

MINUTES OF THE METRO COUNCIL/EXECUTIVE OFFICER INFORMAL MEETING

Tuesday, November 5, 2002
Council Annex

Councilors Present: Carl Hosticka (Presiding Officer), Rex Burkholder, Bill Atherton, Rod Park, David Bragdon, Susan McLain, Rod Monroe

Councilors Absent:

Others Present: Mike Burton

Presiding Officer Hosticka convened the Council/Executive Officer Informal Meeting at 11:49 a.m.

1. STRATEGIC ISSUES RELATED TO THE POSSIBLE EXPANSION OF THE URBAN GROWTH BOUNDARY

Presiding Officer Hosticka talked about his assessment of land needs. He noted John Hartsock's comment about the Urban Growth Boundary decision, "what ever you do your going to be wrong". The question was, if we know we were going to be wrong what kind of wrong did we want to be? They were trying to build centers, what was the strategic effect of different options on the boundary in terms of how they would effect centers. Then, after the December 5th decision, what kind of flexibility and stance did they want to have in the time period after the Council makes this decision, how do they want to anticipate that as we go through the decision process. Finally, he wished to discuss what process were they going to use to come to a conclusion.

He spoke to the public hearings and the impact on individuals' lives. He wanted to discuss the approach to making the decision. He also wanted to talk about Centers and how we build centers. Lastly, what processes will we use to come to the conclusion? He called for addition items.

What kind of right or wrong did we want to be? He noted a chart concerning how to deal with uncertainty. Look at the decision you were dealing with: either a larger or smaller expansion, then, what happens in terms of history, if history says growth in the region was high or low, then, you had four different paths. 1) larger expansion and a higher population/employment/economic growth then you have a no regret situation 2) smaller expansion and a lower growth then you have a no regret situation, however, 3) larger expansion and smaller growth then you may have one type of regret, or 4) smaller expansion and higher growth than expected, you have another type of regret. What kind of wrong did you want to be?

Councilor McLain said we have other goals besides expansion of the Urban Growth Boundary (UGB). The UGB was being expanded for a purpose. You had to think about all of the other tools or techniques that you were using to take care of the twenty-year land supply. You were also taking into consideration the centers strategy. It was not just a land issue, it was also centers strategy.

Presiding Officer Hosticka said the next question was how do we fix it? Mike Burton, Executive Officer, said we had the Functional Plan and performance measures that guide the Council in the decision making rather than just saying it was enough land. He said 2040 Growth Concept was a guide path.

Presiding Officer Hosticka asked how would you fix it if we have more land than we needed? Mr. Burton said that on the way to this process you have a number of elements that everyone had to meet in the way of Functional Plan. 2040 Growth Concept was a guide path.

Presiding Officer Hosticka summarized that the way you were fixing it was to say regulate, that was what 2040 Growth Concept was, a regulatory scheme. Mr. Burton added that there were also performance measurements so you were able to see how you were doing. Mr. Burton said if you saw you weren't accomplishing what you planned, you could either change the goal or increase your efforts to meet the goal. Presiding Officer Hosticka said the techniques they had available to Metro at this time were primarily regulatory techniques. Mr. Burton concurred, mostly regulatory but the market place had a lot to do with it too. The market place was outside of our control. Presiding Officer Hosticka wasn't sure if he agreed with Mr. Burton's statement. Financial issues in the market were another way it could be fixed. We needed to talk about the implications. The land price would make it difficult to create centers if that was our strategy. If you had low land price, the way you fix that was regulate or do something to the market to change the effect.

Mr. Burton said this was a twenty-year projection. You had all kinds of tools to prevent you from getting into a regret situation. Presiding Officer Hosticka said he thought they agreed on that issue.

Councilor McLain said she thought she could bring the two conversations together. Even though you had these tools in the toolbox, you got to use those tools under certain conditions. Under certain conditions those tools didn't work or didn't function or they were not the right tools. What were the opportunities as well as the barriers if you ended up with too small or too large scenario? She was not assuming she was at the finish line. She was trying to figure out and analyze what were the opportunities and how do you keep as many tools and as many opportunities as possible to function along the way? She summarized Presiding Officer Hosticka's remarks and then asked, what were the opportunities and tools to functional along the way. Presiding Officer Hosticka said we had to monitor and adjust along the way. Our current system said that we did this every five years. We may have to make a decision that you were going to do it more often than every five year. This was part of the mix.

