

MINUTES OF THE REEDSPORT CITY COUNCIL REGULAR SESSION DECEMBER 1, 2014 7:00 P.M. CITY HALL COUNCIL CHAMBERS

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

OTHERS PRESENT: Vera Koch, Deanna Schafer, John Stokes, Debbie McKinney, Chief Duane Wisehart, Tom Gibbons, Dennis Swartz, Lee Bridge, Allen Teitzel, Leslee Callier, Rich Patten, Joanne Patten, Ed O'Carroll,

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. Tom Gibbons of Winchester Bay, Oregon said that he has rented 465 Fir Ave. and would like to establish a Medical Marijuana Facility there. He explained the process of obtaining a license from the State of Oregon and offered to review the 29 page application. He explained that there is a large amount of security required for the business including video cameras and a guard presence. He is asking the Council to direct staff to rescind the current Medical Marijuana Facility moratorium so that he can process his application.

Mr. Dennis Swartz stated his opinion on how he is not treated fairly.

Mr. Bill Husko stated that he thinks that the City has made errors in the disclosure of how much the Wastewater Treatment plant cost to build and that the owner of River Bend was given an unfair settlement by the City for errors in billing.

2. PRESENTATIONS, PROCLAMATIONS, AWARDS

- A. Proclamation of election results, November 4th, 2014, present certificates of election.

Mayor Keith Tymchuk read a proclamation of the election results from for November 4<sup>th</sup>, 2014 and presented certificates of election to Rich Patten, Diane Essig and Linda McCollum.

B. Auditors Report 2013/2014 Fiscal year.

Signe Grimstead of Grimstead and Associates gave a brief report on the official audit of the 2013/2014 fiscal year. She stressed that she is seeing improvement and does not note any discrepancies.

3. APPROVAL OF THE AGENDA

Councilor Diane Essig motioned to approve the Agenda as amended.

Councilor Kathi Wall-Meyer seconded the motion.

MOTION:

that the City Council approve the Agenda as amended.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith 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 3, 2014.
- B. Approve minutes of the regular session of November 3, 2014.
- C. Approve minutes of the special session of November 17, 2014.
- D. Motion to approve the Consent Calendar.

Councilor Linda McCollum motioned to approve the Consent Agenda.

Councilor DeeDee Murphy seconded the motion.

MOTION:

that the City Council approve the Consent Agenda.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith Tymchuk declared the motion passed unanimously.

6. GENERAL BUSINESS

Mayor Keith Tymchuk said that he wanted to thank the City crew who responded to the waterline breaks this past Holiday weekend.

City Manager Jonathan Wright thanked Public Works Director John Stokes for stepping in and taking charge.

- A. 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 2014-1138 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 to provide incentive to promote investment in Reedsport. Since the 2011 Ordinance Council has extended the moratoria each year in the hope of enticing new development. This year's moratoria is set to expire at the end of December should the Council not pass another Ordinance extending the moratoria once again.

While there was a slight increase in new housing development last year no major developments have come about as a result of the moratoria. Staff believes that a continuation of the suspension is warranted to keep incentives available for new industry that may be looking to locate here in Reedsport and to continue to encourage new housing development, especially with the levee certification issue hanging over the community. A draft ordinance extending the moratoria for an additional year is attached for Council's consideration. This ordinance includes a provision for Council reevaluation after six months should development trends change substantially between now and then.

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.

Councilor Debbie Turner motioned to adopt ordinance 2014-1138 suspending collection of utilities SDCs, not to include SDCs assessed as part of a public project.

Councilor DeeDee Murphy seconded the motion.

MOTION:

that the City Council adopt ordinance 2014-1138 suspending collection of utilities SDCs, not to include SDCs assessed as part of a public project.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith Tymchuk declared the motion passed unanimously.

- B. Shall the City Council adopt Resolution 2014-020 amending its contact with the Gardiner Sanitary District?

