defined as a tax based on the value of real estate or personal property. An ad valorem tax is typically imposed at the time of a transaction(s) (a sales tax or value-added tax (VAT)), but it may be imposed on an annual basis (real or personal property tax) or in connection with another significant event (i.e. inheritance tax).

Staff currently estimates the 2020 real and personal property tax levy as $58 million, which includes a preliminary estimate of $800,100 in property tax revenue from new construction. The estimate of property tax from new construction will be updated based on the final new construction valuation provided by the Assessor's Office. The estimate of property tax revenue does not include the change in value of state-assessed utility property. Both of these amounts will not be final until December 2019.

City staff recommends that Council approve ad valorem taxes in the amount of $58 million, which is needed to fund the City's 2019-2020 biennial budget. Of the total, $52 million is for general fund purposes, and $6 million is for the affordable housing fund. Approving ad valorem taxes of $58 million allows the County Assessor's Office to levy real and personal property taxes to the full extent allowed under Washington State law. Staff anticipates that the final certified levy will be between $57.5 million and $57.9 million in 2020. If Council authorizes the ad valorem tax amount too low, the County Assessor's Office will only be allowed to levy up to the amount authorized by Council.

Staff recommends that City Council approve ad valorem taxes in the amount of $58 million for the 2020 real and personal property tax levy within the city limits of Vancouver. This estimated revenue source is necessary to fund the 2019-2020 Biennial Budget for the City of Vancouver.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Carrie Lewellen, City Treasurer, 487-8482

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Carrie Lewellen, City Treasurer, provided an overview of the proposed ordinance.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Hansen, seconded by Councilmember Stober, and carried unanimously to approve Ordinance M-4281.

13. Approval of Ordinance Imposing Sales Tax Credit for Affordable Housing

Staff Report 159-19

AN ORDINANCE of the City Council of the City of Vancouver, Washington, authorizing the maximum capacity of a local sales and use tax to fund investments in affordable and supportive housing, to be codified at chapter 3.45 of the Vancouver Municipal Code; providing for severability; and establishing an effective date.

Summary

SHB 1406 provides authority for cities and counties to impose a sales tax of .0146 percent that is credited against the state's share of the sales tax. The revenue can be used for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing. Because it is credited against the state's share of the sales tax, the imposition of this tax will not result in any increase in the sales tax the consumer pays. On July 8, 2019, the City adopted a notice of intent to impose the sales tax. The current action adopts an ordinance imposing the sales tax.

Currently, work is underway to develop a comprehensive strategy to address the homelessness issues and affordable housing using the resources available to the City. Those resources include the CDBG grant, the Affordable Housing Fund and the revenue resulting from the adoption of this ordinance. The budget action authorizing expenditure of funds generated as a result of approving this ordinance will come before Council for approval in the future budget supplemental appropriation.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Natasha Ramras, Chief Financial Officer, 487-8484

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Natasha Ramras, Chief Financial Officer, provided an overview of the proposed ordinance.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Lebowsky, seconded by Councilmember Hansen, and carried unanimously to approve Ordinance M-4282.

14. **Amendments to VMC 6.12 adjusting Garbage, Recycling and Organics Rates for 2020**

Staff Report 160-19

AN ORDINANCE relating to the collection of solid waste, recyclable materials and organics, and amending certain sections of VMC 6.12 to increase or adjust rates and charges consistent with approved utility user taxes and rates and in accordance with current contracts for the coming year; providing for savings, severability and an effective date.

Summary

City Council is the rate-making authority for garbage, residential recycling, and organics collection services within the City of Vancouver. The City contracts with a private hauling company, Waste Connections of Washington, to provide comprehensive garbage, recycling and organics collection services to residents and businesses within city limits. The contract terms authorize Waste Connections to receive annual adjustments to customer rates based on changing operating conditions including: an inflation adjustment factor tied to a percentage of the CPI and fuel costs, disposal tip fees, the number of customers served and fees paid to the City to support solid waste related programs. All adjustments to rates are made in accordance with Exhibit D of the contract. Garbage rates also include the City's utility tax that is embedded within them. The City's utility tax does not apply to recycling or organics collection services.

For 2020, Public Works staff updated the model consistent with the contract and the previously approved increase in the utility tax set for January 1, 2020 and determined that garbage rates will need to increase by 4.0 to 4.5 percent while recycling and selected other fees, not linked to the disposal tip fee or utility tax, will need to increase by 2.3 percent, effective January 1st. Key reasons for this increase are a 1.6 percent increase in the solid waste utility tax, a 2.23 percent increase in the CPI, a 10.50 percent increase in the diesel fuel index, and a 0.1 percent increase in the disposal tip fees.

Scheduled Utility Tax Increase

Ordinance M-4239 adopted by City Council on October 1, 2018 provides for a 1.6 percent increase in the Solid Waste Utility Tax rate from 27.3 percent to 28.9 percent as of January 1, 2020. This increase is to be used for the purpose of funding police staffing and associated services consistent with recommendations of the community resource team. Because this is a gross receipts tax, the garbage rates must increase by 2.3 percent to cover the 1.6 percent increase in the tax rate.

Inflation Adjustment Factor

Under the contract, collection costs for garbage, recycling and organics adjust at 80 percent of a blended and combined CPI (92 percent of the CPI increase of 2.23 percent) and diesel fuel index (8 percent of the fuel index increase of 10.50 percent) factor which leads to an overall blended 2.31 percent increase for the collection cost component, the City fee and other miscellaneous fees.

