

City Council Action Item Cover Sheet

DATE: July 3, 2018

Agenda Item:

League of Oregon Cities - Request for Input on the Legislative Agenda

Question Before Council:

Discussion of the City of Yachats top, and bottom, four issues in terms of advocacy activities.

Person/Group Initiating Request:

City Manager

Item Summary/Background:

The League of Oregon Cities would like to know the City of Yachats Top, and Bottom four issues in regards to advocacy activity by the League. The ballots and their descriptions are in the Council packet.



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www.orcities.org

June 6, 2018

Dear Chief Administrative Official:

For the past three months, eight policy committees have been working to identify and propose specific actions as part of the League's effort to develop a pro-active legislative agenda for the 2019 session. They have identified legislative objectives as set forth in the enclosed ballot and legislative recommendation materials. These objectives span a variety of issues and differ in the potential resources required to seek their achievement. Therefore, it is desirable to prioritize them in order to ensure that efforts are focused where they are most needed.

While the attached ballot reflects the top policies developed in each of the policy committees, each undertook a broad look at a range of issues impacting cities. Many issues reflect the League's ongoing mission to support cities' work and their home rule authority to develop and use a variety of tools to meet the needs of residents but were not included in the ballot. Additional issues, such as addressing the housing shortage and the opioid crisis, are multifaceted and did not fit concisely into policy priorities. However, they remain as work the League intends to accomplish as it works with large groups of stakeholders in search of solutions.

Each city is being asked to review the recommendations of the policy committees and provide input to the LOC Board of Directors as it prepares to adopt the League's 2019 legislative agenda. After your city council has had the opportunity to review the proposals and discuss them with your staff, please return the enclosed ballot indicating the top four issues that your city council would like to see the League focus on during the 2019 session. **The deadline for response is August 3, 2018.** The board of directors will then review the results of this survey of member cities, along with the recommendations of the policy committees, and determine the League's 2019 legislative agenda.

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

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

Sincerely,

Mike Cully
Executive Director

Craig Honeyman
Legislative Director

P.S. If you are reviewing the hard copy of this ballot and would like to view the linked material please visit the following web address and click on the links there:

<http://www.orcities.org/Portals/17/Legislative/2019PolicyBallotInformation.pdf>

INSTRUCTIONS

1. Each city should submit one form that reflects the consensus opinion of its city council on the **top four** legislative priorities for 2018.
2. Simply place an **X or a check mark** in the space to the left of the city's top four legislative proposals (last pages of the packet).
3. The top four do not need to be prioritized.
4. Return by **August 3rd** via mail, fax or e-mail to:

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

Thank you for your participation.

This is an addendum to the original ballot sent out on Friday, June 8th, 2018. It is due on August 3, 2018 like the original ballot

City of: _____

Please mark 4 boxes with an X or check mark that reflects the **4 issues that your city least wants to pursue** as part of the League's 2019 legislative agenda.

Legislation

A. 9-1-1 Tax	<input type="checkbox"/>
B. Annexation Flexibility	<input type="checkbox"/>
C. Auto Theft	<input type="checkbox"/>
D. Beer and Cider Tax Increase	<input type="checkbox"/>
E. Broadband Infrastructure	<input type="checkbox"/>
F. Carbon Cap-and-Invest Program Adoption	<input type="checkbox"/>
G. City Comparability for Compensation	<input type="checkbox"/>
H. Green Energy Technology Requirement Changes	<input type="checkbox"/>
I. Infrastructure Financing and Resilience	<input type="checkbox"/>
J. Least Cost Public Contracting	<input type="checkbox"/>
K. Local Control Over Speed Limits on City Streets	<input type="checkbox"/>
L. Lodging Tax Definition Broadening	<input type="checkbox"/>
M. Mental Health Investment	<input type="checkbox"/>
N. Permanent Supportive Housing Investment	<input type="checkbox"/>
O. PERS Reform	<input type="checkbox"/>
P. PERS Unfunded Liability Revenue Stream Dedication	<input type="checkbox"/>
Q. Place-Based, Water Resource Planning (Program Support)	<input type="checkbox"/>
R. Property Tax Reform	<input type="checkbox"/>
S. Qualification Based Selection (QBS)	<input type="checkbox"/>
T. Right-of-Way and Franchise Fee Authority	<input type="checkbox"/>
U. Safe Routes to School Match	<input type="checkbox"/>
V. Small Area Cell Deployment	<input type="checkbox"/>
W. Speed Cameras	<input type="checkbox"/>
X. Speed Limit Methodology	<input type="checkbox"/>
Y. Third Party Building Inspection	<input type="checkbox"/>
Z. Tobacco Taxes Share Increase	<input type="checkbox"/>
AA. Waste Water Technical Assistance Program	<input type="checkbox"/>
BB. Wetland Development Permitting	<input type="checkbox"/>
CC. Wood Smoke Reduction Program Support	<input type="checkbox"/>

City of: _____

Please check or mark 4 boxes with an X that reflects the top 4 issues that your city recommends be added to the priorities for the League's 2019 legislative agenda.

