

CITY OF SUTHERLIN
Regular City Council Meeting
Sutherlin Civic Auditorium
Monday, September 14, 2015 – 7:00pm

COUNCIL MEMBERS:

Tom Boggs, Frank Egbert, Wayne Luzier, Karen Meier, Forrest Stone, Wes Anderson

MAYOR: Todd McKnight

CITY STAFF: City Manager, Jerry Gillham

Acting Recorder & Community Development Specialist, Kristi Gilbert

Finance Director, Dan Wilson

Finance Advisor, Andy Parks

Community Development Director, Vicki Luther

Public Works Utility Superintendent, Brian Elliott

Chief of Police, Kirk Sanfilippo

City Attorney, Chad Jacobs (via Skype)

Audience: Joe Groussman, Bob Banducci, Robb Paul, Bertha Egbert, Pam & Denny Cameron, Jim & Beth Houseman, Pat & Bert Bales, Mike Meier, Floyd Van Sickle, Dyke Leonard, Tadd Held, Avery Hazzard, Justin Peterman, Jack Trowbridge, Troy & Jennifer Brevik, Anthony Harris, Travis Terry, Brian Burke Sr., Allison Green

Meeting called to order by Mayor McKnight at 7:00pm.

Flag Salute:

Roll Call: All present

Introduction of Media: None present

PUBLIC COMMENT (agenda items only)

- None

PRESENTATIONS

- **Wastewater Presentation Q & A**

City Finance Advisor, Andy Parks, presented a Wastewater Rate Analysis and Adjustments PowerPoint. This has been a year-long process and delayed in bringing back to Council due to timing on the \$18.262 million DEQ Loan, which is pending. City has now met all requirements, is currently in the public notice period finalizing the process. The goals and objectives during the analysis were to determine revenue and rates necessary in meeting financial requirements for funding operations, capital replacement and debt financing terms. Debt financing for the 2.62 million IFA loan has a 1.2% debt coverage ratio, the same will be required for the \$18.262 million DEQ loan.

The long range forecast for proposed wastewater rate of \$64.64 per household or EDU's (equivalent dwelling unit) and the Rate Equity Analysis were reviewed. Wastewater Rate Equity Group (WREG) has worked with A. Parks and Finance Director, Dan Wilson to evaluate and provide rate recommendations. A summarization of comparisons was provided for multi-family, single family residential and other major existing customer classifications. Recommendations are to combine all rates into three classifications: Residential, Multi-family Residential and Commercial/Industrial. The summary of WREG recommendations included customer classes, rate methodology and increasing rates incrementally to required amounts within a 5-year phase-in. CPI (Consumer Price Index) increases are included in the updated financial forecasts. A discussion was held regarding proposed rate changes for December 2015 – June 2021 time period.

Discussion:

- Councilor Stone – In regards to duplexes (multi-family) for example, if there is a “start out use” of 4,500 gallons for consumption during the summer months, has there been consideration for water used for irrigation that doesn’t go through the wastewater plant? *One of the points of discussion was to not negatively impact water consumption used for irrigation. The multi-family and the single family would be billed at flat rates, with no impact on consumption. Consumption for multifamily rates regarding winter averages was studied.*
- Councilor Anderson – Who is the largest user in the City? *One of the fast food businesses. High volume users are paying approximately thirteen cents to the dollar for the same usage as residential customers.* What would approximate bill be? *Some accounts will go from \$600 per year to \$5,300 per year in the final phase.* How did you arrive at the rate of \$3.73 to \$10.01 for commercial and industrial consumption? *The \$6.00 rate would be a proportional rate increase; however, we don’t want to go to the full equity rate right away, but rather phase it in. Commercial would need to be \$600 per month to be equitable to the single family dwelling.* How many commercial and industrial accounts are there? *Approximately 150, about 100 of those are smaller commercial/industrial accounts. They are working to bring the accounts back in line with single family rates. Currently rates being charged are far underneath what is and will be equitable.* Concerned with the marketability for business, industrial and commercial, and its impact when trying to entice growth to come to Sutherlin. How does the consumption rate compare to surrounding communities? *From a marketing standpoint, the current rates are extremely lower than surrounding areas.*

COUNCIL BUSINESS

- **League of Oregon Cities Voting Delegate**

Staff Report – City Manager, Jerry Gillham, explained Staff or Council was not planning to attend this year’s League of Oregon Cities Conference. However, due to the new development and available opportunities to seek support from the University of Oregon, we were asked to attend. The League of Oregon Cities requires a delegate for voting purposes. Generally the delegate is the highest elected position, which would be the Mayor.

