

**CITY OF SCAPPOOSE
CITY COUNCIL WORKSHOP
JUNE 7, 2010 AT 6:00 P.M.
SCAPPOOSE, OREGON**

Mayor Burge called the workshop to order at 6:00 p.m.

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
Norm Miller	Police Lieutenant
Joe Lewis	Water Treatment Plant Supervisor
Terry Andrews	Field Services Supervisor

Press:
None

Mayor Burge explained tonight we are going to be discussing utility rates and the City's water fund. He explained the first thing is to let everyone know the original proposal is dead. He explained the discussion will begin from a starting point of the proposals that are in the packet as well as any other ideas the community members have, as well as anything the Council or staff has.

Joe Lewis, Water Treatment Plant Supervisor, explained he would like to talk about the water rates. He explained he has been employed by the City since February 1979. He explained rate discussions usually takes place with the author of a current rate study sitting next to the water plant operator. He explained we didn't do that, we can't afford it, the rate study costs about \$20,000.00 so we have opted not to do that because we don't have the money unless we get direction from the Council to spend that money that way. He explained he does have and he thinks the Council members may have a copy of the last rate study done in 2002. He explained it still pertains to our situation in many ways. He explained the things that have changed, mostly require more money, our system is bigger, we have more customers, we have more hookups, we have higher cost of operations and we have more loans. He stated putting those aside he would just like to refer the Council to a couple of pages of the rate study. He explained there are only two really salient points that he would like to make that applied then and he believes still applies. He referred to two items on the study that is 8 years old: using the current rate structure the City will have to increase all the current rates 20% per year in each of the next three years, that is from 2002, and we have only increased rates from that time in 2006 and it was a 5.9% increase. He explained the next reference he would like to make from the rate study that talks about the larger portion of the revenue should be coming from the fixed side of the rates because of our loan debt. In the rate study it states: the greater the percentage of revenue from the base rate the more financially stable the utility will be. He stated financial stability is our goal, he believes. He explained if it is the Councils wishes to answer current rate questions we could have another rate study but it will cost us around \$20,000.00. He suggests that the references from the 2002 rate study are still viable and he hopes that we will keep in mind the necessity of some rate adjustment but he is willing to work with what ever we come up with. He thanked City Council.

Council President Bernhard stated tonight should be really focused on, in his opinion, trying to solve an issue instead of trying to complain about an issue. He stated as people come forth he hopes that they are bringing ideas along with them because this is what it is all about. This is a workshop; it is about coming up with new ideas on how we could possibly solve this challenge that is in front of us. He explained if we don't do something we are going to continue to dig in to our General Fund which is really going to put our City behind the 8 ball and we are going to be in the same situation that a lot of other cities are at this particular time.

Joan Magin, Scappoose, asked about how many drywells we have in our area.

Terry Andrews, Field Services Supervisor, replied we have 56 UIC's (drywells).

Council President Bernhard explained the UIC's are part of the reason why we have to have a rate increase. He explained the UIC's are being mandated by the State that we have to do something with them, we have to have them tested, but what it boils down to is the State is forcing us to spend money on these items that we weren't spending money on before.

Terry Andrews explained the City of Scappoose has to be below 50 drywells or we have to go to a permit system where every year you pay a larger amount of money to the State and you have to do more monitoring and testing, which in the long run it will cost the City a lot more money if we don't get under the 50. He explained part of our storm water fee would be to come up with a management plan, which is required by the State, reduce the number below 50 of our current number of 56 so that we are not forced to become a permit City. He explained we have currently 687 catch basins that basically we do nothing with and have almost 14 miles of pipe that we don't do any with. He stated we have some infrastructure that there is no money to maintain.

City Manager Hanken explained if the City is moving forward on getting below 50 drywells he can use that in terms of trying to show justification to the State that we are trying to comply. He explained his premise is even small steps show the State that we are trying to move forward. He stated everybody recognizes this is a lousy economy.

Lisa Smith, Scappoose, explained she did go to a very good workshop at the Coast last week and many communities are working on what they call low impact development. She explained the path leader is Steve Fancher from Scappoose. She explained the City should call him; he has all the numbers on what they are calling rain gardens.

Terry Andrews replied that is currently what the City of Scappoose is requiring new developments to put in.