Legislation

A. 9-1-1 Tax	<input type="checkbox"/>
B. Annexation Flexibility	<input type="checkbox"/>
C. Auto Theft	<input type="checkbox"/>
D. Beer and Cider Tax Increase	<input type="checkbox"/>
E. Broadband Infrastructure	<input type="checkbox"/>
F. Carbon Cap-and-Invest Program Adoption	<input type="checkbox"/>
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Z. Tobacco Taxes Share Increase	<input type="checkbox"/>
AA. Waste Water Technical Assistance Program	<input type="checkbox"/>
BB. Wetland Development Permitting	<input type="checkbox"/>
CC. Wood Smoke Reduction Program Support	<input type="checkbox"/>

In addition to your ranking of the priorities shown above, please use this space to provide us with any comments (supportive or critical) you may have on these issues, or thoughts on issues or potential legislative initiatives that have been overlooked during the committee process.):

A. 9-1-1 Tax

Legislation:

Support legislation enhancing the effectiveness of the state's emergency communications system by increasing the 9-1-1 tax and/or seeking other sources of revenue and prohibiting legislative "sweeps" from emergency communications accounts managed by the Oregon Office of Emergency Management.

Background:

The League worked with other stakeholder groups in 2013 to extend the sunset date on the statewide 9-1-1 emergency communications tax to January 1, 2022 ([HB 3317](#)). In 2014, the League also worked to pass legislation including prepaid cellular devices and services under the 9-1-1 tax ([HB 4055](#)). As concerns mount with regard to disaster preparedness and recovery and as upgrades to communications technology become available, it is apparent that state and local governments do not have the resources necessary to address challenges or take advantage of opportunities (see an analysis in the League's 2018 State Shared Revenue Report, [here](#), and the Oregon Office of Emergency Management's "Emergency Communications Tax" webpage, [here](#)). Additional funding is needed and the practice of periodically sweeping funds out of the state's emergency management account for other uses must cease. It is worthy of note that the practice of "sweeps" disqualifies the state from receiving federal funds for emergency communications. It is unknown how many federal dollars have been foregone as a result of this policy.

Presented by the Telecom, Broadband & Cable Committee and endorsed by the Finance & Taxation Committee

B. Annexation Flexibility

Legislation:

The League will work to increase the flexibility for cities to annex residential areas and to encourage voluntary annexations, with a primary focus on improving the island annexation process.

Background:

There is a significant disconnect between the state's land use process and the [process of annexation](#), which has created issues for a variety of cities. The annexation process requirements are particularly difficult for areas known as "islands". Even though cities can involuntarily annex islands, most cities have adopted a policy to only engage in voluntary annexation. This has left significant islands un-annexed. In addition, waiting for surrounding properties to voluntarily annex often means the process and order of annexation does not necessarily match the plans for infrastructure development. Unannexed lands remain on the buildable land supply but much of it will contain some level of development that was approved by the county, but is often underdeveloped when compared to the comprehensive plan.

However, there have been bills that have been introduced over the last few sessions that aim to make non-voluntary annexation more difficult (see e.g., [HB 2039](#) and [HB 2040](#)). As these bills have gotten hearings, the League has taken the opportunity to discuss how annexation and land use are very disconnected. This is particularly of interest as interest in housing development remains at the top of the list of legislative priorities. If local governments have greater control over the annexation process and can better incentivize voluntary annexation, they can better meet the development expectations of the land use system and their comprehensive plans. It also assists in the orderly development of infrastructure.

Tools that were recommended to consider included partial island annexation in residential areas, relaxation of the limit of 10 years to bring a property fully onto the city's property tax level, changing the boundary requirements for islands, and looking at how the withdrawal of special district territory can be better regulated.

Presented by the Community Development Committee

C. Auto Theft

Legislation:

Address the deficiencies in the Unauthorized Use of a Motor Vehicle statute that were created after an adverse court ruling.

Background:

A 2014 Oregon Court of Appeals ruling requires that prosecutors prove beyond a reasonable doubt that a person driving a stolen car knew they were in violation of the law prohibiting the unauthorized use of a motor vehicle. Because of this ruling, unless confesses to the crime, obtaining a conviction for stealing a car is near impossible. The National Insurance Crime Bureau's 2017 "Hot Spots" report stated that Oregon experienced a 19 percent increase in auto theft over 2016. News stories on this issue may be found [here](#), [here](#) and [here](#).

Because of the ruling, auto theft has increased exponentially across rural and urban Oregon. A legislative fix was proposed in 2018 and was generally agreed to but was never voted on by either chambers due to the fiscal impact it would have on the state. A copy of the legislation can be found [here](#). This issue was brought to the Committee by a representative of the Oregon Association of Chiefs of Police and they have requested the League's supported in seeking to fix this issue. Of particular concern to the General Government Committee was the fact that vehicles being stolen tend to be older cars and trucks that are more likely to be owned by people of more modest means who would be unable to readily replace their vehicles without considerable impact.

Presented by the General Government Committee

D. Beer and Cider Tax Increase

Legislation:

The League proposes increasing the state taxes on malt beverages and cider to assist with rising public safety costs, improve public health, reduce alcohol consumption by minors, and provide alcohol tax equity with wine and liquor.

Background:

Oregon's tax has not been increased since 1978 and is currently \$2.60 per barrel which equates to about 8 cents on a gallon of beer. The tax is by volume and not on the sales price. (Yes, the bottle deposit is 60 cents and the tax is only about 4 cents on a six-pack!) Oregon is tied with Kentucky for the lowest beer taxes of all [states](#) (see page 98 in link). To get to the middle, Oregon would need to raise the tax to 80 cents per gallon (10-fold increase). Cities are [preempted](#) from imposing alcohol taxes. In exchange, cities receive approximately [34% of the state alcohol revenues](#) (see page 9 in link)(beer and wine taxes, license fees, and liquor profit sharing) as state shared revenues. However, because the tax is so small on beer, the share is also small. The beer tax brings in only about \$7 million per year state-wide; thus, the city share is about \$2.3 million of the total shared revenues. The total share for cities for all alcohol-based state shared revenues is estimated at over \$86 million. The League anticipates that excise tax increases including those on alcohol will be a part of revenue package discussions in 2019, and the League sees this concept as an important leveraging tool.