City Manager Jonathan Wright said that the City of Reedsport and the previous Gardiner Sanitary (GSD) Board (recently recalled) agreed to a new 10 year contract for service. This agreement was based on that Boards desire to go north and use the IP sewer lagoon to process their effluent.

The new Board sees itself staying with Reedsport for perpetuity. This will be further reinforced by the 2.5 Million in grants the Board received to strengthen the District's connection to the City. However, the new Board is facing significant financial challenges based on the previous Boards desire for anonymity from Reedsport and has asked the City for assistance.

The current agreement provides a term of 10 years without opportunity for a reduction of debt payment based on the term being abridged compared the City's debt repayment on the loan. The new board proposes to extend the term to 25 years so long as they can be included in the City's refinance of the DEQ loan. The redline of the amended agreement was attached.

While the result of the new contract will reduce revenues received from the District, this loss will be offset by the proportionate decrease in debt payments based in the

refinance. Over time the City will actually recapture more the debt owed Reedsport by extending the contract.

Councilor Linda McCollum motioned to adopt Resolution No. 2014-020 thereby amending the City's agreement with GSD.

Councilor Debbie Turner seconded the motion.

MOTION:

that the City Council adopt Resolution No. 2014-020 thereby amending the City's agreement with GSD.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith Tymchuk declared the motion passed unanimously.

C. Shall the City Council adopt Resolution 2014-021 authorizing Supplemental Budget and Budget Revision for Fiscal Year 2014 / 2015?

Finance Director Vera Koch said that a Resolution has been drafted which provides for unforeseen changes in the form of a Supplemental Budget and budget revisions for fiscal year budget of 2014 / 2015.

**The following information is provided regarding the recommended adjustments. These adjustments were not known at the time of adopting the FY 2014 / 2015 budget. None of the recommended adjustments increase the property tax levy.**

This budget adjustment affects pages 51, 52, 73, 97,125,137, 153, 154, 171 and 187of the current Adopted Budget for Fiscal Year 2014 / 015.

**General Fund Change explanations:**

- Public Services budget unit. The City was without custodian personnel at the beginning of the fiscal year and therefore contracted out the duties to a private company for a few months. The funds set aside for the custodian are in personnel services while the funds paid to a private company were paid from materials and services section. An intra fund transfer needs to be made between personnel services and materials and services within that budgeted unit. A transfer of \$2,800 is requested.

- Public Services budget unit. The Beautification & Parks Committee received a donation of \$500 from the Chamber of Commerce Dunefest Committee. The line item for the Beautification Committee has been increased by \$500 to allow expenditure of the donation. The General Fund revenue donation line item is increased by \$500.
- Legal Services budget unit. Due to an unforeseen personnel issue, outside counsel specializing in labor disputes was hired to represent the City. Additional funding is required for the Outside Counsel line item and an \$8,000 transfer is requested to Legal Services from the Contingency funds.
- The Dial A Ride program is supported by donations, rider fees and funding provided through a division of Douglas County. At year end, \$1,555 remained as a carryover of unspent funds. The budgeted Beginning Fund balance is increased by \$1,555 and the Future Reserve Dial A Ride budget line is increased by \$1,555. This transaction enables the Dial A Ride funds to remain in the Dial A Ride program and not be incorporated into the General Fund beginning fund balance.

Wastewater Utility Fund Change explanations:

- The City of Reedsport has signed an agreement with Gardiner Sanitary District which includes the City of Reedsport collecting wastewater fees from the residents in Gardiner and transferring the funds to the Gardiner Sanitary District.
- The Gardiner Wastewater revenue line item is increased by \$85,000.
- A new line item of GSD Collection Payment has been created and budgeted for \$85,000. The City will use this general ledger account for net payments to GSD after the IGA payment requirement is met.

Water Filtration Debt Reserve Fund Change explanation:

- This is a housekeeping item so the account can be closed at year end. The final debt payment for the Water Ozone plant has been made and some money is left from interest received and unexpended budgeted funds. A transfer line item has been created so the remaining funds can be transferred to the Water Utility Fund as it is the hosting fund.  
A new line item will be added to Interfund Transfer Fund to 003 for \$70.00. Bond Interest line item will be reduced to \$2,665 and the revenue Interest line item will be increased by \$50.00.

