

**CITY OF SCAPPOOSE
REGULAR CITY COUNCIL MEETING
DECEMBER 21, 2009
AT 7:00 P.M.
SCAPPOOSE, OREGON**

Call to Order

Mayor Burge called the meeting to order at 7:00 p.m.

Flag Salute

Roll Call

The meeting of the City of Scappoose City Council was held at 7:00 p.m. in the Council Chambers; 33568 East Columbia Avenue; Scappoose, Oregon with the following present:

City Council Members:

Scott Burge	Mayor
Jeff Bernhard	Council President
Donna Gedlich	Councilor
Judie Ingham	Councilor
Larry P. Meres	Councilor
Art Heerwagen	Councilor
Jeff Erickson	Councilor

Staff:

Jon Hanken	City Manager
Doug Greisen	Police Chief
Susan Reeves	City Recorder

John Hickey	Legal Counsel	Press: Stover Harger Spotlight
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Also present: Teresa Keller Budget Committee member

Approval of Agenda

Councilor Ingham moved and Council President Bernhard seconded the motion to approve the agenda. Motion passed (7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye and Councilor Erickson, aye.

Public Comments

None

Consent Agenda

December 7, 2009 City Council meeting minutes

Councilor Ingham moved and Council President Bernhard seconded the motion to approve the December 7, 2009 City Council meeting minutes. Motion passed (7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye and Councilor Erickson, aye.

2010 Census Partner Proclamation

Mayor Burge read the 2010 Census Partner Proclamation.

VFW ~ Veterans Park Monument

Ronald Urban, Scappoose, explained he is here to represent Scappoose VFW Post 4362. He explained in the last couple of months they have sent a letter to City Manager Hanken, Mayor Burge and the Council concerning their desire to participate in placing a sign at Scappoose Veterans Park. Russ Crawford handed out what the VFW is proposing at this time. Mr. Urban explained they appreciate what the City Council has done with the building and naming of the park and naming of the street, which they have been involved with. They feel since the park is called Scappoose Veterans Park that the Veterans should be involved in the identification of the park. Also present this evening is Richard Burdett, Frank Weber, Jerry Peal and Check Welter with the local VFW.

Mr. Urban explained the sign would be granite with laser etched symbols in color like what is shown on the hand out. He explained there are still things that need to be decided, such as exact placement of the sign. They are just wanted to let Council know they want to be a part of this if it is possible and this is an idea that they have. They are hoping that the City could be a partner with the VFW to get this sign in place. He explained they walked a cut out sign similar to the size of sign they are proposing up and down the street to find a good location. They anticipated it would be along the south side of the park on JP West and in the tree line would be a good location in order to see it from both directions on JP West.

Councilor Gedlich stated it is gorgeous, simply elegant and she thinks it is a great idea. She asked about a flagpole by this sign. Mr. Urban stated it is our understanding that there will be a flagpole closer to the ball fields. City Manager Hanken explained there will be three flagpoles by the two ball fields. Councilor Gedlich asked about putting the date on the sign when the park was opened or when the park was named. Mr. Urban stated that is a good idea.

Councilor Ingham stated this is a great idea. She feels the City should match the VFW's funds 50/50. She doesn't feel the sign is big enough. Mr. Urban doesn't want the sign to be overwhelming.

Councilor Heerwagen feels the symbols are too small for the sign.

Russ Crawford explained he could do a poster and attaches it to the cut out that he made and then show the Council. That would show the actual sign of the emblem, lettering and sign. Council would like to see that.

There was a discussion on what date to put on the sign. City Manager Hanken explained technically it became a park when we named it.

Councilor Ingham is concerned with the placement of the sign by trees. Russ Crawford stated when it comes to placement the City will be involved.

Councilor Gedlich would like the City to pay for half of the cost of the sign and take it out of the parks fund. Councilor Ingham would like to have the VFW work with staff and then bring the final proposal back with the proposed location of the sign to Council. She doesn't feel there should be a limit on the amount.

Councilor Gedlich moved and Councilor Ingham seconded the motion to direct City staff to work with VFW to implement the monument sign for Scappoose Veterans Park and to offer up to 50% of the cost of the sign from the park fund. Motion passed (7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye and Councilor Erickson, aye.