Presented by the Finance and Tax Committee and endorsed by the General Government Committee

E. Broadband Infrastructure

Legislation:

Seek additional state support and funding for increased and equitable broadband infrastructure deployment, especially in rural areas. Oppose legislative efforts to restrict existing municipal authority to provide broadband services.

Background:

The deployment of broadband and telecommunications networks and services (public and/or private) throughout Oregon is critical to economic development, education, health and safety and the ability of residents to be linked to their governments. Mapping research shows large areas of the state either not served or underserved by competitive broadband technology. A significant barrier to the deployment of broadband infrastructure is funding. Cities need additional funding and support from various sources, including the state and federal government, allocated for increased or new broadband infrastructure, especially for fiber connections to schools, community libraries, and public safety buildings. Also, oppose efforts by private internet service providers to restrict local efforts to make broadband technology available within their jurisdiction.

Presented by the Telecom, Broadband & Cable Committee

F. Carbon Cap-and-Invest Program Adoption

Legislation:

The League's Energy & Environment Policy Committee has recommended support, if specific principles are recognized and codified, of legislation that would implement a statewide cap on carbon emissions over time and that would generate revenues for strategic investments that further Oregon's greenhouse gas reduction goals. The cap on emissions would apply to certain "regulated entities" with carbon emissions over 25,000 metric tons annually. Regulated entities would receive allowances, or would generate offset credits, to emit carbon. The revenue from the purchase of allowances would be invested in specified programs aimed at furthering GHG reductions and mitigating program impacts. It is anticipated that funds generated from a cap on the transportation fuel industry may be subject to use per state Constitutional requirements related to the state highway fund. The statewide cap on carbon would be reduced over time to meet updated greenhouse gas reduction goals for Oregon.

For the League to support a statewide cap on carbon, the following principles would need to be recognized and codified in any legislation:

- The legislation and subsequent rulemaking processes would need to establish a forum to generate meaningful dialogue with rural Oregon communities and those with energy-intensive, trade-exposed industries. Equity considerations should be considered throughout this process by including cities and counties representing a variety of populations, regions of the state, and community demographics (e.g. low-income and underserved populations). Specific action should be taken to have representation from cities with populations of less than 1,500.
- The cap would need to apply to all sectors including utilities, industry and the transportation fuels sector (e.g. fuel producers) if annual carbon emissions exceed 25,000 metric tons.
- The program should be designed to link to the Western Climate Initiative which has a multi-jurisdictional carbon market (linking with programs in California, Ontario and Quebec)
- The revenue from the purchase of allowances would be invested in evidence-based technologies to reduce emissions from regulated sectors with excess revenues being invested in statewide programs to support climate resilience and rural Oregon economies. Requiring the reinvestment of allowance revenue will help regulated sectors become more efficient over time and less carbon intensive.

- In addition, LOC will advocate that additional revenues generated be dedicated to support programs including:
 - Technical assistance grants that local governments could access to help fund the adoption and implementation of local climate action/sustainability plans.
 - Funding for local woodstove smoke reduction programs to help communities in, or at risk of, non-attainment from woodstove smoke.
 - Funding to study and incentivize an expanded, yet sustainable, cross-laminated timber industry in Oregon with the intent of stimulating job creation in rural Oregon communities.
 - Funding for drought mitigation planning and resilience for Oregon water systems.

Background:

The League anticipates that the Legislature is very likely to pass legislation during the 2019 session that would implement a “cap-and-invest” program in Oregon, similar to the program adopted by California. Similar legislation has been considered by the Oregon Legislature during previous legislative sessions, but has failed to be brought for a vote. The political will to pass such a policy/program for Oregon appears to be incredibly strong; the Speaker of the House and President of the Senate are co-chairing the Joint Interim Committee on Carbon Reduction and the Governor’s team is staffing a new Carbon Policy Office to assist in the Committee’s efforts. The League’s Energy & Environment Committee has spent considerable time discussing this policy, including how best to craft a policy recommendation that makes both environmental and economic sense for the state and cities.

Presented by the Energy & Environment Committee

G. City Comparability for Compensation

Legislation:

The League will seek legislation to ensure that cities are compared only with cities of a similar cost of living when negotiating with strike prohibited bargaining units.

Background:

Oregon labor law doesn’t allow police officers, firefighters, emergency communicators and other public safety critical employees to strike. Instead when an impasse is reached when bargaining with labor unions that represent those workers, the state proscribes a set procedure involving an outside arbitrator to resolve those contract disputes. In that process the arbitrator will compare the city to other cities of similar size. As a result, the cities in rural areas are being compared with to cities in metropolitan areas that have different economic circumstances. Klamath Falls with 20,000 people in it and a median home value of \$160,000 could be compared to Tualatin with a similar population and a median home value of \$355,000. This is not a reasonable comparison.

The Human Resources Committee notes that the Legislature created a variable minimum wage in Oregon in recognition of the different costs of living across the state. Each Oregon county is assigned to one of three wage zones with one being the Portland Metropolitan area, that second are less populous regions and the third are rural counties. The Committee recommends that cities only be compared to cities in the same wage zones. A detailed explanation and graphics of the proposal may be found here.

