

MINUTES OF THE REEDSPORT CITY COUNCIL REGULAR SESSION DECEMBER 2, 2013  
7:00 P.M. CITY HALL COUNCIL CHAMBERS.

PRESENT: Mayor, Keith Tymchuk  
Councilors Frank Barth, DeeDee Murphy, Linda McCollum, Kathi Wall-Meyer and Debby Turner (Diane Essig was absent)  
City Manager, Jonathan Wright  
City Attorney, Steve Miller

OTHERS PRESENT: Vera Koch, Deanna Schafer, Sergeant Tom Beck (Interim Police Chief), Debbie McKinney, Deborah Yates, Lee Bridge, Ed Armstrong, Phyllis Waggoner, Signe Grimstead, Larry Meyer, Steve Lindsley (Umpqua Post)

CALL TO ORDER/PLEDGE OF ALLEGIANCE

1. CITIZEN COMMENTS

*This time is reserved for citizens to comment on items that are not on the Agenda. Maximum of five minutes per item, please.*

Mr. Larry Meyers spoke on behalf of an organization called Oath Keepers. He requested that the Council give agenda time because Americans are not well informed on the local and global level. He said that the organization is very well known on the East Coast but are just becoming a presence on the West Coast.

2. PRESENTATIONS, PROCLAMATIONS, AWARDS

A. Auditors Report 2012/2013 Fiscal year.

Signe Grimstead of Grimstead and Associates, the City auditor of record, presented the annual audit report. She stated that she is presenting a clean audit opinion and that cash holdings have increased in the most recently audited budget. She said that the wastewater rate increase has helped the cash flows and put the City in a stronger position. This audit does not have any issues that stand out and is pretty straight forward.

3. APPROVAL OF THE AGENDA

Councilor Kathi Wall-Meyer motioned to approve the agenda.

Councilor Debby Turner seconded the motion.

MOTION:

that the City Council approve the agenda.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

4. PUBLIC HEARINGS

None

5. CONSENT AGENDA

*Routine items of business that require a vote but are not expected to require discussion by the Council are placed on the Consent Calendar and voted upon as one item. In the event that a Councilor or citizen requests that an item be discussed, it will be removed from the Consent Calendar and placed under General Business.*

- A. Approve minutes of the work session of November 4, 2013.
- B. Approve minutes of the regular session of November 4, 2013.
- C. Motion to approve the Consent Calendar.

Councilor Linda McCollum motioned to approve the agenda.

Councilor Frank Barth seconded the motion.

MOTION:

that the City Council approve the agenda.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

6. GENERAL BUSINESS

- A. Shall the City Council authorize the expenditure of surplus funds, from the 16<sup>th</sup> Street waterline project, to begin the Highland/Gardens waterline replacement project?

Public Works Director Joel Smith said that the 2013/14 budgeted amount for replacement of the 16<sup>th</sup> Street waterline is \$500,000. To date \$223,337.78 has been expended. Outstanding invoices are \$11, 695.56 (Retainage) and \$1,247.85 (Compaction Testing) for a total project

cost of \$ 236,281.59. During construction staff found ways to work with the Contractor, Cradar Enterprises Inc., to revise the design which resulted in Change Orders totaling (\$13,406.86) which lowered the Contractor's bid price from \$247,316.00 to \$233,911.14.

At the September Council meeting, the Council directed Staff to prepare plans for the Highland/Gardens project. At this time we are ready to order materials and begin work on the project. The work will be completed as staff time and weather allow. All efforts will be made to reduce impacts on traffic in the affected area. We are looking forward to a completion date of June 1, 2014.

Waterline Capital Improvement Budget	\$ 500,000.00
16 <sup>TH</sup> Street Waterline Contract Amount	<u>(236,000.00)</u>
Subtotal	\$ 214,000.00
Estimated Cost for Highlands Improvement Project	<u>(128,250.00)</u>
Remaining Budget Surplus	\$ 85,750.00

Councilor Frank Barth motioned to authorize Staff to begin the Highlands/Gardens waterline project and expend the surplus funds from the 16<sup>th</sup> Street project.

Councilor DeeDee Murphy seconded the motion.

MOTION:

that the City Council authorize Staff to begin the Highlands/Gardens waterline project and expend the surplus funds from the 16<sup>th</sup> Street project.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

- B. Shall the City Council authorize the installation of water meters at the cost of the meter during construction of the new water line in the Highland/Gardens area?

Public Works Director Joel Smith said that it would be to the City's benefit to encourage the installation of water meters for all services. Metered systems have grant funding advantages for waterline improvement projects. The current City policy is that the Water Department will install water meters for the cost of the meter and the labor required. Labor costs vary depending on the depth of the existing service, and its location.