New Business

Ordinance No. 808: An Ordinance Relating to the Building Code and Amending Scappoose Code Section 15.04.030 and Creating New Sections 15.04.033 and 15.04.035 and 15.04.037 and Declaring An Emergency

City Manager Hanken went over the staff report. He explained during the last Legislative Session passed Senate Bill 915. This bill establishes standards for notice, administrative process, and maximum penalties in municipal building code enforcement. He stated because the ordinance that we are working on is based upon basically the boiler plate from the League of Oregon Cities the attorney's with Jordan Schrader were part of the work with the League of Oregon Cities attorney's to draft this Legislation and it does go in to effect on January 1 and that is why we have the emergency provisions incorporated with this ordinance.

Council President Bernhard moved and Councilor Ingham seconded the motion that Council adopt Ordinance 808: An Ordinance Relating to the Building Code and Amending Scappoose Code Section 15.04.030 and Creating New Sections 15.04.033 and 15.04.035 and 15.04.037 and Declaring an Emergency.

Mayor Burge opened the public hearing at 7:34 p.m.

There was no one wanting to speak regarding this ordinance.

Mayor Burge closed it at 7:35 p.m.

Mayor Burge read the title for the first time.

Councilor Ingham moved and Council President Bernhard seconded the motion to move this ordinance to the second reading. Motion passed (7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye and Councilor Erickson, aye.

Mayor Burge read the title for the second time.

Motion passed (7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye and Councilor Erickson, aye.

Resolution No. 09-22: A Resolution Adopting a Supplemental Budget, Establishing Appropriations within the 2009-2010 Budget.

City Manager Hanken went over the staff report. He explained Council needs to adopt a supplemental budget for the Storm Drainage Fund (Fund 26) for the current fiscal year. The Storm Drainage Fund has no current source of revenue and the cost of repairing the View Terrace Place drainage issue will need to come out of this fund. The transfer of \$100,000 will cover the cost of the repair, allow the City to pay DEQ the annual storm water fees (approximately \$7,000), and keeps a little in reserve to address other unanticipated storm water issue. In the past, any supplemental budget that needed to be approved waited until the end of the fiscal year before being presented to Council. With changes to Oregon Budgeting Law, supplement budgets need to be approved before expenditures can occur. The financial impact of this supplemental budget is that the General Fund Contingency Line item will be decreased by \$100,000.00 (\$385,621.00 to \$285,621.00).

Councilor Gedlich moved and Councilor Erickson seconded the motion that Council adopt Resolution No. 09-22: A Resolution Adopting a Supplemental Budget, Establishing Appropriations within the 2009-2010 Budget.

Councilor Ingham asked City Manager Hanken what all is being paid for by the \$100,000.00. City Manager Hanken replied beside View Terrace Place there are a couple of other things that are included in the \$100,000.00 simply because we don't want to keep coming back. He explained at the end of this month there will be a bill from DEQ for Stormwater for \$7,000.00 in addition every spring we have issues related to storm water that needs to be done as part of our regular maintenance and we have zero dollars in the storm water fund which is where these items should be paid from. When it is all said and done we are probably looking about \$75,000.00 for View Terrace Place.

Council President Bernhard explained personally he would rather see the items come back individually, that is just his personal opinion.

Councilor Gedlich explained she doesn't have a problem approving the \$100,000.00 all at once.

Motion passed (6-1). Mayor Burge, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye; Councilor Erickson, aye and Council President Bernhard, nay.

Resolution No. 09-23: A Resolution Establishing an Advance Financed Improvement Relating to SE 2nd Street Improvement Project.

City Manager Hanken went over the staff report. He explained Joseph Scharf of Rosedale Development LLC has requested that the City Council establish Advanced Financing

Reimbursement relating to the future construction of SE 2nd Street and public utilities between Frederick Street and Havlik Drive. He explained the estimated cost of these improvements are \$1,264,689.51. Staff finds these costs are reasonable and these are projected cost at this time. He explained staff is recommending utilizing the square footage method as the most equitable for all properties.

Joe Scharf came forward to answer any questions.

Councilor Ingham moved and Councilor Gedlich seconded the motion that Council approve Resolution No. 09-23: A Resolution Establishing an Advance Financed Improvement Relating to SE 2nd Street Improvement Project.

Councilor Ingham asked what is the interest rate projected to be.

Joe Scharf replied the interest rate that is based on a construction rate is 12%. Councilor Ingham replied that is really high. Joe Scharf replied his issue is just getting this done after this long. He stated if you guys want to come up with an interest rate that you think is fair that is beyond his concern. His concern is the reimbursement part right now. He is open to suggestions.

City Manager Hanken read the ordinance that was passed regarding advance funding finance charge. It stated total actually cost may include interest cost and fees related to project loan financing, therefore reimbursement calculated may be increased by the rate of interest by any project loan plus a quarter of one percent annually from the date of completion of the construction of development or such percent Council may from time to time set but resolution multiplied by the number of EDU served by each of the intervening future lots.