Presented by the Human Resources Committee

H. Green Energy Technology Requirement Changes

Legislation:

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

Background:

Oregon statute currently requires public contracting agencies to invest 1.5% of the total contract price for new construction or major renovation of certain public buildings on solar or geothermal technology. The requirement allows for offsite technology, but only if the energy is directly transmitted back to the public building site and is more cost-effective than onsite installation. Removing the requirement that an offsite project be directly connected to the public building project could result in increased flexibility for local governments to invest in solar projects that are more cost-effective and provide for increased solar energy generation. In addition, the League will advocate to allow 1.5 percent funds to be invested in alternative projects that provide a greater economic or social return on investment including energy efficiency.

Presented by the Energy & Environment Committee

I. Infrastructure Financing and Resilience

Legislation:

The League will advocate for an increase in the state’s investment in key infrastructure funding sources, including, but not limited to, the Special Public Works Fund (SPWF), Brownfield Redevelopment Fund, and Regionally Significant Industrial Site loan program. The advocacy will include seeking an investment and set aside through the SPWF for seismic resilience planning and related infrastructure improvements to make Oregon water and wastewater systems more resilient.

Background:

A key issue that most cities are facing is how to fund infrastructure improvements (both to maintain current and to build new). Increasing state resources in programs that provide access to lower rate loans and grants will assist cities in investing in vital infrastructure. Infrastructure development impacts economic development, housing, and livability. The level of funding for these programs has been inadequate compared to the needs over the last few biennia and the funds are depleting and unsustainable without significant program modifications and reinvestments.

The funds are insufficient to cover the long-term needs across the state. While past legislative sessions have focused on finding resources for transportation infrastructure, the needs for water, wastewater, and storm water have not been given the same attention. A LOC survey of cities in 2016 identified a need of \$7.6 billion dollars over the next 20 years to cover water and wastewater infrastructure projects for the 120 cities who responded. This shows a significant reinvestment in the Special Public Works Fund (SPWF) is needed to help meet the needs of local governments. Without infrastructure financing options, cities cannot meet the needs of new housing or new business – high priorities for cities across the state.

In addition, there is a critical need to improve upon the seismic resilience of public drinking water and wastewater systems. The Oregon Resilience Plan (2013) identified Oregon’s water and wastewater systems as especially vulnerable to damage resulting from a Cascadia subduction zone earthquake. The plan recommended all public water and wastewater systems complete a seismic risk assessment and mitigation plan for their system. This plan would help communities identify and plan for a backbone water system that would be capable of supplying critical community water needs after a significant seismic event.

However, there is currently no dedicated funding to assist communities with this planning effort and the funding needed to repair/retrofit water infrastructure is significantly inadequate. Investments have been made in Oregon to seismically retrofit public safety facilities and schools, but without planning for infrastructure resilience, communities may not have access to water for critical needs, including drinking water and water for fire suppression, in the immediate aftermath of a seismic event.

This priority will focus on maximizing both the amount of funding and the flexibility of the funds to meet the needs of more cities across the state to ensure long-term infrastructure investment.

Presented by the Community Development Committee and endorsed by the Finance & Taxation and Water/Wastewater committees

J. Least Cost Public Contracting

Legislation:

Introduce and/or support legislation repealing Section [45\(2\)\(a\)\(G\)](#) and Section [45\(3\)\(a\)\(G\)](#) of HB 2017 (enacted in 2017) relating to compliance with least cost public contracting requirements as a condition for fuel tax increases after 2020.

Background:

As a matter of public policy, the League fundamentally disagrees with this linkage of transportation projects funding with public contracting standards applicable to specific local projects. Under HB 2017 (enacted in 2017) cities must comply with least cost public contracting standards set forth by [ORS 279C.305](#) for subsequent the two-cent increases in the state gas tax to occur in 2020, 2022 and 2024. Literally interpreted, one recalcitrant city *might* be able to stop the next gas tax increase by its failure to comply with this statute.

Presented by the Transportation Committee and endorsed by Finance and Taxation Policy Committee

K. Local Control Over Speed Limits on City Streets

Legislation:

Introduce legislation that allows Oregon cities to opt-in (voluntarily) to adjust their speed limits on residential streets 5 mph lower than the statutory speed limit.

Background:

[HB 2682](#) (enacted in 2017) allows the city of Portland to establish by ordinance a designated speed for a residential street under the jurisdiction of the city that is five miles per hour lower than the statutory speed provided the street is not an arterial highway. This authority should be extended to all cities and be considered permissive (not required). Cities should be able to determine speeds that are adequate and safe for their communities.

Presented by the Transportation Committee

L. Lodging Tax Definition Broadening

Legislation:

The League proposes adjusting and broadening the definitions of tourist, tourism promotion, and tourism-related facility as those terms are defined in the lodging tax statutes to ensure state-wide continued tourism and related [economic](#) (see page 17 of link) and [tax growth](#) (see page 223 of link), assist with city tourist costs, and provide local choice and revenue flexibility.