Disposal Tip Fees

On January 1st, the disposal tip fee is scheduled to increase $0.15 per ton as a result of an increase in Oregon DEQ fees of $0.06 and a $0.09 increase in additional work requested by Clark County for engineering work being done by Columbia Resource Company at the Central Transfer and Recycling Station. The CPI adjustment on disposal tip fees is not being taken this year as a result of contract language related to recent growth in total system tonnage. Effective January 1, 2020 the tip fee will increase from $95.71 per ton to $95.86 per ton.

Recycling Fees

The rates proposed for January 1, 2020, include adjustments to curbside and multi-family fees based on the Inflation Adjustment Factor detailed above as well as adjustments to the recycling processing surcharges which were added April 1, 2019 to recover costs associated with the local response to the global market issues and the ongoing need for supplying quality materials to these markets. A recent review, in partnership with Clark County, found that the cost of processing recyclables passed through to the collector should increase from $68.91 per ton (approved on February 19, 2019) to $74.76 per ton effective on January 1, 2020. Curbside customers averaged lower volumes of materials set out than in the prior year so the recycling processing surcharge will decrease from $1.77 per month to $1.59 per month. Multi-family average volumes collected per unit increased slightly so the recycling processing surcharge for these customers goes from $0.78 per month to $0.84 per month. The combined impact for recycling fee components is a 2.1 percent decrease ($0.10 per month) in curbside recycling charges and a 4.3 percent increase ($0.09 per month) in multi-family recycling charges.

Organics Fees

The rates proposed for January 1, 2020, include adjustments to the organics rates. For the standard subscription service of 96-gallons every-other-week the Inflation Adjustment Factor increases the current rate from $7.43 per month to $7.60 per month (a 2.3% increase). Changes to the air quality permitting requirements, within the last six months, at the Dirt Hugger organics processing site have resulted in additional operational and capital costs to control for VOC emissions. This adds an additional $4.90 per ton to the cost of processing organics. Section 4.3.2 of the City's comprehensive collection contract allows for the City to pass-through this cost in customer rates. For the 96-gallon service level this adds an additional $0.20 per month and results in a total 2020 rate of $7.80 per month (a net increase of $0.37 per month – 5% overall increase).

Contract Change Impacts and City Fee

The new comprehensive collection contract with Waste Connections of Washington runs from April 1, 2019 through April 30, 2030. New service levels associated with the contract, including the addition of food scraps to the previous yard debris service to comprise the Organics collection element of the contract, were largely incorporated into the April 1, 2019 rate adjustments. The option for on-call yard debris service went away, as of October 1, 2019, as organics need to be collected on a regular every-other-week schedule. As a result this service and rate option goes away. The rates for commercial container service also have been adjusted to reflect a negotiated one-time one half a percent increase on January 1, 2020 as a result of the new contract which now allows an option for "space saver" rates in VMC 6.12.210.

For 2020 overall, the typical residential customer rate for 32 gallons of weekly garbage service with recycling and organics collection increases 3.2 percent or $1.03 per month (this reflects a $0.76 increase in garbage charges, a net $0.10 decrease in combined recycling and recycling processing surcharge fees, and a $0.37 increase in the organics charge). Households with alternative service levels may experience slightly different impacts. The $7.80 per month fee for subscribing to standard 96-gallon organics service may be reduced to $6.75 by choosing a 64-gallon cart, $5.70 with a 32-gallon cart or $4.65 with a 20-gallon cart.

Staff recommends adjusting customer rates to meet the contractual obligations associated with the defined Inflation Adjustment Factor and the City's increase in the Solid Waste Utility tax as well as other factors noted and detailed in the attached Summary of Proposed Solid Waste Collection Rates. All adjustments will be effective January 1, 2020.

Request: On Monday, November 18, 2019, subject to second reading and public hearing, approve ordinance.

Julie Gilbertson, Solid Waste Supervisor, 487-7162; Rich McConaghy, Solid Waste Manager, 487-7165

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Julie Gilbertson, Solid Waste Manager, provided an overview of the proposed ordinance and solid waste services.

Mayor McEnerny-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Glover, seconded by Councilmember Stober, and carried unanimously to approve Ordinance M-4283.

Communications

A. From the Council

B. From the Mayor

C. From the City Manager

a. A Stronger Vancouver Work Program and Introduction of I-976 Impacts and Options

City Manager Eric Holmes presented Council with a proposed updated work plan regarding the Stronger Vancouver initiative that would include additional opportunities for the Council to hear directly from the public, and deliberate on services and projects included in the initiative and evaluate potential funding sources related to those, tentatively setting final adoption for the spring of 2020.

Council was in agreement with the process Mr. Holmes outlined.

Mr. Holmes also provided an outline of the impacts to the City's transportation budget due to the passage of Initiative 976 and the potential options Council will need to consider to address that funding shortage.

Adjournment

8:19 p.m.

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Anne McEnerny-Ogle
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Anne McEnerny-Ogle, Mayor

Attest:

DocuSigned by:

Natasha Ramras

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Natasha Ramras, City Clerk

Meetings of the Vancouver City Council are electronically recorded on audio and videotapes. The audio tapes are kept on file in the office of the City Clerk for a period of six years.