MOTION made by Councilor Egbert to nominate Mayor McKnight as voting delegate for the 2015 League of Oregon Cities Conference; second by Councilor Boggs.

Discussion: None

In Favor: Councilor Meier, Anderson, Luzier, Stone, Egbert, Boggs and Mayor McKnight.

Opposed: None

Motion carried unanimously.

CONSENT AGENDA

- **August 24, 2015 Minutes – Regular Meeting**
- **August 24, 2015 Minutes – Workshop**

MOTION made by Councilor Boggs to approve Consent Agenda as presented; second by Councilor Meier.

Discussion: None

In Favor: Councilors Meier, Luzier, Stone, Egbert, Boggs, and Mayor McKnight

Opposed: None

Abstained: Councilor Anderson – Excused from last meeting.

Motion carried.

ACTION ITEMS/GENERAL BUSINESS

- **Resolution 2015.12 – Authorizing Jurisdictional Transfer for S. Comstock**

Staff Report – Community Development Director, Vicki Luther – This matter was brought before the Council at last meeting, a resolution is now being presented for consideration. Douglas County Public Works Director, Robb Paul, was present to answer questions.

MOTION made by Councilor Stone to approve Resolution 2015.12 – Authorizing Jurisdictional Transfer for S. Comstock; seconded by Councilor Luzier.

Discussion:

- Councilor Boggs asked to hear from Paul regarding the County’s commitment for completing N. Comstock. *Paul – County applied for additional funding (flex funds) from ODOT, who is still tallying up what is available. Plans for N. Comstock are completed, it’s now just a matter of funding. At this time there is no commitment from ODOT either way.*
- Are there any Safe Routes to School Grants available? *Not at this point, the Federal Government changed allocations and took most of the Safe Route to School funds and lumped them into other general construction funds, therefore, that category no longer exists.*
- When you say the design was complete, are you ready for bid documents? *Close, we stopped on N. Comstock at 90% complete with the full design. When the bid documents came out for both North and South Comstock it was for \$3.7 million. However, only had \$2.3 million from ODOT; the decision was made to only do S. Comstock. Approximately \$60,000 more is needed to complete plans and go out for bid for N. Comstock. Costs to complete N. Comstock would be about \$1.1 million.*
- Is a traffic light planned at that intersection [Comstock and Central]? *Not planning to do any work on Central. City would have to look at that later and probably bore under the road for installation of conduit.* Concerned with traffic and safety issues at that intersection.
- Regarding the \$1.1 million estimate, was that based on constructing the road on top of existing roadway or tearing out what is there? *Originally, it was to go down from existing pavement, cut it out and add a sidewalk. Due to issues involved will need to tear out the entire road.*
- Will sewer line need to be lowered? *According to the estimates, no utility work is required, will be similar to S. Comstock project.*

In Favor: Councilor Meier, Anderson, Luzier, Stone and Mayor McKnight.

Opposed: Councilors Egbert and Boggs.

Motion carried.

- **Resolution 2015.14 – Fee Schedule**

Staff Report – Finance Director, Dan Wilson – This resolution is two-fold.

- To implement the rate structure to meet all debt coverage requirements for the sewer plant over a five-year period.
- Council requested both water (increased by CPI) and sewer increases be brought back at the same time for decision.