Background:

In 2003, when the state imposed a state lodging tax, the Legislature preempted cities by imposing restrictions on the use of local lodging tax revenues. (The percentage of restricted revenues varies by city.) Restricted tax revenues must be used for tourism promotion or tourism-related facilities. While the League will support all legislation that provides more flexibility on local tax usage, the League will advocate for lodging tax legislation that broadens those terms to clearly cover city costs of tourist events, tourism-related facility maintenance, tourist amenities, tourist attraction enhancement and public safety costs for special tourist events. Language from Section 3 of the [dash 1 amendment to HB 2064 \(2017\)](#) and [Section 1 of HB 2064 \(2017\)](#) will likely serve as a starting place. See also this [power point presentation](#) and this [LOC testimony](#) (supporting HB 2064) for further information.

Presented by the Finance and Tax Committee

M. Mental Health Investment**Legislation:**

The League will seek to protect and enhance the investments made to Oregon's treatment of the mentally ill.

Background:

In 2015, the Legislature funded rental and housing assistance for persons suffering from mental illness, specialized training for police officers to assist people in mental health crisis, multi-disciplinary crisis intervention teams and expanded access to treatment. While providing direct mental health services is not a standard city service, the state of care for persons in crisis had deteriorated to the point city police officers were regularly the primary public employee to provide interventions. The December, issue of Local Focus was devoted to cities and mental health, those articles may be found [here](#).

Because of the anticipated budget shortfalls in 2019, the General Government Committee would like the League to ensure that services established in 2015 are not cut and to capitalize on any opportunities that may exist or be created to enhance those investments.

Presented by the General Government Committee

N. Permanent Supportive Housing Investment**Legislation:**

The League will support increased investments in the services that are provided to people who are living in permanent supportive housing.

Background:

[Permanent supportive housing](#) serves specific populations that traditionally face difficulty in remaining in housing due to additional, complex needs by providing housing and other services at the same time. A [variety of populations](#), such as seniors, veterans, families, and those with mental health conditions, have different services that accompany their housing support. Permanent supportive housing models that use a Housing First approach have been proven to be highly effective for ending homelessness, particularly for people experiencing chronic homelessness who have higher service needs. Investment in the services is as important as the housing because residents that do not receive these additional supports often end up returning to homelessness based on issues related to their other issues.

However, in many areas the funding for housing is not well matched with the funding for the services. The state is the primary funding source for these services. However, there is some disconnect between the housing support provided by the [Oregon Housing and Community Services Department \(OHCS\)](#) and the [Oregon Health Authority \(OHA\)](#).

To help communities that are working to provide opportunities for permanent supportive housing and those seeking to find long-term solutions to local homelessness issues, better investment in the services is vital to success of these programs. By supporting appropriations to OHCS and OHA for these services, more support services can be provided to those that are in permanent supportive housing and lead to better outcomes.

Presented by the Community Development Committee

O. PERS Reform

Legislation:

The League will seek legislation to modernize the PERS investment pool, ensure proper financial controls are adhered to, and give cities a greater voice in how their monies are invested. The League will also seek legislation that shares the risk and costs of the pension benefit with employees but does so in a manner that impacts employees based on the generosity of the benefit plan they will retire under.

Background:

Oregon's Public Employee Retirement System (PERS) is a three-tiered program that provides a defined benefit pension (a pension that pays a retiree and their beneficiary a set amount for the length of their retirement) and a deferred compensation program that is funded through employee contributions. Each of the three tiers pays a different benefit and an employee's placement in a given tier is based on the date they were hired. Tier I is the most generous benefit and has an option for an annuity based retirement that has been incredibly expensive to maintain. Tier I was replaced by Tier II in 1996. Tier II costs, though reduced, were also unsustainable and were replaced with a third tier, known as the Oregon Public Service Retirement Plan (OPSRP) which is designed to provide a 45 percent salary replacement after a full career. A primer on the PERS system may be found [here](#).

The cost to employers for this system has risen steadily since the market crash of 2008, and will increase again on July 1, 2019 (projected individual employer rates may be found [here](#)) and then again in 2021 and possibly again in 2023. Rates are anticipated to remain at a system wide average of around 29 percent of payroll and remain at that level until 2035 without reforms.

Adverse court rulings to previous attempts at reforms have limited our options to addressing benefits not yet earned. With that in mind the Human Resources Committee recommends reforms in the three following areas:

- Ensure that investments into the PERS system are achieving the maximum possible return in the most efficient manner possible while safeguarding the funds with proper financial controls.
- Requiring that employees absorb some of the costs for the pension system but ensure that OPSRP employees are impacted more favorably than Tier I and Tier II employees who will receive more generous retirement benefits.
- Establishing a fourth tier that provides similar benefits to employees but is funded in a more sustainable manner. Providing incentives to retirees and current employees in the other tiers to switch to the fourth tiers should be explored as well.

Presented by the Human Resources Committee

P. PERS Unfunded Liability Revenue Stream Dedication

Legislation:

The League proposes that a new state revenue stream be dedicated to paying down the unfunded liability over a period of years to sustain the Public Employees Retirement System (PERS).

Background:

The present unfunded liability has grown extraordinarily large and is causing rate increases for most local governments and schools that are not sustainable. The League would support all reasonable revenue stream ideas. Ideas include but are not limited to a new temporary limited sales tax, a new payroll tax, and a new temporary state property tax. The League will advocate that PERS cost-containment measures be pursued along-side revenue raising efforts to pay down the liability; both seem necessary to address the state-created problem.

Presented the Finance and Tax Committee and endorsed by the Human Resources Committee

Q. Place-Based, Water Resource Planning (Program Support)**Legislation:**

The League will advocate for the funding needed to complete existing place-based planning efforts across the state.

