

CITY OF OREGON CITY
Amendment No. 3 to Personal Services Agreement

Government Relations Services (PS 14-019)

This is an Amendment to the Personal Services Agreement by and between the City of Oregon City (hereinafter City), and **Kancler Consulting LLC**, hereinafter called "PS Contractor," which was previously entered into on **June 30, 2014** ("Contract") for **government relations services**; and

Whereas, the parties wish to amend the Contract as set forth below:

WITNESSETH:

1. The **Scope of Work** is hereby amended as follows:

The City desires to maintain the services of the PS Contractor in accordance with Exhibit A, attached.

2. The **Duration of Contract** is hereby amended as follows:

For provision of services, the contract expiration date shall be extended from July 31, 2016 to **June 30, 2017**.

3. The **Payment Provisions** are hereby amended as follows:

For provision of additional services described above, the contract price shall be paid per month based on an estimate of services needed at the following monthly rates:

August, 2016 – November, 2016	\$1,000/month
December, 2016 – June, 2017	\$3,000/month

The total not to exceed amount of the Amendment shall be twenty-five thousand and 00/100 dollars. The total not to exceed amount of the Agreement shall be **eighty-four thousand five hundred and 00/100 dollars (\$84,500.00)**.

All other provisions of the Personal Services Agreement referenced above shall remain in full force and effect.

KANCLER CONSULTING LLC

By: _____

Name: _____

Title: _____

Date: _____

CITY OF OREGON CITY

Anthony J. Konkol III, City Manager

Date: _____

John M. Lewis, Public Works Director

Date: _____

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
City Attorney

City Commission Award:

August 3, 2016

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Oregon City 2016 Interim Planning Priorities

Erik Kancler April 12, 2016

Exhibit A

The following topics of legislative interest were covered with Tony Konkol, Wyatt Parno, John Lewis, and Lance Powlison during a 90-minute strategy meeting on March 31, 2016. Levels of priority, policy objectives, and actions items were discussed and staff subsequently reviewed the April 5th draft report.

1) Regional Sewer District Governance

Does Oregon City wish to consider legislation for the 2017 session that would a) allow local interests within TCSD and potentially CCSD#1 to assert control over their district(s) and b) reshape them in a manner that would resolve existing conflicts and establish local governance?

Before making a determination, Oregon City first plans to meet and determine its objectives. Is Oregon City interested in reforming TCSD? Merging TCSD and CCSD#1 in some fashion? Or perhaps something else entirely. Staff has indicated a desire to set a meeting in April to deliberate more thoroughly and then discuss with the Mayor and Commission, potentially setting meetings with other cities and stakeholders to follow.

Kancler Consulting believes that if legislation is desired, it would be advantageous to determine desired objectives and begin building support from other affected cities and stakeholders before June, and well ahead of the September 26th deadline for bill requests, as building needed support will take time and effort.

Kancler Consulting will provide a more detailed timeline and set of political/policy considerations to staff ahead of the April meeting (TBD).

If legislation is desired, it will take a high level of effort to develop local/regional support with cities and stakeholders as well as with regional legislators and others ahead of session. And it will take a high level of effort to lobby the issue during session. It's worth noting that, as discussed with staff, given the possibility that other ROW-related issues may emerge during 2017 (see below) it may be of value to introduce our own legislation on a related topic, as leverage for positive outcomes elsewhere.

2) Right of Way Management/Home Rule Authority

It's understood that a number of stakeholders, but primarily SDAO and AOC have an interest in limiting the ability of cities to manage their public ROW. Possible legislative proposals for 2017 could include limiting 1) who can be charged, 2) how much can be charged, and 3) how ROW-derived revenue may be used. It's also possible that private providers will seek restrictions of their own, such as whether a city can require permit fees above and beyond franchise agreements and other ROW "rent payment" mechanisms.

Furthermore, AOC has expressed an interest in allowing counties to charge for the use their public ROW. Although LOC has indicated neutrality/support in the past, such a

push comes with some concern as legislatively-imposed limits on county control may suggest similar limits to city home rule authority.

This is a high-priority issue for Oregon City. But it remains to be seen how things will shape up. Kancler Consulting has indicated Oregon City's concerns to LOC and has set up a phone call to get a lay-of-the-land and emphasize Oregon City's interest. Kancler Consulting will maintain regular communications with LOC and other mid-sized cities regarding the status of the issue, relaying information back to city staff as its available.

If this issue seems poised to come up in 2017, although LOC would likely play the lead role, it will need active support from individual cities. Oregon City is very well-positioned to play such a role, which would require active work in the second half of 2016 and during the course of the 2017 session.