Councilor Park said there was one assumption he would disagree with in the upper scenario larger expansion with larger population or smaller expansion with smaller population. He said what the market responded to was land with infrastructure. He spoke to the Pleasant Valley experience where the estimated cost for off site infrastructure was \$170 million. If you added that to the value of the land, it was the finished product you were building on. It had to be a combination of land price plus infrastructure in order to make that formula work. It was not just a function of land price. Councilor McLain said it also depended on location. If they agreed to develop every single inch of agricultural land in Washington County, she thought you had a scenario there. Councilor Park said he agreed but you would have to have the assumption that jurisdictions had the financial capability to provide infrastructure beyond what they normally would. For example, you would have to consider what Hillsboro did on an ongoing basis to have the entire infrastructure in place.

Presiding Officer Hosticka said, if we had the low scenario we could have low land prices or unserved land within the boundary. Councilor Park said you could have that in the high scenario too.

Mr. Burton spoke to Damascus. By the time you get to the point of developing this you weren't going to make a lot of money on the land. He thought the idea of creating instant billionaires was not likely. Presiding Officer Hosticka clarified his remarks. Councilor McLain said they had talked about this previously. She said that they had said that timing was everything, in the Functional Plan, performance measure and in center strategy. When you move the property made a big difference on what you give people to do and what the market will do or will not do. Councilor Park added, and where. Councilor McLain said right now what she was concerned about was if this decision that we make was too high or too low, what were the implications of the consequences that they may not want. If we were right on and have a no regret situation, we could live with that. There were two scenarios, which could cost them. It could cost the public, the market, and individual property owners. That was what she cared about. She wanted to make sure that when they were making these decisions that makes the boundary too large or too

small, that they had considered the consequences, they knew that they could live with them or we can fix it or the next five years will take up the slack. She said the five-year adjustment should be able to take care of any errors. There were scenarios that she and Councilor Park had both talked about that the five-year adjustment worked. They also knew that when they made this decision there will be implications that would send people to the state and to the legislature to make changes in the system so whatever their decision was would have to be reflected under new laws. She cared about what happened to center strategy or what happened to the timing on the market issue if they have a too large or too small boundary change.

Presiding Officer Hosticka said he felt that the consequences would be in the next five years. What they do now will structure what they did in five years.

Councilor Burkholder said he had heard that there were a number of cities, which had very large urban growth boundaries such as Corvallis. The question was what were the regrets there, what had happened there? He said if we add too large of an urban growth boundary, and in the absence of regulation, they had small development in suburban areas that don't work well. The question was if you have a very large urban growth boundary but have strong regulation, do you end up with an urban form that was more tight? Councilor McLain reiterated that she thought it was timing.

Councilor Parks said, in Corvallis, they have a large UGB but a tight city limit. So the off shot to that had been that the prices have remained fairly high but the commute pattern was Lebanon. So you had a lot of residential development in Lebanon who were now commuting into Corvallis for jobs and college. Councilor Burkholder asked was this a function of the urban growth boundary or was it a function of the other activities such as regulation?

Councilor McLain said she thought you had to say it was a combination of both. Timing as at the apex of what was importance. On the Corvallis situation with small city limits, it depended on what regulations were on the books and when they changed the regulations and when the change or amend their boundary and where. The location, the timing and the amount were important elements as well as the regulation. They still didn't have the first test of their performance measures. On our Functional Plan they knew what had or hadn't worked in the last five years but they still haven't done adjustments. They hadn't gotten that far. They might be able to tighten up the industrial lands or do something different with commercial but they still have the timing issue. What happened in the eighteen-month lag time.

Councilor Bragdon said the question was how does raw land supply figure into the kind of communities you want to have in the future. How does that raw supply interact with the other factors that were within our control such as fiscal constraints of public finance or zoning? The urban growth boundary was just one of those regulatory tools in and of itself. The question was relative importance of raw land supply to community objectives.