Background:

Oregon's water supply management issues have become exceedingly complex. Lack of adequate water supply and storage capacity to meet existing and future needs is an ongoing concern for many cities in Oregon and is a shared concern for other types of water users including agricultural, environmental and industrial. Most of the surface water in Oregon (during peak season months) is fully allocated with no new water available. As a result, the ability to meet existing and future demand for various water uses will require collaboration, improved management and coordinated conservation among a variety of stakeholders, including municipalities. For this reason, the Legislature passed legislation to create a place-based planning pilot program in Oregon. This program, administered through the Oregon Water Resources Department, is providing a framework and funding for local stakeholders to collaborate and develop solutions to address water needs within a watershed, basin or groundwater area. Place-based planning is intended to provide an opportunity for coordinated efforts and the creation/implementation of a shared vision to address water supply challenges. Four place-based planning efforts are currently underway across the state in the Malheur Lake Basin, Lower John Day sub-basin, Upper Grande Ronde sub-basin and mid-coast region. Without continued funding, these efforts will not be able to complete their work. The LOC Water & Wastewater Policy Committee recognized that while this funding is limited to specific geographic areas, they also recognize the importance of successfully completing these pilot efforts and conducting a detailed cost/benefit analysis. It is a critical step in order to demonstrate the benefits of this type of planning. If these local planning efforts prove to be successful, there will likely be future efforts to secure additional funding for other place-based planning projects across the state.

R. Property Tax Reform**Legislation:**

The League of Oregon Cities proposes that the property tax system should be constitutionally and statutorily reformed as part of the 2019 session work on state and local tax reform and improving funding for [schools](#) (see pages 69-72 of link; property taxes make up 1/3 of school funding).

Background:

The property tax system is [broken and in need of repair](#) due to [Measures 5 and 50](#), which are both now over 20 years old. All local governments and schools rely heavily on property tax revenues to pay for services and capital expenses. Therefore, the League will participate in coalitions to help draft and advocate for both comprehensive and incremental property tax reform option packages. The League will remain flexible to support all legislation that improves the system, with a focus on a property tax package with these elements:

- To achieve equity, a system that transitions to a market-based property tax valuation system (RMV) rather than the present complex valuation system from Measure 50 (requires constitutional referral).
- To enhance fairness and adequacy, a system that makes various statutory changes, some of which would adjust the impact of a return to RMV. For example, the League supports a new reasonable homestead exemption (percentage of RMV with a cap) but also supports limiting or repealing various property tax exemptions that do not have a reasonable return on investment.
- To restore choice, a system that allows voters to adopt tax levies and establish tax rates outside of current limits (requires constitutional referral).

[SJR 3](#) (see page 50 of link)(constitutional referral with return to real market value system) and [SB 151](#) (see page 48 of link) (homestead exemption bill) from the 2017 session will likely serve as starting points. City property tax data including real market values and assessed values can be accessed [here](#).

Presented by the Finance and Tax Committee

S. Qualification Based Selection (QBS)

Legislation:

The League will seek to reform the Qualification Based Selection (QBS) requirements to allow for the consideration of price in the initial selection of architects, engineers, photogrammetrists and surveyors.

Background:

The state currently prohibits the consideration of price when making an initial selection when awarding contracts for certain design professionals when conducting public improvements. Instead of issuing a request for proposals as is done with most public improvement projects, contracting agencies issue “requests for qualifications” on a project. Cities may negotiate price only after the initial selection of a contractor is made. Under this system a city or other contracting agency will never know the price of other qualified and responsible bidders on a project.

The League’s General Government Committee concluded that this process is not in the interests of cities or tax payers as it precludes the use of competitive bids. There is no other area in which a consumer, public or private, would procure a service or product without considering the price.

Presented by the General Government Committee

T. Right-of-Way and Franchise Fee Authority

Legislation:

Oppose legislation that, in any way, preempts local authority to manage public rights-of-way and cities’ ability to set the rate of compensation for the use of such rights-of-way.

Background:

In its commitment to the protection of Home Rule and local control, the League consistently opposes restrictions on the rights of cities to manage their own affairs. From time to time, in the context of public rights-of-way management authority discussions, proposals to restrict to this authority arise. Such was the case during the 2017 legislative session with [SB 202](#) and [SB 840](#). These efforts to restrict local authority often include proposals for a statewide right-of-way access policy and compensation system as well as limiting the ability of cities to charge fees of other government entities. This is contrary to local government management authority; the ability to enter into agreements with users of the right-of-way either by agreement/contract or ordinance; and to set the rate of compensation.

Presented by the Telecom, Broadband & Cable Committee

U. Safe Routes to School Match

Legislation:

Introduce legislation lowering the local Safe Routes to Schools matching grant requirement to 20 percent from 40 percent and lowering the matching grant requirement for areas qualifying for exceptions to 10 percent from 20 percent.

Background:

[Section 123 of HB 2017](#) (enacted in 2017) authorizes the Oregon Transportation Commission to provide matching grants for safety improvement projects near schools. To receive the grant cities must provide a 40 percent cash match unless the school is located in a city with a population of less than 5,000; is within a safety corridor; or qualifies as a Title I school in which case the cash match requirement is reduced to 20 percent. While cities support the availability of matching grant funds provided by the state, the current cash match requirements are too high for most cities to participate in the program.

Presented by the Transportation Committee

V. Small Area Cell Deployment (also known as “Small Cell Deployment”)

Legislation:

Oppose legislation that preempts local authority to manage public property while supporting deployment of wireless technology, including small area cell and 5G.