Dunes NRA Lease Fund Change explanation:

- The US Forest Service requested a renovation to the Dunes NRA Building at the beginning of the fiscal year. The Forest Service pays for the costs involved with the project, but the City hires the contractor and provides oversight for the project to completion and is later reimbursed by the Forest Service. The proposal is to

increase the Capital Improvement line item by \$6,160 and increase the revenue lease line item by \$6,160.

- The City hired a cleaning company for custodial duties for a few months at the beginning of the fiscal year until a new employee was hired. An increase of \$5,000 for contracted services is requested with the offset from revenue to increase the beginning fund balance by \$5,000.

## **LINE ITEM CHANGES**

### **GENERAL FUND (#001)**

#### **Revenue;**

Beginning Fund Balance (001-000-411100) page 51 is increased from \$750,000 to \$751,155.

Donation Funds (001-000-415850) page 52 is increased from \$500 to \$1,000.

Net increase to General Fund revenue is \$2,055.

#### **Expenditures;**

#### **Legal Services departmental unit (104)**

Materials & Services;

Outside Counsel (001-105-623400) page 73 is increased from \$2,000 to \$10,000.

Net increase to Municipal Court is \$8,000.

#### **Public Services Department Unit (410)**

Personal Services;

Custodian Salary (001-410-511460) page 125 is decreased from \$17,880 to \$15,680.

PERS (001-410-531020) page 125 is decreased from \$9,100 to \$8,500.

Materials & Services;

Contracted Services (001-410-623530) page 125 is increased from \$4,000 to \$6,800.

City Beautification (001-410-614590) page 125 is increased from \$500 to \$1,000.

Net change to Public Services is an increase of \$500.

#### **Non Department Unit (110)**

Contingency (001-110-94100) page 97 is decreased from \$100,000 to \$92,000.

Net decrease to Non-Departmental is \$8,000.

#### **Dial A Ride Department Unit (450)**

Capital Outlay;

Future Reserve Project (001-450-721500) page 137 is increased from \$4,000 to \$1,555.

Net increase to Dial A Ride is \$1,555.

Net increase to General Fund expenditures is \$2,055.

The General Fund budget is increased by \$2,055.

### **Wastewater Fund (004)**

#### **Revenue;**

Gardiner Wastewater Fees (004-000-418100) page 153 is increased from \$85,000 to \$170,000.

Net increase to Wastewater Fund revenue is \$85,000.

#### **Expenditures;**

Materials & Services;

New line item created;

GSD Collection Payment (004-504-623500) page 154 established at \$85,000.

Net increase to Wastewater Utility Fund expenditures is \$2,055

The Wastewater Fund is increased by \$85,000.

### **Water Filtration Debt Reserve Fund (011)**

#### **Revenue;**

Bank Interest (011-000-415100) page 171 is increased from \$10 to \$60.

Net increase to Water Filtration Debt Reserve Fund revenue is \$50.

#### **Expenditures;**

Materials & Services;

Bond Interest (011-511-911250) page 171 is decreased to \$2,685.

Transfer to Fund 003 (011-511-924000) page 171 established at \$70.

Net increase to Water Filtration Debt Reserve Fund expenditures is \$50.

The Water Filtration Debt Reserve is increased by \$50.

### **Dunes NRA Lease Fund (016)**

#### **Revenue;**

Beginning Fund Balance (016-000-411100) page 187 is increased from \$96,000 to \$101,000.

Lease Rent Funds (016-000-415200) page 187 is increased from \$94,500 to \$100,660.

Net increase to Dunes NRA Fund revenue is \$11,160.

**Expenditures;**

Materials & Services;

Contracted Services (016-516-623530) page 187 is increased from \$0 to \$5,000.

Capital Outlay;

Building Improvements (016-516-721500) page 187 is increased from \$90,000 to \$96,160.