Brian Rosenthal explained the system that he has installed in his commercial sites in Scappoose.

Terry Andrews explained this takes a certain type of soil and a certain type of plants.

Mayor Burge explained even if we get below 50 drywells the City still have to comply with the clean water and we have to do testing and if they are out of a certain compliance they will have to be rebuilt.

Terry Andrews explained at some point he believes they will come down with our open water discharge points, so there is another thing some day they will be requiring some kind of treatment before you go dumping in to streams.

City Manager Hanken asked Terry Andrews how many of the catch basins does the City have that are filtered.

Terry Andrews replied 7 and those require annual inspection and maintenance, some times they have to replace the filters so the cost varies anywhere from \$250.00 to \$700.00 depending on the maintenance. He explained currently on these 7 we have a contracted services.

Brian Rosenthal explained a process that might be a temporary fix but not a permit fix to getting under the 50 UIC's. He explained you might have some drywells that only have one catch basin and if you set up a filter device (he explained the system but he was very hard to hear) you could possible get under the 50 threshold.

Terry Andrews replied he is unsure the State would accept it. He explained we are open to everything to help, but the bottom line is we don't have any money to help.

Mayor Burge thanked Brian Rosenthal.

Lisa Smith replied on Stormwater we need to talk about the 2,750 square feet. She stated that is not the average dwelling unit. She explained there are people here who much smaller roofs don't want to wind up paying for people who have much larger roofs. She stated if that were to happen that would be kind of a bad position for the City to be in. She explained she actually believes, like she said in her memo that she wrote to Council that is an issue that probably needs to be talked about at staff level considerably more.

Terry Andrews replied that is something that we would have to look through the storm water master plan and see if we want to use any of it.

Lisa Smith explained we have defined a need for more revenue and how ever it was chosen to define that need needs to be talked about, maybe we don't need the revenue because now we are looking at something else like a low impact development type situation where a filter device is installed. She stated this City has options. She stated so no she doesn't just flat out say yes we have to now go implement another fee in addition to the water and sewer that we are also talking about increasing this evening.

Terry Andrews asked Lisa Smith if she could tell him how we can do this conversion and modernize it with no money. He asked how do we put in rain gardens, convert these catch basins and drywells to a rain garden, where does he get the funding for that.

Lisa Smith replied we are not at that point yet, your first step, as City Manager Hanken said, is you need to talk about your management plan. She explained the people sitting here; want to know what the City is going to do with their money and she doesn't think we can say that yet.

Councilor Ingham talked about our past history. She went over the section where Joe Lewis had talked about rate increases every year as we go. She discussed the issue of having to have a large sewer rate increase because we hadn't put in place small incremental increases every year as we went. She feels a prudent thing for us to do is look at a minimal Stormwater drainage charge so that in 3 years down the road when we are absolutely mandated to make these changes that we don't have a huge rate increase to cover the repairs and the work that we need to do.

Gerald Noce stated it seems to him that he has been paying taxes ever since he has been working, fees here, fees there. He asked when is it going to stop. He stated it seems like it is never enough. He stated the seniors don't get cost of living raises, where is the money going to come from.

Mayor Burge replied ultimately he thinks the City needs to really take a hard look ways to lower spending and he thinks that is extremely important. He stated unfortunately there are some things that costs do go up. He stated we haven't had huge rate increases in water in this community for 7 years and the system thus far has worked; the rate increase was proposed, it got shot down, the community responded. He explained what we are looking at is trying to find a way to make sure the budget stays neutral; we have this much in revenues, this much in expenses. He stated if we can get it to meet great, if not we have to look at other alternatives. He explained he is not really excited about it, nobody is but the reason we came together tonight is to hear different options.

John Gedlich stated the first meeting when this all came up there was a gentleman who said he utilized his water for his garden in the summer time so it didn't go in to the Stormwater. He explained Mr. Hanken said there might be a possibility to alleviate him from the Stormwater drain increase. He explained on SE 5th there is not one stinking water drain on the whole block, the whole street, so if the other gentleman is going to be excused because he utilized his water to water his garden why does he have to pay when there is not a storm drain on the whole street.

Terry Andrews replied he is correct; there is not a storm drain on 5th Street. He explained there are several areas in the community that do not have the storm water system; however he does get complaints of high water in those areas.