Background:

Legislative efforts involving the deployment of small area cell facilities are increasing around the nation. Currently 20 states ([Arizona](#), [Colorado](#), [Delaware](#), [Florida](#), [Hawaii](#), [Illinois](#), [Indiana](#), [Iowa](#), [Kansas](#), [Minnesota](#), [North Carolina](#), [New Mexico](#), [Ohio](#), [Oklahoma](#), [Rhode Island](#), [Tennessee](#), [Texas](#), [Utah](#), [Virginia](#), and [Washington](#)) have passed bills that limit cities ability to collect appropriate and fair rights-of-way, permitting, and lease fees on municipal property; to control their own design and aesthetics; or otherwise manage wireless technology deployment within their jurisdictions. This type of legislation is not going away. In fact, it is just beginning.

During the 2017 session, the League was approached independently by representatives of two wireless companies with draft concepts that could have resulted in legislation compromising local authority to manage the deployment of small area cell and 5G technology. Issues raised included “shot clock” (time allowed for cities to rule on applications), fee structures and limits, contract terms and duration, land use issues etc. These efforts are expected to continue in 2019 and with greater urgency as the technology approaches deployment status. While cities in Oregon support the advent of new wireless technology including small cell and 5G, authority to ensure their deployment complies with local laws and policies must be maintained.

Presented by the Telecom, Broadband & Cable Committee

W. Speed Cameras

Legislation:

Introduce and/or support legislation authorizing cities to use fixed speed cameras at locations other than intersections.

Background:

Speeding is a public safety issue. The Oregon Transportation Safety Action Plan envisions no deaths or life-changing injuries on Oregon's transportation system by 2035. Currently, cities have the authority as a result of [HB 2409](#) (enacted in 2017) to issue a speeding citation from the same camera and sensor system used to enforce red light compliance at intersections.

Further, speeding does not only occur at intersections. Additional automated enforcement, outside of intersections, would be a valuable tool allowing cities to mitigate dangerous behaviors and speeding. In 2015, the Oregon Legislature granted the city of Portland the authority to implement a fixed speed safety camera program ([HB 2621](#)). The fixed speed camera systems have been operating on "urban high crash corridors" that are also part of the city of Portland's High Crash Network. While this program has not been in place long, the comparison of before and after speeds near the fixed photo radar system is indicating that the automated enforcement is positively influencing speed reduction (see [PBOT report](#)). This legislation would extend the authority to all Oregon cities to implement fixed speed safety camera programs to help reduce the number of deaths and serious injuries that occur as a result of speeding.

Presented by the Transportation Committee

X. Speed Limit Methodology

Legislation:

Introduce legislation that directs the Oregon Department of Transportation to develop a new speed setting methodology for cities and other urban areas that uses a safe systems approach validated by expert system tools as recommended by [NTSB Safety Study SS-17/01](#).

Background:

The NTSB safety recommendations represent current data-driven best practices to determine speed limits. Currently, Oregon speed limits are set based on the guidance that speed limits in speed zones within cities should be within 10 mph of the 85th percentile speed as determined by [The NTSB Safety Study SS-17/01](#). "Reducing Speeding-Related Crashes Involving Passenger Vehicles" concludes,

- "Speed increases the injury severity of a crash;"
- "...that unintended consequences of the reliance on using the 85th percentile speed for changing speed limits in speed zones include higher operating speeds and new, higher 85th percentile speeds in the speed zones, and an increase in operating speeds outside the speed zones;"
- "...that the safe system approach to setting speed limits in urban areas is an improvement over conventional approaches because it considers the vulnerability of all road users."

Presented by the Transportation Committee

Y. Third Party Building Inspection

Legislation:

The League will clarify the ability for local government programs to have private party building officials and building inspectors provide services for local building inspection programs, including recognizing that privately employed specialized inspectors can to perform specialized inspections.

Background:

Beginning in 2017, the League has been working to defend local building inspection programs that contract with third-party companies to provide building official and inspectors to run the local program. However, the Oregon Building Codes Division (BCD) has stated that the Oregon Department of Justice (DOJ) [has informed BCD](#) that programs that are structured this way violate the constitutional prohibition on delegating government authority. The League has repeatedly asserted that we disagree with that legal assessment. There was a bill introduced in 2018, [HB 4086](#), that would have adopted new requirements for

local governments running programs. The League worked with other stakeholders to prevent passage of the bill, but we committed to working on a legally defensible solution that does not prevent these locally run programs from continuing.

After the session, the BCD determined that it would implement new rules for locally run inspection programs to meet the asserted legal opinion on delegation. On April 23, the BCD enacted [emergency, temporary rules](#) that added significant requirements for local building inspection programs. The new rules required local programs to designate a government employee as a city's building official. The rules also required the city to have a government-employed, certified electrical inspector. Both positions could be filled by hiring the person directly or by an agreement between municipalities to share the employee(s). The rules further stated that a shared employee could only service three jurisdictions.

In May, the Director of the Consumer and Business Services, who oversees the BCD, informed the League that the temporary rules were rescinded. The Department's decision to rescind the rules included a statement that they would seek a formal opinion from the DOJ to clarify the issue of delegation. However, the BCD did replace the rescinded rules with [another temporary, emergency rule](#). This new rule was enacted on May 18 and states that a local government must appoint a government-employed building official.