The proposed work program for the Highland/Gardens project is to replace the mainline and service lines. Service connection to the new line will be made after sections of the main are pressure tested and chlorinated. This would be the most cost effective time to install meters for each service as there would be minimal labor costs. As an incentive for residents to volunteer in

the meter installation project, Staff proposes to install the meters for the volunteering residents for only the cost of purchasing the meter (about \$170). Council has approved this action on past projects.

As a further incentive to encourage volunteering for this program Staff further recommends that a flat rate is established for meter installation. This rate would be established at a figure slightly higher than the average installation cost for the past year. Residents who opt out of the volunteer program would be charged the flat rate for future installation. If approved, Resolution will be presented to Council at the January meeting establishing the fee.

The impact of having a totally metered water system would be an increased ability to qualify for future water related grant programs. Immediate impact would be a minimal labor cost increase for the Highland/Gardens Water Line project

Mayor Keith Tymchuk said that his only concern would be the people that have already paid to have the meter installed on a time and material basis.

Councilor Kathi Wall-Meyer motioned to direct Staff to proceed with the proposed meter installation in the Highland/Gardens project and establish a flat rate for future meter installation.

Councilor Debby McCollum seconded the motion.

MOTION:

that the City Council direct Staff to proceed with the proposed meter installation in the Highland/Gardens project and establish a flat rate for future meter installation.

VOTE:

AYES         6                              NAYES         0        

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

- C. Shall the City Council adopt a Resolution amending the City of Reedsport Personnel Rules and Regulations with regards to health insurance and assign 2013-017 as the title?

Finance Director Vera Koch said that the health insurance program for exempt and confidential employees has been carried by City County Insurance Services (CIS) as part of the Employee Benefits Services (EBS) Trust since August 1, 1976.

In January 2009, the health insurance plan was modified to High deductible Health Plan with a Health Savings Account Plan 2 (HSA) replacing Plan V-A-PPP in order to realize savings in health care premiums. The change of plans was established by Resolution 2008-016 at the September 8, 2008 Council meeting. HDHP HSA Plan 2 continues with the yearly deductible of \$2,500 for employee only and \$4,000 deductible for employee plus family.

Total cost of premiums which include medical insurance, dental and vision are about 40% less than the previous medical insurance plan covering exempt staff. Staff continues to pay 10% of the premiums as adopted by Council in June 2008. The City's portion remains at 90% of premiums and fully paid contributions of the deductible amount of \$2,500 for employee only coverage and \$4,000 for employee plus family coverage. As agreed the deductible is placed in a HSA bank account for each employee which becomes their account to manage. As previously agreed, the City will make ½ deductible payments to the HSA employee bank accounts in July 1<sup>st</sup> and in January 1<sup>st</sup> of each year. A savings to the City for the next fiscal year is estimated to be \$26,000 with the HSA 2 medical plan, vision and dental plans in place compared to previous insurance plan.

The resolution includes language adopted last year regarding domestic partner insurance. CIS requires the City have an established policy offering or declining insurance coverage for the domestic partner of a city employee. Council has adopted the policy all domestic partners are covered by health insurance.

The resolution also includes the employee opt out provision for employees who wish to opt out of medical and vision insurance which is allowable if CIS has a 75% employee enrollment. This option provides eligible city employees who elect to opt out of medical coverage to be paid \$50 in lieu of medical benefits. The employee is still required to have at least the employee enrolled in dental coverage through CIS. To be eligible for the cash in lieu reimbursement, an employee must have medical coverage through another plan. If the employee does not have medical coverage, no payment will be made in lieu of the medical benefits and a waiver of coverage needs to be submitted.

The adoption of mandatory insurance policy in Oregon and at the national level is creating a new playing field for insurance carriers. CIS is actively compiling to the regulation changes and restrictions. Calendar year 2014 is a grace period and CIS has advised groups under their plans to continue with current insurance plans until the mandatory insurance is fully operational.

Continuing the current HSA2 medical plan, dental and vision plans a savings of an estimated \$23,000 for eligible city staff health insurance is anticipated when compared to the previous health coverage costs.

Councilor DeeDee Murphy motioned to adopt a Resolution revising Section 42 of the City of Reedsport Personnel Rules and Regulations and assign Resolution number 2013-017 as the title

Councilor Kathi Wall-Meyer seconded the motion.