Joe Scharf stated he put the 12% interest in there based on the type of loans they are looking at.

Bart Grabhorn, Scappoose, explained his family owns the candle property. He explained for the most part he is in favor of it. His questions were about the interest rate, time lines of starting and completion and estimates, are there any caps on the amount that will be spent.

City Manager Hanken explained what ever the cost of the project loan financing it would be that amount plus one quarter of one percent.

Councilor Ingham stated she is confused about the interest. She asked there is going to be 12% interest plus a quarter to that, so it is going to be mandated that people pay a \$1.50 per square foot plus 12. Joe Scharf replied no. All of the construction is based on year construction time but he will imagine it would be less than that. He stated construction interest is 12% and he believes the City has a mandated rate yearly. He stated 12% is his construction which is where they see their construction rate going.

Councilor Ingham stated she needs to see more information.

Bart Grabhorn asked once it is done then his construction loan basically gets paid off then there is a new loan that will refinance at a lower rate. Joe Scharf replied there won't be a loan on it at

that point. He stated we can't technically borrow against a street improvement. He stated our property has to carry that debt for as long as we end up having that debt. He explained no one is lending him the money for a street improvement; they have to borrow the money as part of a bigger project. He explained there is no loan put on anybody's property. The \$1.50 a square foot is pretty much set in stone at that completion date. City Manager Hanken asked Joe Scharf if the \$1.50 cover the interest for that year of construction. Joe Scharf replied correct, yes. He stated all that information is in the letter that is in the staff report.

Councilor Ingham wants to know what the interest rate will be for a property owner if they take 10 years to pay it off.

Len Waggoner explained there are a couple of transactions here. The first transaction is the construction loan which is the \$1.50. The end of that period, 12 months, the nonpayer's begin accruing at an interest rate, in this case Council is going to set. Council will need to set the interest rate when ever they approve the final of this process, so there is a transaction so everybody knows what that accrual rate is going to be.

Council President Bernhard asked where does the interest monies go towards. Joe Scharf replied it goes to them. Council President Bernhard stated then to come up with a fair interest we would then have to know what your interest rate is that you are paying on those monies.

Council President Bernhard explained to come up with a fair interest rate we would then have to know what Joe Scharf's interest rate is that he is paying on those monies. Joe Scharf stated to him that main issue right now to him is the principal numbers.

Len Waggoner explained the process; construction loan, construction interest that is a capitol cost. He stated for a transaction you as a municipal group need to set an interest rate of something, either fixed or floating. He said all they need is for Council to do is set a rate.

Bart Grabhorn doesn't want something that would make it financially unbearable.

Council President Bernhard explained if Joe Scharf is willing to come in with a 7.5% percent rate, he doesn't think we are going to ever find anything lower than that. His recommendation was going to be some type of terminology that said that the City Manager would have to review the loan to ensure the rate was a competitive rate and the interest rate would be based off of $\frac{3}{4}$ above that. He stated but if we are looking to speed things along and if we are looking at a 7.5%, he feels Council should take that. He asked Joe Scharf if he is looking at that. Joe Scharf replied if that gets it done it seems like a great rate but the one thing he needs to do is make sure we are set in stone on the rest of it.

Councilor Meres stated we have a stake in this right? City Manager Hanken replied yes we do, we are in the process of purchasing.

Councilor Ingham amended the motion and Councilor Gedlich seconded the amendment to add a number 6 in the resolution to set the rate at 7.5%.

Councilor Gedlich thanked Mr. Scharf for all the information.

(7-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Heerwagen, aye; Councilor Meres, aye; and Councilor Erickson, aye.

Announcements

Mayor Burge went over the calendar.

Council

Councilor Gedlich thanked Len Waggoner for his comments. She also thanked Joe Scharf again for his wonderful packet and she thanked staff. She wished everyone Happy Holidays.

Council President Bernhard also wished everyone Happy Holidays. He stated he looks forward to 2010 with Council.

Councilor Ingham stated Happy Holidays.

Councilor Heerwagen wished everyone a Merry Christmas and Happy New Year.

Mayor Burge also wished everyone a Merry Christmas and Happy New Year.

Mayor Burge recessed at 8:28 p.m.

Executive Session

Mayor Burge went in to Executive Session 8:30 p.m.

Executive Session

192.660(2) (h) Litigation Likely to Occur

Mayor Burge came out of Executive Session and in to open session to adjourn at 9:00 p.m.

Scott Burge, Mayor

Attest: _____
Susan M Reeves, CMC
City Recorder