Presiding Officer Hosticka said there was that question, how important was this decision in terms of shaping communities. But this was the only decision they had at this point. The decisions they had was to adjust our regulatory scheme which they were doing and effect the land supply. This was what was in Council's control at this point. How did they play with what's in our control? Mr. Burton added that we have the Regional Transportation Plan, the adoption of the 2040 Growth Concept, which went through the process, and policies in place that talked about separation of communities. These effected the decision and had fiscal constraints. He agreed with Councilor Bragdon that Urban Growth Boundary was a tool. It was not the end of it.

Councilor McLain said timing was important on the issues of subregional, raw land and regulations. It was when you move and how quickly you were going to move it again. Councilor Bragdon added public

and private finance was also a part of it. Mr. Burton asked when was the best time to move a boundary, when the economy was good or bad?

Councilor Atherton said subsidies was also another tool. That changed the formula as well.

Presiding Officer Hosticka said he had put it up there because the Metroscope and the center strategies talked about subsidies for getting the kind of development they wanted within the boundary.

Councilor Atherton said it also applied outside the boundary as well as inside. He said Corvallis had just gone through a visioning process about where and what they wanted to be and discussed the concept of building out and carrying capacity. They came up with a significantly smaller size than what they had on their UGB. What happened if you had a larger UGB than what you did really wanted, how destructive was that, how easy was it to fix. His sense was if you error on the smaller side, you have more options and fewer regrets than if you error on the larger side.

Presiding Officer Hosticka said how did you fix it, if you have an insufficient land supply? You could fix it by adding land or build reserves.

Councilor McLain they had talked about conditions. One of the tools was conditions, you might be willing on timing to put in more if you had strong enough conditions that you knew what you had put it in for and was going to be utilized for. She gave an example in Hillsboro asking to use industrial land for medical research park and/or ambulance and parking lot scenario. It was industrial land. If that goes it was another example of where they were putting more industrial land in for whatever size or timing but you would have to have conditions to make sure that land was used for a particular type of industrial use.

Councilor Park asked what was the land to be used for, medical research or ambulance parking? Councilor McLain said it depended on whom you talked to. For the first seven years, they were planning to put office buildings, a parking lot and an ambulance station. Then after that they might get into a research scenario. If they had to do it the regular way, they would have to go for a conditional use permit. Conditions were tools they could consider which could mitigate the too high or too low scenario.

Presiding Officer Hosticka said his feeling on conditions was that he agreed that it was a technique that will work but conditions get eroded over time. They would have to reinforce keeping these conditions in place or else they would see those conditions erode away and always for good reasons. The original vision gets lost.

Councilor Atherton spoke about master plan. This was put into the code. The idea was when you brought land in, you had to have a clear concept as a framework with set conditions. Mr. Burton said that was the key. It seemed that the Damascus concept was to bring more land in and take time to plan. It was different than what they had been doing in the past. He gave an example of Pleasant Valley concept plan. The concept plan had connectivity. They go where the infrastructure was. There will have to be government incentives to get people to go to these places. He thought Pleasant Valley was the only success they had. Metro ended up being a planning commission.

Councilor Atherton said one element in the process was local control. There had to be a process. They must shape their own destiny. Councilor McLain added that the other issue was they didn't get handed a perfect world. They ended up with urban growth boundaries, conditions and communities that were already established. One of the other things that they were trying to do was plug the holes. These had to be included in any strategy. It was not just timing but location. They needed to stay out of comprehensive planning but there were areas that had to be fixed.

Presiding Officer Hosticka said that led to a question about unserved land within the boundary. Can we do anything other than to say that land was there, serve it? Can they make any other decisions by saying there are other places within the region that were now ready to be served that might want to have community there. Since we have a piece of unserved land, have we foreclosed our options to go anywhere else? He was concerned about this but did not have the answer. We were setting ourselves up in how we made the decision now to influence how that decision would be made in the future.