Net change to Dunes NRA Lease Expenditures is an increase of \$11,160.

The Dunes NRA Lease Fund budget is increased by \$11,160.

The total budget is increased by \$98,265.

It is recommended that the City Council approve a Resolution adopting a Supplemental Budget and Budget Revisions for Fiscal Year 2014 / 015; and that Resolution 2014-020 be assigned as the title.

The total budget will be increased by \$98,265 with no increase or decrease in property tax.

Councilor DeeDee Murphey motioned to adopt a Resolution adopting a Supplemental Budget and Budget Revisions for Fiscal Year 2014 / 015; and assign Resolution 2014-020 as the title.

Councilor Frank Barth seconded the motion.

MOTION:

that the City Council adopt a Resolution adopting a Supplemental Budget and Budget Revisions for Fiscal Year 2014 / 015; and assign Resolution 2014-020 as the title.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith Tymchuk declared the motion passed unanimously.

D. Shall the City Council refinance an existing DEQ loan?

City Manager Jonathan Wright presented the City Council with the following information: In 2010, the City Council adopted Resolution 2010-023 establishing rates for, 1) the repayment of a 20 year, \$12,000,000 dollar wastewater loan from Department of Environmental Quality (DEQ), 2) other debt obligations and 3) regular wastewater collections and plant operations. The Resolution established a flat rate of \$80.25 per EDU to be increased to \$92.25 per EDU automatically on January 1, 2013. It also established a steady rate increase schedule for metered users set to go up by \$3 dollars per month each year beginning on January 1, 2011 and ending on December 31, 2020. On January 7, 2013 the City Council deviated from the rate schedule and passed a resolution suspending all rate increases indefinitely based on the potential of refinancing the aforementioned DEQ loan.

Early this year the City was officially given notice that it had two years in which to refinance the loan. This prompted Council to seek a way to maximize the savings offered considering the financial implications of a new interest rate of 1.8%, nearly half the interest rate that the City currently pays. Some of the scenarios considered included not extending the term of the loan the full 10 years offered, but rather a highbred approach in order to save on interest charges and fees. However, in order to assume this new loan, the City would have to sign a new contract with DEQ. This contract would require the City to maintain wastewater rates and charge fees in connection with the operation of the Facility adequate to generate revenues to repay the new loan. The City would also be required to review its wastewater rates and fees at least annually and promptly adjust its wastewater rates and fees to assure future compliance with the repayment schedule.

The ability of the City Council to adjust rates under a new loan is not clear at this point. In 2012, the voters approved ballot measure 10-119, an initiative petition that sought to restrict the City Council's ability to adjust rates. The City did receive a judgment, on the existing loan allowing the City to continue to meet its debt obligations; however, the City would likely have to seek another determination for any new loans should the City fail to meet its debt obligations and fail to rally voter support. This prompted the Council to initiate Ballot Measure 10-133 & 10-135 both of which requested voter approval to adjust rates under a new loan and both of which failed to rally the votes needed to implement.

On November 17, 2014, the Council met to evaluate what options remained given the Council's potential inability to adjust rates under a new loan. Staff provided a number of different scenarios but only two that would allow the City to take the new loan and sign a new contract in good faith. Those two options are:

OPTION 1	29 YEAR TERM	This scenario has the potential to eliminate future rate increases for the life of the loan; however, provides
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		little flexibility for future economic uncertainty.
OPTION 2	30 YEAR TERM	This scenario provides the greatest amount of flexibility and assurance that the City can meet its debt obligation

At the November 17, 2014, Council meeting Staff was directed to provide the Council with three different scenarios for the December meeting. One would be to accept the new loan under the current term; however, Staff would advise against that scenario because it would require a rate increase in a few years and given the uncertainty surrounding the ballot process there would be no way for the City to guarantee that their rates would meet the future debt obligations.

Option 2 (above) would not cause the City to have to go to vote or legal review and is the most likely to provide the revenues necessary to meet the terms of the refinanced loan. The annual savings from Option 2 could be used to fund an early payoff schedule that would result in even greater savings.