MOTION:

that the City Council adopt a Resolution revising Section 42 of the City of Reedsport Personnel Rules and Regulations and assign Resolution number 2013-017 as the title

VOTE:

AYES         6                              NAYES         0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

- D. Shall the City Council adopt an ordinance to extend the suspension of utilities system development charges (SDCs), not to include SDCs assessed as part of a public project, and assign 2013-1128 as the title?

City Manager Jonathan Wright said that on December 5, 2011, the City Council adopted Ordinance No. 2011-1111 suspending SDCs for one year. The purpose of the suspension was two prong; 1) to assess potential changes to Section 3.20 of the City's Municipal Code; and, 2) provide incentive to promote investment in Reedsport. As of yet, no changes have been made to Section 3.20 and the justification for providing economic incentive still apply today just as it did in 2011. Therefore, Staff has drafted an ordinance which will extend the moratorium of SDCs for one more year thereby allowing Staff additional time to research and clarify provisions of Section 3.20, and recommend amendments if necessary, and continue providing an economic incentive for development, not to include SDCs not assessed as part of a public project.

The current fiscal budget anticipated no new SDCs due to the moratoria. Therefore, if Council adopts the proposed ordinance, no loss of anticipated revenue from SDCs would occur. Council agreed that the moratorium can't go on forever but is still needed at this time. The waiver will be revisited on July 7<sup>th</sup>, 2014 at the City Council meeting.

Councilor Frank Barth motioned to adopt ordinance 2013-1128 suspending collection of utilities SDCs, not to include SDCs assessed as part of a public project.

Councilor Linda McCollum seconded the motion.

**MOTION:**

that the City Council adopt ordinance 2013-1128 suspending collection of utilities SDCs, not to include SDCs assessed as part of a public project.

**VOTE:**

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

- E. Shall the City Council adopt a Resolution authorizing an Employee Savings account at the First Community Credit Union and assign 2013-018 as the title?

Finance Director Vera Koch said that the City Employee Recognition Committee would like to establish a savings bank account at the First Community Credit Union. The creation of the

account would allow City employees the option to have after tax deductions withheld from their paychecks. The deductions will be voluntary and include but not limited to projects such as Christmas fund, coffee fund, flower & card donation fund and Tree of Giving. The employees find it is easier to have deductions withheld per each pay period to contribute for community projects as well as employee projects.

A resolution is required for a banking company to open an account under the name of an organization. The Recognition Committee will choose two employees to sign checks and be accountable for the funds withheld and paid out as needed.

There is no fiscal impact to the City of Reedsport as all monies deposited will be voluntarily withheld after taxes from employee paychecks.

Councilor Debby Turner motioned to adopt a Resolution establishing an Employee Recognition Bank Account at the First Community Credit Union and assign 2013-018 as the title.

Councilor DeeDee Murphy seconded the motion.

MOTION:

that the City Council adopt a Resolution establishing an Employee Recognition Bank Account at the First Community Credit Union and assign 2013-018 as the title.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

F. Shall the City Council authorize the purchase of a financial software package upgrade?

Finance Director Vera Koch said that changes in the computer technology world and staff reduction are driving the upgrade of the City's financial software package and computer system. The last financial software upgrade was completed in 2008 and an upgrade is scheduled for fiscal year 2014-2015 in the Capital Improvement Plan (page 1-3).

While reviewing the software needs of the City and researching the upgrades available from Springbrook Software Company which is the provider of the City's software package, Springbrook has offered a zero percent three year repayment plan for the software upgrade purchase/training cost. To take advantage of the zero percent purchase offer, the contract must be signed by end of December 2013. The total software conversion contract cost is quoted at \$49,890. 10% of the contract cost will be due during the current 2013-2014 fiscal year. The contract will upgrade the modules which the City is currently using: Accounts Payable, Bank Reconciliation, Cash Receipts, Purchase Orders, Fixed Assets, General Ledger, Payroll and Utility Billing as well as adding new modules for Permits and Business Licenses, Building

Permits and the GIS interface. The software company has guaranteed they will be supporting this software version for the next 10 years.

An economy of staff time is a major driving force for purchasing the upgrade. The loss of the contract planning position and the re-assignment of those duties to the Utility Billing Clerk position makes the purchase of the utility software and addition of the “planning” modules of great necessity. Staff does not see the possibility of hiring a person dedicated to only the planning duties in the near future.

Utility Clerk/ Planning Assistant’s job description includes: the management and monthly billing of the water, wastewater, and stormwater utility records; Business License Program, Building, Electrical and Plumbing Permit Program; and the entire complexity of Planning Program. This position also serves as a backup for customer service at the front counter and telephones. To help make the transition of incorporating the planning duties to this position, it has become apparent that additional software modules need to be utilized for the planning and permit portion of the position as well as making the utility software and City procedures as time efficient as possible.