Councilor Monroe said the amount of land was important but more important was where they bought land in. What makes sense? Good land use planning and transportation planning were two sides of the same coin. We should be concerned about average vehicles miles traveled and the decision they were making and the impact on that. They ought to be thinking about how do they get people opportunities to live closer to where they work. They ought to be thinking about the decisions Council makes and the impact this will have on driving more and more people to move out to outer areas, outside the region. Those impacts can overwhelm our transportation system even more than it is right now. The most important job Metro has is to manage the UGB for the benefit of people in the region. He said as he makes his votes he was looking at how that land will impact the overall development of this region. What kind of an impact will it have on our ability to accomplish the 2040 vision? What kind of an impact on the ability of people to have good jobs and not have to drive a lot of miles to get to work. This decision, was it going to help or make things worse? He thought there was a down side if we don't expand the UGB in appropriate places. The downside was might be that people have to travel farther from home to work.

Presiding Officer Hosticka talked about the second scenario, which would lead to higher residential land prices, lost opportunities in terms of economic activity. Higher land prices could create satellite cities, or create development outside the boundary, or lead to more development within the boundary. If you don't like the result, how you fix it by adding land. He felt that if they found themselves in this situation that they make decisions sooner than the next five years. He further explained scenarios that concerned him.

Councilor Park reminded, no matter where and how much you move the boundary, we were already programming 80% of the growth to go into the current boundary. Presiding Officer Hosticka said that was the way these processes were. You were always talking about the 20% on the margin.

Councilor Atherton suggested putting centers in the higher scenarios.

Councilor Burkholder said he considered fairly modest goals in terms of center redevelopment. It may be radical in terms of the rest of the county but we were still talking about building an urban city. How did Metro participate? Half of it was not to regulate but to eliminate regulation that may prevent that development. He spoke to existing height restrictions and the limitations to those restrictions.

Mr. Burton talked about the productivity of the land. He talked about St. Mary's property and said you were constrained in your ability to pick the land you can develop. We are constrained by state land use laws. He agreed with Councilor Monroe that their job was to manage the UGB but you must do that under the requirements of state law and their own efforts to do it right. There were two hoops to go through.

Presiding Officer Hosticka said that was in the Fall of 2002, state law constrained Metro to make these choices. Part of the strategic plan was how did you maintained flexibility? If you do everything to meet state law in Fall 2002 and the legislature responded to Metro's legislative package, then what? Do they revisit their decision? Mr. Burton said it was five years with a 20-year projection. We reviewed our plan in five years, not just the boundary. Were we achieving centers strategies?

Presiding Officer Hosticka said the timing was the Council made a decision now for five years. Then, they went to the legislature in 2003 and got a new legislative structure to operate under, but they had already made the whole decision. When did they begin to exercise the new options that the legislature had

given them? Mr. Burton said what decisions would the legislature give us? He asked if Council had a package ready? Councilor McLain said it was again timing, if we were on the low side versus the high side, did they have less opportunity to respond? Mr. Burton said he couldn't see anything that would violate the opportunity to go back and do basic planning. In fact we would be planning a larger area. Presiding Officer Hosticka said you would have to get rid of the 20-year land law at the same time. Mr. Burton said they were talking about doing basic planning.

Presiding Officer Hosticka said supposedly we get a state law change that allowed Metro to add land in St. Mary's, but they had already made their 20-year decision. So then you would not be allowed to bring that land in. Mr. Burton said the question would be, do you want to create some opportunities on the east side of this region as you had west side? It may be more expensive and take longer.

Councilor McLain said they were going in circles. We had to have a goal of what they were trying to informally agree upon. All wanted the management of the boundary to be successful to make the 2040 Growth Concept work. What was it that might be the barriers or the minimums that they needed to do to make sure they could still be in a successful mode? If there was too much land put in, in this decision, was that a problem or not? Can they agree that it might be a problem or not? How do the strategies or the tools in the toolbox fit in with that question of raw land and what it means to the management of the boundary? She suggested focusing around those two issues.

Councilor Park said the concern about having too much land in the boundary was a legitimate concern. They had seen this in the past. He was more concerned that the driving force was economics and regulation. This was what drove the urban form. It was not the size of the boundary. It was a combination of regulation and economics factors that helped create the urban form that they wanted to have. If you were to move the boundary and forget the functional plan, he would be voting no. His question was what were they doing to upgrade the functional plans such as conditions. What were all of those tools that would help get them to where they wanted to go. UGB was one tool. Whether it was too big or too small, if it was too small, you can lose economic opportunities, if you have too much land, you don't have the ability to entice growth into that area. He gave the example of Vancouver industrial land.

