

**CITY OF SCAPPOOSE
REGULAR CITY COUNCIL MEETING
NOVEMBER 16, 2009
AT 7:00 P.M.
SCAPPOOSE, OREGON**

Call to Order

Council President Bernhard 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
Jeff Erickson	Councilor
Judie Ingham	Councilor
Art Heerwagen	Councilor
Larry P. Meres	Councilor

Staff:

Jon Hanken	City Manager
Doug Greisen	Police Chief
Brian Varricchione	City Planner/Assistant City Engineer
Susan Reeves	City Recorder

Press:

Legal Counsel Cindy Phillips	Amber Nobe	The Chronicle
	Stover Harger	Spotlight

Excused: Councilor Donna Gedlich

Also present: Teresa Keller Budget Committee member, City staff Terry Andrews and Joe Lewis

Approval of Agenda

Councilor Ingham moved and Councilor Erickson seconded the motion to approve the agenda. Motion passed (5-0). Council President Bernhard, aye; Councilor Ingham, aye; Councilor Meres, aye; Councilor Heerwagen, aye and Councilor Erickson, aye.

Public Comments

None

New Business

Ordinance No. 807: An Ordinance Relating to Land Use and Amending the Scappoose Comprehensive Plan Map and Zoning Map

Mayor Burge read the opening statement and guidelines for the hearing. There were no objections to the City Council hearing this matter. Councilor Meres explained he banks there and

is an independent contractor for the credit union. No other City Councilors had any issues regarding the matter.

Mayor Burge opened the public hearing at 7:08 p.m.

City Planner Brian Varricchione went over the staff report. He explained the St. Helens Community Federal Credit Union (SHCFCU) has requested that the City amend the Comprehensive Plan Map and Zoning Map for two portions of two parcels on NW 1st Street to enlarge the commercial portion of the site. The sites currently have two different zoning designations and two different comprehensive plan designations. The Planning Commission and staff recommend approval of the application. An ordinance to approve the application is attached to the staff report for Council's consideration.

Councilor Heerwagen asked if the SHCFCU is planning on removing the existing house. City Planner Brian Varricchione replied yes.

Councilor Ingham stated her concern is what their plans are attached to property as you get closer to the creek. City Planner Brian Varricchione replied any use that would be put on there would have to be a residential use and in conformance with the zone. He doesn't believe they have any interest in housing in fact they discussed doing a property line adjustment which would create one parcel commercial, one residential, at which point they could sell the residential one or do what ever they wish with it.

Steve Alexander, Lower Columbia Engineering, St. Helens, explained he is the applicant's representative. Jeff Schwarz, President and CEO of St. Helens Community Federal Credit Union, St. Helens is here tonight also. Steve Alexander explained they don't really have much to add, they agree with the findings. He stated we kind of looked at this initially in a common sense way, in other words how are we going to impact commercial zone, how are we going to impact the residential zone. He stated you kind of do a test does it make common sense and in the process it made more and more sense that we can kind of strengthen the commercial zone and have almost no impact what so ever on the residential zone. He stated it might be the first building on the west side that has the down town overlay on it.

Councilor Ingham stated the St. Helens Community Federal Credit Union is a great asset to this community. She explained she is just concerned about the property along the creek and what your future plans are. Steve Alexander replied anything that would be done in that zone would have to go through the same criteria that anyone who wanted to build in the floodplain would have to go through. Jeff Schwarz replied they are only planning on developing the front portion right now and they don't have plans as of right now for the property in the back.

Mayor Burge closed the hearing at 7:23 p.m.

Councilor Ingham moved and Councilor Erickson seconded the motion that City Council approve the Comprehensive Plan Map and Zone Change application and adopt the findings in the CPA1-09/ZC1-09 staff report dated November 13, 2009.

Mayor Burge read the title for the first time.

Announcements ~ Mayor Burge went over the Calendar. Watt House lighting November 30, 2009 at 6:00 p.m.

City Manager

City Manager Hanken reminded everyone about the Holiday function get together on December 5, 2009. He explained the work on View Terrace is moving forward and they are making good progress.