On the utility portion of the job, the Utility Clerk spends 40% of the month managing utility records, including the monthly billing & mailing, account changes, address updates, meter reading/downloading, work orders, shut offs, etc. In addition, the Utility Clerk estimates that she spends 15% of her time addressing customer inquiries be it over the phone or at the counter.

Some of the highlights of the utilities upgraded software include allowing the customer to:

- Receive monthly billings via email,
- Pay online directly to their utility account,
- Go online and view their utility account in real time,
- Pay online with a credit card payment if the City chooses to accept that method of payment.

These improvements will result in a savings of staff time on the telephone and at the counter while providing additional service to the customers, and eventually future postage and printing savings. Furthermore, staff processes “bill pays” manually. The new web payments module for utilities will reduce not only that margin for error when entering those payments, but the time it takes to process mail on a daily basis. Also, revised billings could be viewed online, instead of mailing out an adjusted statement.

The purchase of the “planning” modules will allow better utilization of the time allotted for those duties. The tracking of building permits, business licenses, planning & land use applications, and utility billing currently are managed as separate items with no correlation between them or the lot, as identified in the utility billing system. The GIS interface will tie all permits (building, electrical, garage sale, and vacant buildings), licenses, and utility information to a lot, on a map, and provide the zoning & overlays, as well as, any conditions or restrictions imposed on a lot. This will create a significant reduction in research time, plus greater efficiency.

In general, all of the staff whose positions require the use of the financial software will benefit from the upgrades due to built in processes and procedures for making the computer response time run faster with greater efficiency.

Another factor for the need to upgrade is due to Springbrook no longer updates the software version the City currently uses. This means any glitches that have appeared or problems encountered during a process are not being addressed by the software company unless the city pays an hourly rate for a custom solution. While Springbrook has not set a specific date of which they will no longer respond to custom work orders, they have notified us it will happen in the next couple of years.

If purchased, the install of the software will be scheduled for the fall or winter of 2014. A portion of the cost for upgrading the computer equipment and operating system will be included in the next fiscal year budget as well as the following fiscal year.

The cost will be split between General Fund, Water Utility and Wastewater Utility funds. The 10% down payment of approximately \$5,000 will be paid from budgeted funds during this fiscal year. This will require careful monitoring of network and computer expenditure in the three funds. The remainder of the cost will be spread out for the next 2 years in the General Capital Improvement, Water Utility and Wastewater Funds.

Councilor Kathi Wall-Meyer motioned to approve the purchase of Springbrook financial software Version 7 as presented and authorize the City Manager to sign on behalf of the Council.

Councilor Debby Turner seconded the motion.

MOTION:

that the City Council approve the purchase of Springbrook financial software Version 7 as presented and authorize the City Manager to sign on behalf of the Council.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

- G. Shall the City Council direct the City Manager on how to proceed concerning Clean Water State Revolving Fund longer-term financing?

City Manager Jonathan Wright said that in 2011, the City of Reedsport began repayment on a loan 20 year SRF loan from the Department of Environmental Quality (DEQ). The loan was used for the construction of the City's new wastewater treatment facility. Recent rulemaking has afforded the City an opportunity to extend the terms of its current debt obligation; potentially allowing the City to suspend future wastewater rate increases indefinitely.

According to a recent conversation with the DEQ loan specialist, the EPA language "debt obligation" will not allow the DEQ to use the Clean Water Act funds as a loan if the repayment period is greater than 20 years; therefore, they have formed a new type of debt obligation in the

form of a revenue bond. If the City opted to participate, a bond sale would be required; however, the bond sale will not go to the "open market" as DEQ will purchase it as a single bond. In order to opt into the Program the City must, within 90 days from the end of the rulemaking period (estimated to be from February 1, 2014 to May 1, 2014), notify DEQ of our intent to participate. Once accepted, the City must hire a bond counsel attorney to process the bond sale.

As the rule is currently written, Reedsport would qualify for a "No Interest Premium" interest rate. The Bond interest rate will not be locked until the bond is signed and completed. The interest rate could increase or decrease from the current rate of 1.89%. The City will continue to pay the debt finance fee of 0.5% in addition to the bond percentage. The City's current loan will not be retired until the bond sale is completed.

The term of debt cannot exceed 30 years; therefore, Reedsport will be eligible for new debt obligation of 30 years minus the number of years current loan has been paid. December 1, 2011 was the City's first payment. This leaves approximately 27 years to pay off the debt through the bond. City must still maintain a reserve but it can be reduced according yearly debt due. At time of bond sale completion, DEQ will notify City of reserve amount. A resolution must be passed by City Council for the bond sale.