Councilor McLain said the infrastructure should be focused on. If you put too much land inside the UGB and then try to focus the infrastructure on what they wanted developed, it got watered down because you have so many more places to put infrastructure and to get the economic market to work. You have to have priorities. If you wanted to give Clackamas County more jobs, you don't add land to every community around the region. The only way around this was to make some of it urban reserves. She did think there was a difference on stepping it out and how much you brought in.

Presiding Officer Hosticka said he didn't think they were going to come to a conclusion today. They would come to a conclusion when they voted on amendments to an ordinance. He wanted to have this discussion so they would have some sense of what they were doing and what they were trying to accomplish for the big picture as they go through those steps.

Mr. Burton said the discussion at Metro had been around what government could and couldn't do. While private sector may bridle at regulation, they bridle more at uncertainty. If there is some certainty as to what areas, regardless of regulations, then there will be opportunity in that area eventually. That was an incentive for them to go there. If there was uncertainty if you were allocating things in a much smaller piece each time, that will remove the whole question of market elasticity. If there was certainty that was an incentive for the private sector to participate in the infrastructure under the guidelines that the Council sets down. If the regulations were clear and there was certainty he felt that the private sector would feel better.

Presiding Officer Hosticka said he didn't think there was certainty anytime a government was meeting. He suggested talking about the process they were going to go through.

Councilor Atherton said he felt they had more flexibility and had less chance of harm if we had a smaller UGB change and then the strategy of changing laws to the aspirational planning.

Mr. Burton said he still needed to understand what was large and not large. He explained that when you figure out where you were actually going to build something, they weren't really moving the boundary very much. Mr. Burton said it was the productivity of land. Presiding Officer Hosticka said you could move it less and move it more often or move it less and have a system of reserves. Councilor McLain said making this decision with the assumption it was going to be protected was one thing. Goal 5 could make a big difference. This was the rub.

Councilor Monroe said his concern was that we be consistent in the votes to move the UGB. It take a positive vote of four or more to move the UGB in any locations. He didn't want to be in a position to assume that the UGB had expanded a certain amount and then have to either take land out or add land in so a yes vote might mean pro-expansion and sometimes a yes vote meant anti-expansion. He wanted it to be absolutely consistent. He was prepared to vote to move the UGB in several locations as evidence occurs. Each of the seven had a different way of looking at this decision process. He suggested that when we start the voting process, we start at one end of the region or another, start with the 90s and work counterclockwise. We have a discussion about each site, which includes whether Mr. Burton recommended or not and why. When we get to the end, we can look at whether they met the criteria and expanded the UGB to meet the numbers that we have agreed on. He would be adamant that a yes vote was to change the status quo.

Mr. Burton asked Mr. Cooper if there was any issue in findings. Dan Cooper said they have had that discussion before. Whatever process you went through, as Council went through the decision, they would have to have findings to justify the total package. Presiding Officer Hosticka said they had the alternative analysis on each site. Councilor Monroe said he would not vote to bring in land that was not defensible. Mr. Cooper said, if you start with a package and then you add in or delete, then it was a good idea that you state in the record your justification for bringing in an addition. Councilor Monroe said his suggestion was for committee work to craft the ordinance that would come before Council on December 5th. This also gave an opportunity whether or not the numbers matched up.

Councilor McLain said the top goal of all seven was that they had supportive findings. The second one was public understanding. We needed to make it simple for the council and the public to understand. She felt we could get there and still use Mr. Cooper's advise. If we were going to change the boundary we have to vote for it. There were pros and cons of the package versus piece by piece. Not everyone understood what the package was as that package had changed.

Councilor Park said 02-969 was the Executive Officer's August 1st recommendation. Councilor McLain said she understood that but not everyone did. The public didn't understand it. The pro was that you had the opportunity to amend something that had a general finding. The con was that you had a lot of misunderstanding about what the package was. She didn't think it was that much cleaner. They were using the work of the executive staff. Councilor Burkholder said what was important to him was when we were done what was going to be there. He found it difficult to go around the boundary. This did not add up to the sum of the whole for him. Councilor Bragdon said the advantage with starting with Mr. Burton's recommendation was that there was some coherence and overall vision to it. Doing it in a fragmented way duplicates what staff had done.