Council

Councilor Heerwagen explained he went on a tour with Joe Lewis at the Miller Road Water Treatment Plant. He thanked Joe for taking him through.

Councilor Ingham thanked Joe for his email; he has invited all the Council members to go on a tour.

Mayor Burge apologized for being late.

Recess

Mayor Burge recessed at 7:29 p.m. and reconvened at 7:33 p.m. for the workshop on water rates.

Workshop on water rates

City Manager Hanken explained staff would like talk about water rates. As you are aware we did a water rate study back in 2002 and that water rate study projects what the City should charge for water rates up to 2012. He explained the City did a current rate structure back in 2003 with the adoption of Resolution 03-08 which set the water rate based on meter size and established a commodity rate. Then in 2006 Council adopted Resolution 06-09 which adjusted to commodity rate from 30 cents per 100 gallons to 33 cents per 100 gallons and no adjustments were made to the fixed portion of the fees. He stated to follow through what the consultants recommend what the water rates should be the report showed they should be about \$84.37 a month and that is not what we are proposing. He explained the \$84.37 basically provides all the resources for operations, for putting money aside for maintenance that we have been deferring and for loan payments. He explained as staff starting talking about where we need to be with water rates one of our big concerns is we have a great deal of debt in terms of our water department. He explained loans that are covered just by system development charges (sdc's) are over \$300,000. He explained we are finishing up the Dutch Canyon Water line project which right now we are estimating adds another \$130,000.00 to \$140,000.00 worth of loan payments. He stated with sdc's not really coming in simply because of the down turn of the economy we still have those loans to pay back. He explained staff sat down and calculated out just focusing on covering the loans we would need to do a rate increase of approximately \$18.75 per month; break out would be \$15.00 on the fixed cost and 38 cents per 100 gallons on the commodity rate. He explained the rate he is talking about is about a ¾ inch meter and that is about 94% of all of our water users. He said one thing is making sure we cover the loan cost and again that total yearly debt payment is \$469,871.00. He explained of that \$18.75 proposed, \$17.03 would go just for that debt service and the other \$1.72 would be for operations and maintenance for the system. He explained one of the things that the industry recommends is that your fees are basically 60%

fixed and 40% commodity. What this proposed rate schedule gets you is basically 52% fixed and 48% commodity. He stated if people conserve water and are able to save 2000 gallons a month then that rate structure is a 60/40 split.

Councilor Ingham explained today she happened to be at City Hall and it was water shut off day and she couldn't believe how Kathleen was treated and this was all due to people not being able to pay their water bills. She asked is there another funding mechanism that would be consistent to raising the rates, rather than having to pay the turn off fees and other fees that would underlining consistent payment other than looking at the rates increasing.

Council President Bernhard stated this isn't a giant increase compared to what our neighbors are going through right now. Councilor Ingham replied I know but it is still a lot based on what we are going through with the economy.

Joe Lewis explained we are too reliant on user fees that were inconsistent to pay back a consistent loan. He explained normally we would have a recent rate study which cost 10-20 thousand dollars but we didn't have the money to spend so we are looking at this older document which still applies because of the numbers it suggests that we need. He explained staff has discussed and looked for an out of the box solution. He stated the only thing you can do is say to the customers is here is what cost for your water to be delivered to you and that is what the rates have to reflect.

Mayor Burge asked City Manager Hanken to make sure we have the water information from the budget if anything comes to Council. He asked how many new home permits have been issued this year. City Planner Brian Varricchione replied probably about 10. City Manager Hanken replied we budgeted for 15 he believes.

Council President Bernhard stated if we come out with a rate increase because of our debt load and the debt load gets decreased are we going to lower the payments. He stated first of all I have never seen a government do that yet and it would be great to be first one that does that.

Councilor Ingham asked about the other maintenance issues; what does that mean.

Joe Lewis replied it depends on how fast growth recovers, but it does mean that we would like to balance the budget which is the total of operating expenses and debt services. He stated so that might mean that Council needs to look at this in a year and see where we are. He stated if we had adopted this in 2003 we would be making small incremental but annual adjustments since then to now and on going in to the future.