The City's current interest rate is 3.5%. With the extended term of the loan and at a lower interest rate, the City's annual payments will be significantly lower than the current annual payment. Actual annual savings will not be known until the end of the bond sale.

Councilor Frank Barth motioned to authorize the City Manager to submit the notification to DEQ of the City's intent to participate in the loan extension process.

Councilor DeeDee McCollum seconded the motion.

MOTION:

that the City Council authorize the City Manager to submit the notification to DEQ of the City's intent to participate in the loan extension process.

VOTE:

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

H. Shall the City Council enter into a 15 year lease with Oregon Department of State Lands for submersed and submersible land on Schofield Creek?

In 2004 the City of Reedsport entered into a 10 year lease (15773-ML(863)) with Oregon Department of State Lands (DSL) and a sub-lease with D. Todd Hannah for an area occupied by a float house on the Schofield Creek. Mr. Hannah occupies the float house and attached dock structure several months a year and operates a fishing guide service out of the leased

area. All costs associated with the permit are passed through to Mr. Hannah including a 10% surcharge for handling the administration of the lease. To date the lease is in good standing and there have not been any complaints or concerns.

In June the City was contacted by DSL that the lease is expiring at the end of the year and enquired as to whether the City wishes to enter into a new lease for a term of 15 years. Mr. Hannah was notified and a new sub-lease was drafted. Mr. Hannah paid the fee associated with the new sub-lease and the City has paid an application fee for the lease extension with DSL. Staff felt that this cost should not be borne by Mr. Hannah because if he were to discontinue use of the structure the City would still control the lease should a new tenant occupy the area or a new use be initiated.

The leased area does not include any parking or use of the land ward side of the structure and Mr. Hannah has been aware that this is a separate issue that will have to be addressed along with the levee certification process in the near future.

A lease was applied for and approved by DSL. Very little has changed in the new lease verbiage from the original lease. Mr. Hannah is required to carry insurance coverage as specified in the lease and keep a log any potentially hazardous chemicals stored at the site.

There is no fiscal impact anticipated, costs associated are passed to the sub-lessee.

Councilor Linda McCollum motioned to authorize the City of Reedsport to enter into a lease with Oregon Department of State lands for submersed and submersible land on Schofield Creek.

Councilor Frank Barth seconded the motion.

**MOTION:**

that the City Council authorize the City of Reedsport to enter into a lease with Oregon Department of State lands for submersed and submersible land on Schofield Creek.

**VOTE:**

AYES 6 NAYES 0

(Mayor Keith Tymchuk, Councilors Barth, Murphy, Turner, McCollum, and Wall-Meyer voted in favor of the motion.)

Mayor Tymchuk declared the motion passed unanimously.

**7. MISCELLANEOUS ITEMS**  
*(Mayor, Councilors, City Manager, City Attorney)*

Councilor Frank Barth said that he and others have noticed an increase in trash being distributed on side roads around the area. He said that he thinks this is a direct response from Douglas County changing their hours of operation at the Douglas County Landfill. He would like to have the Douglas County Landfill change their hours back.

City Manager Jonathan Wright said that he would write a letter requesting the on behalf of the City.

He also said that Councilor Barth had successfully written a grant from the Douglas County Art Coalition to have a chainsaw carving commissioned to replace a rotten sculpture located at the corner of Highway 38 and Winchester Ave.

Mayor Keith Tymchuk announced that a Christmas in July fundraiser at the Eagles lodge raised over \$5000 for the cause.

8. EXECUTIVE SESSION OF THE REEDSPORT CITY COUNCIL, DECEMBER 2, 2013  
CITY HALL CONFERENCE ROOM.

PRESENT: Mayor Keith Tymchuk, Councilors Frank Barth, DeeDee Murphy, Linda McCollum, Kathi Wall-Meyer and Debby Turner

City Manager Jonathan Wright

Attorney Steve Miller

OTHERS PRESENT: Vera Koch, Tom Beck, Deanna Schafer

Pursuant to ORS 192.660(2)(h) To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Pursuant to ORS 192.660(2)(h) To evaluate the performance of the Chief executive officer of the public body, who does not request an open hearing.

Pursuant to ORS 192.660(2)(e) To conduct deliberation with persons designated by the governing body to negotiate real property transactions.

9. ADJOURN

\_\_\_\_\_  
Mayor Keith Tymchuk

ATTEST:

\_\_\_\_\_  
Deanna Schafer, City Recorder