Presiding Officer Hosticka said the way it was structured was that we have study areas. In some cases they were looking at partial study areas and some cases they were looking at clusters of study areas. What

was the process that would allow them to look at areas, i.e., North Bethany? Councilor Monroe said it was who ever made the motion. They could make a motion to bring in a cluster.

Councilor Park said Councilor McLain said she wanted a recommendation from Mr. Burton that made sense. The recommendation needed to be based around centers. We were trying to build and enhance a center. He understood industrial pieces didn't always fall into that category. Presiding Officer Hosticka agreed with that as a strategy. Some of the pieces don't seem to make much sense.

Mr. Burton said that was the intent. We had to meet the requirements of law but we were also trying to meet the requirements of building centers. He reminded Council this was their process. He noted MPAC recommendations as an example of listening to the region about their needs. He felt Councilor McLain's point about not confusing the public was very important.

Councilor McLain said both Councilors Bragdon and Burkholder pointed out was they wanted findings to support the decision. She said they would have a detailed discussion no matter what the approach, site by site or a piece of the package.

Councilor Burkholder said it was beyond findings. It was the vision. Why were certain properties clustered? Councilor McLain said her motion would be similar to what the Executive Officer used as findings. She wanted to make sure her motions were defensible. Presiding Officer Hosticka said he would love to do vision without findings. Unfortunately, the law did not allow them to do that.

Councilor Park reminded Council about the exhibits in Ordinance No. 02-969. One of those exhibits was Mr. Burton's August 1st recommendation. Council would possibly be adjusting some of the numbers in the exhibits.

Councilor McLain said they had been given challenges with local jurisdiction. Some proposals went in the face of state law. These would be separated out and put into separate ordinances. Councilor Park talked about specific identified land uses such as Beaverton School District. Councilor McLain said they didn't want to be tied to any of them.

Councilor Monroe said in those seven hearings, they had reiterated to the public that no decisions had been made. To keep faith with that, if we start with a package that assumed we grow the boundary in the way that Mr. Burton had suggested, and subtract and delete from that, in essence, a decision had been made. Councilor Park said no decision had been made.

Councilor Monroe said the votes to expand the UGB should be positive. He thought the public would understand this. Those motions don't have to be individual numbers but could be clusters. Council was the one that had to make the decision. He wanted to see that vote taken in a positive way.

Councilor Bragdon said talking about the clustering made sense. He still had a concern about how the overall decision added up. Presiding Officer Hosticka said he had experience with crafting packages where they went through many versions. You can do it. It was an iterative process where you keep revisiting what you had done. Councilor Bragdon said he would hope we would look at an area not according to a tax lot line but in some coherent way. Councilor McLain said she supported the cluster idea. As far as the adjustments, you can quickly calculate the impact.

Councilor Bragdon expressed concern about getting four votes for one parcel but not for another which would render the first piece of property unserveable or unworkable.

Councilor McLain clarified how Councilor Monroe was going to approach it. Councilor Monroe said the motions needed to take contiguous cluster of properties together. Once you get all the way around the

region, then they could review what had been done and adjust accordingly. There was still a process and the ultimate vote in the process came on December 5th.

Presiding Officer Hosticka said he hoped Council was dedicated to taking the time that was needed to make the right decision. Councilor Monroe assured them that his suggestion would not lengthen the process. Presiding Officer Hosticka said at the end they might have to take time to go back around. Councilor Monroe said they might have to have the staff regurgitate what they had done.

3. EXECUTIVE OFFICER COMMUNICATIONS

There were none.

4. COUNCILOR COMMUNICATIONS

Councilor Burkholder asked the Budget and Finance Committee if they would be available next week for a meeting. Councilor McLain and Atherton said they would be available.

There being no further business to come before the Metro Council, Presiding Officer Hosticka adjourned the meeting at 1:23 p.m.

Prepared by

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER 5, 2002

ITEM #	TOPIC	DOCUMENT DATE	DOCUMENT DESCRIPTION.	DOCUMENT NUMBER
II	UGB EXPANSION	11/5/02	DISCUSSION REGARDING UGB EXPANSION FROM CARL HOSTICKA, PRESIDING OFFICER TO METRO COUNCIL	110502CE-01