3) Telecommunications Finance Reform

In each of the past several sessions there has been interest in restructuring the manner in which cities tax providers of land-line services using public ROW. The primary areas of focus have been on establishing parity between ILEC (i.e. CenturyLink) and CLEC (i.e. Comcast) providers and addressing revenue concerns for cities, which have seen revenue from land-line services steadily decline as a result of continued adoption of wireless technologies.

In addition, it's now rumored that the taxation of wireless communication providers could be on the table for 2017, which is somewhat new political territory for Oregon.

This is a crucial revenue issue for all cities and a top-level priority for Oregon City. However, Oregon City may not possess the ability to be as impactful as other bigger cities on this matter, namely, Portland and Eugene. As a result, Oregon City wishes to limit time spent on this issue in accord with its ability to affect outcomes. I would note two important caveats that would increase the need for involvement:

- Few cities rely on per-foot and minimum fees – for taxing providers who use the ROW but don't provide services inside city limits – as Oregon City does, which could put Oregon City in a somewhat unique position of defending this particular revenue source.
- Portland and Eugene may find themselves lobbying for different sets of objectives than other cities, as has been the case in the past. If this proves to be the case again, LOC will need to rely on other represented cities (cities with lobbyists) to help ensure positive outcomes with the remaining cities. In such a scenario, Oregon City can play a far more prominent role.

As with item 2) above, Kancler Consulting has indicated Oregon City's desire for LOC to make this a top priority issue and to maintain regular communications regarding the status of the issue, relaying information back to Oregon City staff for its consideration. Kancler Consulting will remain in contact with other mid-size cities about this issue.

4) Property Tax Reform

For the first time in recent memory, comprehensive property tax reform may be on the table for 2017, although it's too early to know what to expect. If it is going to be moved forward, LOC, AOC, and numerous local governments are going to have to work both to build momentum and political expectations and to ensure a positive outcome.

The stated goals of those pushing for reform are basically: 1) increased revenue for local and state governments, and 2) a more simple, stable, and equitable tax code.

This is an issue of high priority for Oregon City but as with 2) and 3) above, there will be more powerful political players, and the question will be how to "right-size" any efforts.

Kancler Consulting will relay Oregon City's unique needs and support for certain policy proposals (and potentially opposition to others) to LOC and indicate a desire to push for reform along with what will presumably be a much larger coalition. This is likely LOC's top issue for 2017, so Oregon City won't need to persuade them to take it up. But it will be important to make sure LOC's interest in particular proposals lines up well with Oregon City's. Kancler Consulting will make sure to remain in regular contact with LOC and other local governments and stakeholders and relay information back to staff.

The level of effort required on this issue will depend on the details of future proposal. If the proposal is favorable and has momentum, we may not need to take that active a role in supporting it. If the proposal is problematic, we may need to exert considerable energy to protect the City's interests.

5) Nonprofit Property Tax Exemption Review

As a result of legislation in 2015, the Legislative Fiscal Office (LFO) has been directed to study nonprofit property tax exemptions, with a focus on hospitals, affordable housing, and other uses. The state's interest in this topic is to better understanding how tax exemptions are being used and to evaluate whether practice is consistent with policy intent. Where the two don't line up well, there is an interest in updating policies to avoid unintended outcomes and help recover lost revenue for local and state government.

As the small seat of a very large county with numerous tax exempt properties, Oregon City has a strong interest in this issue. As discussed with staff, the City's interest is to a) ensure that existing and valid uses of tax exemptions remain protected, b) recover lost revenue resulting from "unintended" uses of tax exemptions, and c) updating the states' tax code effectively.

Kancler Consulting will provide information to Oregon City when it's available to help determine relevance of draft proposals and potential future actions. It's too early to know what level of effort, if any, will be required, as that will depend on specifics that haven't yet taken shape. If Oregon City wishes to identify particular needs that it would like LOC and others to take into account on this topic, that might be a good way of getting ahead of potential problems. Kancler Consulting has asked LOC if such guidance would be of value at this point in time.

6) Recreational Liability Protections

Recent court cases including *Bagley vs. Mt. Bachelor* and *Johnson vs. Gibson* have created legal vulnerabilities and increased cost of insurance for recreation providers in Oregon including cities. As a result, legislative fixes are warranted and proposals for 2017 are already in the works with LOC, SDAO, and ORPA already working together on draft language and strategy. Oregon City is part of those conversations.

This is an important issue for Oregon City, as the City places a high value on a healthy parks system. Kancler Consulting will work with Oregon City's legal counsel and other relevant issues to determine the best path forward and work collectively towards accomplishing that goal. It's too early to know how much work will be required, but some local governments will need to at least provide back-up to their associations if not play lead roles in the effort.

7) Willamette Falls Legacy Project

The success of WFLP is a top priority for Oregon City. Additional requests for funding from the state seem unlikely, but it's possible that other policy decisions may have an impact on outcomes. For example, limitations to urban renewal areas, local improvement districts, and policy changes elsewhere in the tax structure may have a negative impact. In addition, it's possible that assistance programs, for example as related to brownfield cleanup, may provide additional benefits.