Karen Thornton, Scappoose, explained she put river rock on their lot and if there is a storm she is cleaning up water because she feels it is her job as a home owner but she doesn't want to pay for things that she doesn't use. She stated she is willing to capture her rain water, she will do what ever she can but in return she is going to tell us once again if this passes, in her family and she is not kidding, you are going to force her to put her house up for sale and she will be leaving this community and she thinks that is really sad. She explained we are all hurting and this is a really bad time in this economy to ask people who don't have another nickel to rub together to come up with some extra money because in her life, there isn't any extra money.

Dixie Partee, Scappoose, asked if you don't know exactly whether you are going to be doing less or more than 2,750 for the storm water fee how did you come up with \$2.25.

Mayor Burge explained the proposal that Council was given provided from staff was \$3.00, \$4.00 and \$5.00 based on EDU and based on the 2,750 per impervious surface. It was based on the budget numbers that the Council was provided and eliminating some of the things on the list and they just focused on repairs and that reduced it to be able to knock it down to \$2.25 but it included continuing moving forward on some of the drywell repairs based on staff recommendations of choosing 8 that we could reasonably do.

Terry Andrews replied the Stormwater Master Plan, which was done by an engineering firm, KCM, came up with that figure of 2,750. He explained that is impervious surface: the sidewalk, the driveway, the parking lot, etc. per unit. He stated should we establish a fee we have to go out and do a lot of leg work and actually measure physically measure the area.

Mayor Burge feels this really needs to be look at further by staff. He stated he doesn't like that the Federal Government send Cities mandates with no funding. He doesn't like that and he wants a resolution decrying unfunded mandates. He would like to get that resolution on the table. He stated every time they turn around it seems like half of Councils job is responding to mandates that somebody that doesn't live in this community has decided what is best for this community; they don't live in this community and they don't know the area. He stated we are going to take a further look at this and consider sizes and impervious surfaces and have something come back. He stated he is not a fan of this at all.

Mayor Burge stated why don't we move forward to water and start discussing the different options that are out there for water. He asked Lisa Smith if she would like to come forward and talk about her proposal.

Lisa Smith stated she really likes what Mayor Burge put together called "Balanced Water Fund Budget Without Rate Increase".

Mayor Burge explained what he did was looked at the City's budget for this next year and he took the City's revenues and the expenses, he subtracted a couple things out and the contingency which was about \$600,000.00 in savings that was built up over the years on the previous rate increase because we had decided a portion of that was going to go to infrastructure repair and new infrastructure and that is why there is a separate line in the budget for infrastructure rate and the water rate. He explained he made a couple of assumptions; he made the assumption that construction would return after the recession is over and that revenues would increase by approximately 85% a year once that happened and that was a low number based on our high number right before the recession. He went over his proposal.

Mayor Burge's proposal:

Balanced Water Fund Budget Without Rate Increases

Creating a balanced Water Fund budget without increasing rates should be our

priority. In order to balance this fund will take difficult decisions that need to be made during times of recession. The current budget as approved by the Budget Committee has a shortfall of \$494,033. Part of this deficit is the decrease in budgeted revenues from construction due to the slowdown of approximately \$85,000 per year. If we assume this money will return as likely will happen the deficit is reduced to \$409,033. Second, if we assume the loan amount for the Dutch Canyon Water Line will be reduced due to the lower cost to the city to build we can estimate a reduction of approximately \$71,000 per year. This reduction will reduce the deficit to \$338,033. Third, we reduce the transfer to the Water SDC Fund by \$34,000 and have this \$34,000 transferred from the General Fund instead. This will reduce the deficit in this fund to \$304,033. It will also reduce the contingency in the General Fund by \$34,000. Fourth, we know once the meter upgrades are completed we will save approximately \$70,000 per year. This expense will require one more year of using reserves but will pay for itself in saved staff expenses for meter reading. This reduces the deficit to \$234,033. These are the easier of the reductions and assumptions, now comes the tough part.

Personal

Direct the Budget Director to reduce personnel expenses by \$150,811. Some suggestions would include moving the Planners salary to the Planning Department, Reducing the half time office administrator's position, reduce budgeted overtime. This is just a small portion but to balance the fund the Budget Director will have to find the savings.