Discussion:

- Are these automatically increased by CPI rates after the five years? *Not automatically, would need to revisit it then after five years.*
- Why raise rates, City collected 4.2% more revenue than anticipated? *That was largely due to the dry weather and usage, only partially from CPI increase.* Revenue was \$108,000 over income, why raise the rates, just because you can? *It’s not a matter of raising rates because we can, but rather implementing them to stay with the CPI. If City fails to do so may lose the ability to raise the rates. Charter gives Council the right to raise rates annually. Recommendation is to provide one notification to the public, therefore raising both sewer and water rates at the same time.*
- How much money has the CPI increase generated? *Wilson – Previously sent that information to Council, unable to remember exact amount, believe it was around \$20,000 to \$30,000.*
- What would City do with the revenue? Put it away for the Water Treatment Plant replacement in 30 years? *That is part of it; it’s also for cost increases for just running the plants.* For the last 40 years, nothing has been done to prepare for the future. Would like to know if the monies generated now will be saved for the replacement of the next plant. *As much as possible, Council will be able to revisit each year during the budget process.*

Parks – The reason for the major increases now is historically rates have not been raised, therefore, ultimately having to catch up.

- Concerned that money put away now may be changed by the next Council. What if City took part of the overage to pay down the debt? ***Parks – That becomes a fiscal policy decision, something visited about a year ago. If you have high debt and high interest rates on that debt, it would make great sense to pay it down. However, if you have interest rates like you are going to get on this sewer financing, which is under 2%, would rather be saving the money in an account where the interest rates will be above 2%, therefore earning more than what you’re paying on interest. Need to be thinking strategically, as well as establishing policy providing guidance to Staff.***
- Concerned another Council could spend the money, at least we’ll know that money is being put where it belongs. ***In your opinion that’s putting the money where it belongs.*** That’s just past history. ***Just suggesting it may be more important to put money into some capital outlay, and actually repair the system so as not to borrow at higher rates, then having to raise it even more. Need a financial plan and revisit on a year to year basis, look at this on a longer term horizon.***
- Are both increases tied to this resolution, is it possible to separate them and vote on one? ***You can do that, can amend the resolution.***

MOTION made by Councilor Luzier to approve Resolution 2015.14 – Fee Schedule, to reflect sewer increase only; second by Councilor Meier.

Discussion: Water increase to be discussed at a later date.

Parks – If Council does not raise the water rates by the end of this calendar year, will potentially lose the opportunity for increased revenue of 1.3%.

Councilor Boggs – Confirming approval of this resolution as proposed will not affect the DEQ loan in process. ***That is correct.***

Councilor Anderson – Concerned with proposed sewer rate based on \$10 [per 1,000 gallons consumption rate] for 2020, Council is voting on that entire rate structure for years to come.

City Manager, Jerry Gillham, confirmed if that rate is adjusted (decreased) then an increase would need to be made to the residential accounts as part of the rate equity structure. ***That is correct.***

Parks – The resolution itself is in place to satisfy DEQ’s requirement for financing, generating needed revenue to pay for the debt. Suggest annually revisiting this issue to determine if these rates need to be adjusted.

In Favor: Councilors Meier, Luzier, Stone, Boggs, and Mayor McKnight

Opposed: Councilors Anderson and Egbert.

Motion carried.

REPORTS

- None

CITY MANAGER UPDATE

- City Manager reported they have come up with a mechanism for funding a Toddler Playground and will be presenting a proposal at next Council meeting. Looking at possible grant or loan with a payback system for the project.

Councilor Stone, asking Douglas County’s, Robb Paul how River Forks Park was able provide for its new special needs playground. ***That was provided through a Roseburg Rotary Club fundraiser who purchased all of the equipment. County did not have funds for the project. Local Job Corp did concrete work and retired local contractors provided “lay-out” work.*** What was the cost of that project? ***Unsure, believe it was between \$300,000 and \$400,000.***

CITY COUNCIL COMMENTS

Councilor Anderson –

- Would like clarification regarding mention in recent weekly report regarding the golf course and its utility infrastructure, are they planning to increase or upgrade it? ***They have a potential buyer and have asked Staff for information regarding the water system and rates. Public Works Utilities Superintendent, Brian Elliott, and I have met with the General Manager and potential buyer [representative]; however, do not know who buyer is at this time.***