In addition to the concerns about using third-party building officials, there is currently statutory prohibition on specialized inspectors that are employed in the private sector to complete specialized inspections. There are a limited number of these inspectors, and, without removal of this prohibition, larger scale projects will not be able to move forward because they cannot be inspected and permitted. This issue was the catalyst for the overall discussion related to third-party building officials, but is not related to the asserted legal claims.

There is a commitment to work on this issue in the 2019 session, but it remains an issue of high concern as it directly impacts the flexibility of local government choice on how to provide services at the local level. Using third-party providers allows smaller jurisdictions to have local, efficient programs that provide clarity for the local development community. It also allows a base of business for these companies, which also serve to provide over-flow capacity to programs that primarily staff these programs with government staff. Therefore, this issue is vital to the long-term success of locally run building inspection programs.

Presented by the Community Development Committee

Z. Tobacco Taxes Share Increase

Legislation:

The League proposes seeking a share of all state tobacco product tax revenues to assist with rising public safety costs and provide state shared revenue equity.

Background:

Only cigarette tax revenues are included in the [state-shared revenue](#) distribution to cities and those revenues are decreasing; cities receive about 2% of the cigarette tax revenues or \$3.6 million a year under the formula. [Other tobacco](#) (chew, snuff, cigars, pipe tobacco, etc.) is also taxed by the state and those revenues have been increasing ([now over \\$60 million a year](#)), but those revenues are distributed only to the state. Cities are preempted from taxing cigarettes and other tobacco products. However, cities are often left to enforce tobacco laws and handle sales and use complaints. The League proposes that cities should receive a fair share of all the tobacco tax revenues. The League anticipates that excise tax increases to cigarettes and other tobacco products, and a new vaping tax will be a part of revenue package discussions in 2019, and the League sees this concept as an important leveraging tool.

Presented by the Finance and Tax Committee

AA. Waste Water Technical Assistance Program

Legislation:

The League will advocate for the creation of a circuit rider program, within the Department of Environmental Quality, to provide needed technical assistance for communities on water quality issues, including wastewater treatment and permit compliance options. Staffing for the circuit rider program would be provided through a third-party contract (or contracts). The League will work to identify funding resources to support this program, including a possible set aside of Oregon's federal Clean Water State Revolving funds.

Background:

As Clean Water Act requirements for public wastewater systems continue to evolve, with new and more stringent requirements being placed on a number of Oregon communities; cities have expressed concern over how best to comply with those requirements, especially with the limited technical and financial resources that many face. The League's Water & Wastewater Committee discussed the need for technical assistance for communities experiencing these challenges and looked to an existing program within the Oregon Health Authority's (OHA) Drinking Water Services division as a template for addressing this need. The OHA funds a circuit rider program through a third-party contract. The program is funded through federal Drinking Water State Revolving Loan Funds. The program is intended to help more communities be successful in complying with state and federal requirements. The services provided through the program are free for communities with populations of less than 10,000.

Presented by the Water/Wastewater Committee

BB. Wetland Development Permitting

Legislation:

The League shall work to establish legislative authority for the Department of State Lands to assume the federal program from the U.S. Army Corps of Engineers under section 404 of the Clean Water Act.

Background:

In many communities looking to develop in the wetlands creates regulatory uncertainty, particularly where development is occurring in previously un-identified wetlands, because there are two agencies that must provide permits, the Oregon Department of State Lands (DSL) and the U.S. Army Corps of Engineers (USACE). The state's process has set deadlines which provides certainty for developers. However, the USACE process is much less consistent or timely. This uncertainty increases risk related to development that can cause projects to stop before they start. In a time where cities are trying to encourage development to meet the housing shortages and economic development goals to support citizens, any increased barriers can impact success.

There is a process in place at the federal level that would allow for the state to assume the USACE permitting process increasing the efficiency and certainty in the process. The [state has taken steps](#) in the past to ensure alignment of the state program to the requirements for federal approval. However, there were concerns raised at the time that the process related to the Endangered Species Act and cultural resource protections. The DSL has continued to work on these conflicts and believes it is positioned to work with the federal government to assume the federal permitting process if so authorized by the state legislature. For further information, the DLS provided a presentation for the committee, available [here](#).

Presented by the Community Development Committee

CC. Wood Smoke Reduction Program Support

Legislation: Support increased funding to support local wood smoke reduction programs and efforts. The League will advocate the need for an additional \$3-5 million, recognizing that any additional funding to assist communities is helpful.

Background: Woodstove smoke is one of the most significant sources of fine particulate and toxic air pollution in Oregon, often jeopardizing public health and putting communities at risk of violating federal air quality standards. Woodstove smoke is a problem for many Oregon communities that struggle with both the public health impacts and economic threat of being designated as nonattainment under the federal Clean Air Act. To address this challenge, local governments need access to funding for wood smoke reduction programs. Such programs have proven effective at reducing wood smoke in communities and include public education, enforcement, incentives for woodstove change-outs (to ductless heat pumps or certified stoves, weatherization assistance for low-income households and providing residents with dry, seasoned fire wood which burns cleaner. A 2016 taskforce report that was submitted to the Legislature indicated that there are approximately 150,000 uncertified stoves in the state, and that while Oregon has a long and successful history of replacing woodstoves in certain communities, money is sporadic and limited. The report went on to suggest that “an allocation in the range of \$3-5 million per biennium could target high-risk communities and would support a meaningful level of effort to replace old, dirty woodstoves.”

In 2017, the Legislature provided \$250,000 in funding for community wood smoke reduction programs. The need for local communities, including a number of small cities, is much greater.

Presented by the Energy & Environment Committee