Kancler Consulting will monitor potential legislative proposals for relevance and report back as needed. Kancler Consulting can also consult with regional partners (such as Metro and Clackamas County) for input on the matter. Regarding urban renewal, Oregon City is interested both in the ability to form new districts as well as expand existing ones. This could turn out to be an active issue area or an entirely dormant one, but Kancler Consulting will work both to understand the landscape and shape it to Oregon City's advantage.

8) Brownfield Cleanup and Redevelopment

The 2015 and 2016 sessions each saw the passage of legislation aimed at cleaning up and redeveloping brownfield sites. In 2015, land bank legislation was passed and funding allocated to state brownfield redevelopment funds. In 2016, the state passed legislation allowing local government to offer tax reductions for brownfield cleanup and redevelopment. A group called the Oregon Brownfield Coalition is actively meeting to develop additional legislation for 2017, but has not yet determined its priorities.

Oregon City has identified potential brownfield priorities beyond Blue Heron including an 80-acre disposal site and the Clackamette Cove site. Kancler Consulting suggests that if this issue area is of interest that staff inventory its brownfield sites and consider a) its ambitions for those sites, b) practical limitations in realizing their potential, and c) the relative merit of various state-level policy changes.

Kancler Consulting is already engaged with the Brownfields Coalition and will provide updates as additional information becomes available.

8) Transportation Funding

Numerous interests are focused on developing and passing a statewide transportation funding package in 2017 that would both increase revenue for transportation and establish funding priorities. This is expected to be one of the biggest issues for 2017.

Based on conversations with staff, important issues for Oregon City are a) I-205 expansion, b) Amtrak Cascades funding, and c) regional equity. Other priorities may emerge as the process continues to take shape. These are priority items for Oregon City. Kancler Consulting will work regional partners (West Linn, Wilsonville, Clackamas County, etc.) to support common agendas and report back to staff on developments and opportunities.

9) Transient Lodging Tax Collection

The 2016 session set several things in motion on this topic: 1) An increase in state lodging tax revenue and new programs for allocating it, 2) a renewed push to allow for more flexible use of local lodging tax revenue, and 3) a continued push to ensure that collection issues with online booking agencies are resolved.

Passed earlier this year, HB 4146 established a workgroup that although is primarily focused on developing new programs for allocating state revenue, may also likely address the other two topics, which could lead to additional legislation in 2017. Oregon City staff's strongest desire is to address concerns with online collections.

Kancler Consulting has indicated to LOC Oregon City's desire to see progress in online collections as well as to assist in that effort, reporting back with relevant updates to inform future efforts.

10) Affordable Housing

The 2017 session will see a continued focus on "needed" housing which covers a variety of topics from homelessness and emergency shelters to subsidized affordable housing, to land supply for all housing needs including the full range of market rate housing.

Because Oregon City hasn't gone through a local housing inventory of late, it would take some effort to determine the City's present needs. Staff has expressed an interest in better understanding the City's needs before considering potential legislative interests. If a need is determined to exist and desired outcomes identified, Kancler Consulting can work with staff to outline legislative objectives. Kancler Consulting is already actively engaged in housing discussions and can pass along pertinent information.

11) Willamette Locks

Efforts are underway to repair and re-open the Willamette Locks and, more generally, to provide funding for the Willamette Falls Heritage Area. \$500,000 was allocated during the 2016 session for top-priority repairs, with more efforts to come. Oregon City supports these efforts, but will need to consider the issue further before coming to any

conclusions on whether to play a more active role. Kancler Consulting will remain in touch with regional partners including Clackamas County and West Linn to better understand emerging legislative agendas and inform Oregon City of opportunities.

12) Onsite Septic Funding

The 2016 session saw the approval of “demonstration” funding (\$200,000) to address issues associated with failing on-site septic systems. The funding can be used to repair or replace systems where sewer hookups aren’t available, and to support sewer hookups where they are available with a primary focus on assisting low- and moderate-income populations.

The first round of funding will support very few fixes, and be focused on just a few areas of the state. I don’t have a sense that Oregon City or the Metro region are primary considerations for the first round. If that changes, and Oregon City wishes to facilitate perhaps a single demonstration project, I can keep my eye out for such an opportunity.

However, an additional financial request for significantly more money may materialize for 2017 based on what many hope will be a successful roll-out later this year. The goal is that this funding would be used far more broadly throughout the state, whether in the form of many more “pilot” areas or otherwise. Kancler Consulting will inform Oregon City once those asks take shape and help the City understand where active support could be helpful. Kancler Consulting suggests that Oregon City consider studying its onsite septic needs and related issues in some fashion before setting a level of interest.