Councilor Luzier –

- None

Councilor Stone –

- Is there a program available for hiring subs to repair pot holes, possibly during next budget year? Pot hole located at railroad tracks on Central Avenue is in need of repair. Even though roads are ODOT's, would like City to possibly patch them. Need to have a maintenance plan. ***Can do cold patching that way, however for hot patching need to have asphalt available. Will check into it.***

Councilor Egbert –

- None

Councilor Boggs –

- Recently visited the community of Wenatchee, Washington who has very visible flashing lights on their stop signs and powered by solar energy. Concerned with increase in people running stop signs particularly at State and Everett St. ***Will check into that.*** Additionally, would like to note radar signs that are available at Radarsign.com, which are solar powered, as well.

Councilor Meier –

- Does developer Bruce Brunette have anything available for Council to see that he has built? ***Will make that available, he has built around 80 or so water parks on the west coast.*** Is Lion's Head Development involved also? ***Yes, that is his company, however he has created a company just for this project called Oregon Only, LLC.*** The only thing I find regarding Lion's Head Development is all the principals are involved in racing. ***Yes, the owners involved are NASCAR executives.***
- Was going to have communications between the Council members included on an agenda, can this be added for next meeting?

Mayor McKnight – Yes, can add that to the next agenda.

Mayor McKnight –

- None

PUBLIC COMMENT –

- Bob Banducci – Provided Council with an update regarding DEQ permit for water use rights agreement on the Crouch property. Have been waiting on person working on water system and expansion plans.

Councilor Anderson – What are your plans for the re-use water? ***Planning to irrigate pasture land. DEQ would have a problem regarding run-off if irrigating a hillside.***

Mayor McKnight – Do you have to have a pond? ***No, my agreement says City will provide pressure, there is no mention of a pond.***

Councilor Stone – Normally you would have pressure, but need a retaining pond to pump into and out of since there is not constant water coming out of the sewer plant. ***Am told there is a system available to do that, but not planning to add holding ponds.*** Don't feel the community should have to provide you with free water and pay for pumps, it wouldn't be fair. ***Don't care what is fair, have an agreement and recorded deed that was approved by Council years ago. I would pay for the electricity that would be supplied to the pump, which is what the agreement says. Curious, where does that effluent water go now?*** Right now City has a permit, it mostly goes to the golf course. I have a picture of where it goes if you would like to see it.

Mayor McKnight – First of all, you can make a short presentation, but if you want to get in depth, it needs to be on the agenda.

McKnight referred to City Attorney, Chad Jacobs for comment.

Jacobs – At this point there is not much City can do, as part of this process Mr. Banducci needs to work with the state and continue to work with DEQ. This is a highly regulated process. After which, City

would need to enter into a contractual agreement with Banducci regarding application of the water and how it would be implemented. At this point in time, would not advise putting this on the agenda.

- Resident, Mike Meier – Voiced opinion regarding a personnel matter and resignation of Assistant Fire Chief.

ADJOURNMENT –

With no further business meeting adjourned at 8:12pm.

Announcement –

Mayor McKnight announced a 5-minute break before going into Executive Session. ORS 192.660(2) (f) – Exempt Public Records, to consider information of records exempt by law from public inspection and if needed ORS 192.660(2) (b) – Discipline of Public Officers and Employees, to consider the dismissal or disciplining of a public officer, employee, staff member or individual agent, or hear complaints or charges brought against such a person, if that person does not request an open hearing.

Executive Session called to order at 8:17pm.

Executive Session – ORS 192.660(2) (f) – Exempt Public Records and ORS 192.660(2) (b) – Discipline of Public Officers and Employees.

ORS 192.660 (2) (b) – Discipline of Public Officers and Employees was not discussed.

Executive Session adjourned at 8:43pm.

Regular session reconvened at 8:45 p.m. and with no further business, adjourned at 8:45 p.m.

Approved: *Jerry Gillham*
Jerry Gillham, City Manager

Respectfully submitted,

Diane Harris
Diane Harris, Deputy City Recorder

Todd McKnight
Todd McKnight, Mayor

APPROVED BY CITY COUNCIL SEPTEMBER 28, 2015