Councilor Frank Barth said that he doesn't feel that the Council should tie the hands of future generations by extending the loan.

Councilor Diane Essig motioned to direct Staff to begin the refinance process with DEQ at the full term (Option 2) stipulating balloon payments of \$75,000 per year for years 2015-16 through 2024-25 with savings reduced to \$50,000 for 8 years, \$100,000 remaining years and direct staff to draft a resolution saying such.

Councilor DeeDee Murphey seconded the motion.

**MOTION:**

that the City Council direct Staff to begin the refinance process with DEQ at the full term (Option 2) stipulating balloon payments of \$75,000 per year for years 2015-16 through 2024-25 with savings reduced to \$50,000 for 8 years, \$100,000 remaining years and direct staff to draft a resolution saying such.

**VOTE:**

AYES 6 NAYES 1

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

Mayor Keith Tymchuk declared the motion passed unanimously.

E. Shall the City Council award a contract for fuel services for 2015-2016?

City Manager Jonathan Wright said that on November 21, 2014 the City of Reedsport received two quotes for fuel services for the calendar years 2015-2016. Quotes were received from The Jerry Brown Company (CFN) and Tyree Oil Inc. (Pacific Pride). The City also has the ability to use the State of Oregon bulk purchasing program for fuel services however, it was determined that this option would not be cost effective.

The Jerry Brown Company quoted a price of \$.0555 markup above the Eugene OPIS unbranded average rack price per gallon and Tyree Oil Inc. quoted a price of \$.057 markup above the Eugene OPIS unbranded average rack price per gallon.

Pursuant to ORS 279C.414 Requirements for competitive quotes (2) it states that the contracting agency may award a contractor whose quote will best serve the interest of the contracting agency, taking into account price as well as other applicable factors.

Staff is recommending that a contract be awarded to Tyree Oil Inc. (current contractor) due to several factors. Tyree Oil supplies the City with additional products that The Jerry Brown Company does not have access to such as oil, grease and premium unleaded fuel. The second issue is that the property that The Jerry Brown Company dba CFN is housed on is in violation of City nuisance code and Land Usage Ordinance including, but not limited to, an unregistered vacant building, accumulated waste, and discarded inoperable vehicles. Multiple attempts have been made negotiate with the land owner with no success. Lastly, the location is off of a busy highway (101) and is difficult to maneuver heavy equipment in and out of, especially during the summer months.

The price of \$.057 markup above the Eugene OPIS unbranded average rack price per gallon is no change from the current contract with Tyree Oil Inc. for fuel services.

Councilor Frank Barth motioned to award a contract for fuel services for years 2015-2016 to Tyree Oil Inc. and authorize the City Manager to sign on behalf of the City.

Councilor Kathi Wall-Meyer seconded the motion.

MOTION:

that the City Council award a contract for fuel services for years 2015-2016 to Tyree Oil Inc. and authorize the City Manager to sign on behalf of the City.

VOTE:

AYES 7 NAYES 0

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

Mayor Keith Tymchuk declared the motion passed unanimously.

7. MISCELLANEOUS ITEMS

A. Measure 91 update

City Manager Jonathan Wright gave a time line for the implementation of Measure 91 dealing with the legalization of recreational Marijuana.

He also announced that Mr. Jeff Blum was recognized as the employee of the Month for his willingness to step into an interim Public Works Director position at the resignation of Joel Smith.

He also announced that he is in the process of establishing a business that he will run out of his home in his spare time.

EXECUTIVE SESSION OF THE REEDSPORT CITY COUNCIL DECEMBER 1, 2014  
CITY HALL CONFERENCE ROOM

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

City Manager Jonathan Wright

OTHERS PRESENT: Deanna Schafer

EXECUTIVE SESSION

- A. 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.

ADJOURN

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Mayor, Keith Tymchuk

ATTEST:

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Deanna Schafer, City Recorder