Councilor Ingham would like Joe Lewis to lay out a 10 year plan based on the budget he sees happening in two years and the monies we have to put forth and the incremental adjustments. Joe Lewis replied he can work on that. He explained he wanted to remind the Council that they have adjusted down the water budget as close as we can, almost to the point of making a mistake by not having enough money for unexpected repairs or projects.

Terry Andrews and Joe Lewis talked about the 20 or 30 miles of underground water lines that are in the city and are very old.

City Manager Hanken stated any rate increase that we are looking at the City really needs to get to monthly billing. He talked about a fixed monthly bill around \$90.00 one month and then around \$120.00 another month for water, sewer and storm.

Joe Lewis stated we are not alone here; St. Helens, Vernonia, Rainier, Warrenton have all had substantial rate increase.

Council President Bernhard stated lets talk about our neighbors doing. He would like to see the surrounding cities water rates compared to where we are and where we are going. He feels we need to show our community that we have done everything that we can.

Councilor Heerwagen agrees with Councilor Ingham on wishing there was some other way to pay for this.

Council President Bernhard stated he doesn't think the answer is trying to come up with a different tax or what ever it may be because it will still be money out of our pocket. He stated if we want to have a discussion about revenues that would be separate discussion. He asked how does The Dalles bring the company GOOGLE in to their community. He asked what are we doing to help develop the airport and help generate revenue. He thinks that is the more important stuff.

Mayor Burge suggested looking at contracting out the running of the water plant. City Manager Hanken explained sometimes the contractors will lowball at first then hike up the price. Mayor Burge stated we have to look at all solutions; we can't just look at one.

Terry Andrews stated this rate service is addressing the debt service regardless of who is operating the plant. Mayor Burge replied he agrees with that.

Councilor Meres feels we need to go back to a smaller police department. He stated he has no problem with doing a rate increase he just has a problem with doing it right now.

Joe Lewis replied he would say that if we are going to approach the water department as a business the water revenue total is 1.2 million dollars, the water expense total is 2.4 million dollars leaving a deficit of 1.2 million dollars. He explained that takes in to account all the budgeted items, which includes the contingency fund which is \$772,000.00. To simplify things, all though we need the contingency fund, if we took that out our deficit would then be \$500,000.00 in the water fund and doing the same thing in the sdc fund our deficit is \$184,000.00. He stated we could spend our contingency next year and get down to \$200,000.00 which is dangerously low. He stated to Council that he doesn't envy the position that they are in now. He does think if we deal with the facts and numbers as they are we need to do something sooner rather than later.

Mayor Burge stated we could go to the voters and ask for approval on a bond. City Manager Hanken replied sure we can go out for a general obligation bond for upgrades and repairs.

Councilor Ingham discussed the only funding being water rates and sdc's. City Manager Hanken replied SDC's are limited in scope.

Council President Bernhard stated we have had rate increase; it isn't as if we haven't done anything since 2003.

Mayor Burge would like to see in a perfect world (2005) what would be looking at as a rate increase. City Manager Hanken replied he would have to recalculate that. Mayor Burge replied he would like to see that.

Joe Lewis replied he would say respectfully that we would still be looking to adjust the fixed part of our rates verses the commodity part of our rates.

Council President Bernhard asked what are we doing to bring more business in to Scappoose. He stated he would like to have more discussion on how we can bring in business.

Councilor Ingham would like to see what the increase would look like then work on looking at a bond.

City Manager Hanken stated we staff will come back with additional information.

Mayor Burge wants to make sure what ever gets proposed that information goes sent out with the water bills.

There was discussion on staff going through the water budget line by line to explain where the funds are going.

Mayor would like during the 2nd meeting in January (Tuesday January 19, 2010) an economic development workshop. They would like to invite some of the developers in town.

Mayor Burge adjourned the workshop at 8:52 p.m.

Scott Burge, Mayor

Attest: _____
Susan M Reeves, CMC
City Recorder