Deficit: \$83,222

Materials & Services

Direct the Budget Director to reduce Materials & Services expenses by \$52,111. Some suggestions would include reducing the office supplies budget and equipment rental fees but the majority would have to be done by the Budget Director.

Deficit: \$31,111

Capital Outlay

Direct the Budget Director to reduce the Capital Outlay expenses by \$31,111.

Deficit: \$0 - Balanced Budget

Lisa Smith stated she wants to salute Mayor Burge on the effort, even if you weren't able to implement some of these things, it is amazing how numbers can be moved around and that is what the Council has to look at. She stated it has to be a combined Council/Community effort to

make something's happen. She stated maybe some readjustments in priorities or whatever, because she knows what happens sometimes is we go along, we start out doing the same thing the same way over and over and maybe that does eventually become a redundant or unnecessary thing to do but we have done that always and we just add to it and then one day we wake up and say "We can't afford this" and we haven't gone back and look and say okay we have done that that way for 20 or 30 years but we don't really need to. She stated we have had to change our mind set that way before in the City and she thinks may be this is another one of those opportunities. She explained she did put together two resolutions. She explained the first one she put together didn't have any discounts for any users, it was strictly an increase of 15% across the board on the base fee implemented one time and then the second year was one penny per 100 gallon increase and it dedicated all the fund that were being constructed as infrastructure fee to infrastructure improvements, because somewhere along the line she thinks we kind of, as Council at the time, identified the new budget line that said infrastructure. She stated the money went in there but didn't necessarily go for that. She stated when she looks at this last years budget she can't explained to herself a \$997,000.00 contingency fund in the water fund while we sit and tell people we need a \$1,000,000.00 to do improvements. She stated those numbers are too close together, yes you need some contingency but not that kind of contingency, not on the backs of the rate payers. She stated we don't put more money in just so we can save more. She explained she included the numbers in the memo for what the revenue would be generated, how that would effect. She stated somewhere along the line you would need to combine Mayor Burge's balanced water budget with her memorandum. She stated you may come up with a plan, a package that works dollar wise for you and also that the community can live with and pay. She explained she also asked City Manager Hanken to look at the utility billing detail code because there is something confusing about numbers of accounts, so there may be some differences in billing that could result in resolving that as well. She explained in the second resolution there is a senior discount. She stated there is a third way of looking at this that we haven't talked about. She stated there is a lot of information available and a lot of talk being given to the fact that we use, we waste frankly, a lot of water and the City bills for that water because it all runs through the meter and so you may also wish you consider rather than an age related discount you may wish to consider a minimal consumption related discount. She stated this is certainly something to consider from a conservation standpoint. She stated so maximizing what we can do with the wells we have and how we use the water that we have is a good thing for the community she thinks. She thanked Council for their consideration and wished them good luck.

Councilor Ingham asked Joe Lewis what is the reason for us maintaining the contingency in the water budget.

Joe Lewis replied our contingency fund is used in emergencies and if we have don't do something about balancing our budget one way or another when we have an emergency we won't have any money to fund it. He stated all the customers' water lines are critical, we want to supply water to every citizen of the City however some water lines are more critical then others and the most critical one is the water line that travels up Keys Road down behind the shoe factory and up to the green reservoir. He explained this water line provide water to everyone on that side of town and that side of the highway and if that water line goes there will be no water line delivered to the green reservoir. He explained parts of this water line are very old. He stated is will cost roughly about \$1,000,000.00 to replace that water line, not if it goes, but when it

goes. He stated the contingency fund is a savings account for unexpected emergencies. He explained he would beg to differ with Lisa Smith that all the water that is metered is not wasted. He stated we do have some water loss and the City has just paid Kennedy Jenks to do a water conservation management plan which will help to identify those areas of loss and it also establishes a curtailment plan and he never wants to be in that position. He explained he never wants to be in that position and he won't be because he will be retired in three years and at that time the contingency fund, if we keep spending it the way we have this year, we will be at zero. He stated even though he will be gone from the City he still feels that it is his responsibility to let the members of the Council and the community know that if you don't invest in your water infrastructure, the few miles of under ground pipe, two treatment plants with five filters, water lines to every home that as these things get old and need to be replaced we won't have enough money to do it and so he is open to any and all suggestions, including to the Mayor's no rate increase proposal but that is, he reminds everyone, at the expense of the contingency plan, which is our rainy day fund for emergencies, if and when they develop. He stated he knows it is not popular to ask for money, this is not a tax; this is payment for services rendered. He stated we don't sell you the water; we sell you the cost of cleaning the water and the delivery it to your home and that is where he sits for the next three years and then after that the contingency will be empty and he just prays that any lines don't break. He stated we should be replacing some water lines every year; the oldest water lines like the oldest streets need attention they need investment. He explained this water infrastructure serves the City so it belongs to you. If you want to have drinking water you are going to maintain the water treatment plant.

Lisa Smith stated we are talking about deferred maintenance here, we have money sitting that was put in to do that maintenance, let's move on doing it and adopt something reasonable as a rate increase. She stated she is not talking about no rate increase but don't leave it sitting in a contingency fund.

Joe Lewis explained three years ago we had \$800,000.00, last year we had \$772,000.00 and this year we have \$601,000.00 in contingency fund and that is for emergencies that will arise eventually in time.

Mayor Burge stated staff has been doing a tremendous job not spending money, trying to make things balance each year.

Councilor Heerwagen stated if we do nothing the contingency fund will go down how much in this new budget.

Joe Lewis replied \$171,000.00.

Councilor Ingham asked Joe Lewis when the contingency for water runs out and we have this debt service to pay and we have the maintenance that we have to do, then where does the money come from.

Joe Lewis replied that is not his area of expertise but he has been told that would come out of the general fund.

Councilor Ingham asked City Manager Hanken if it comes out of the general fund then what happens, do you have to start cutting essential services in other areas to pay debt service and to pay for repairs that have to be done.

City Manager Hanken replied absolutely.

Councilor Ingham stated her point being to you all is she thinks our responsibility here, and she thinks she speaks for the Council, is to make sure that doesn't happen because that would be a travesty to see the essential services that this community has to have be sacrificed because we don't budget and raise our rates to accommodate not anything over and above what we need but to keep the system up and running and to do the repairs that we need to do.

Mayor Burge stated the proposed budget assumes no increase in revenue so the numbers in the proposed budget 10/11 are based on current rates.

Councilor Meres stated he would like to say something about the budget and he wasn't that pleased with that budget and probably will vote no on it, one of the things that troubles him is he thinks when somebody gets a job they seem to think it is a life time job. He stated with the economy he feels we should adjust our staffing level accordingly. He asked how many automatic read meters do we have in place.

Terry Andrews replied approximately slightly more than 1/3.

Councilor Gedlich stated we have had lots of input tonight and she wanted to thank everybody for coming and their comments. She stated since the budget committee has recommended that we pass that budget on to the City Council for their approval she would like to table any rate increases on any fund until we investigate a little more. She feels we are moving way to fast, she thinks we sprang these numbers on the community without really looking at a lot of the issues and how it would impact not only the residents but the business, or senior facilities, or assisted living. She thinks if we raise the rate a lot then that rate is going to be passed down to seniors in these facilities, to all the businesses that will pass that down to all of their customers. She thinks we need to just step back and look and see what other options we have.

Councilor Ingham asked when was the originally water rate workshop.

City Manager Hanken replied November.

Councilor Ingham stated she agrees with Councilor Gedlich regarding Stormwater but she thinks we need to move forward and make a decision as quickly as possible about the water rates. She thinks there needs to be defiantly more work with the Stormwater issues but she thinks we have been talking about the water rate for some time and she thinks it is imperative, like Joe Lewis said that we need to do something.

Lisa Smith asked would it be helpful for a small group to sit down and look at the actual impact intake, she would be willing to volunteer.

Councilor Gedlich stated what if we put together an advisory committee that would meet for the next three months several times a month and bring some information back on the water rate and then after that do one on the Stormwater. She thinks there is just a whole lot more information she needs in front of her before she is going to make any kind of decision.

Councilor Ingham feels we have the expertise that we need with staff and Council and the input that we have received today to sit down and go over these figures again and have staff give a staff report or recommendation on what Council should do as far as increasing the water rate. She doesn't feel we should drag this out with an advisory committee for three or four more months, as far as water rates issues, the storm water needs some work.

Mayor Burge replied he is not opposed to having a water committee, a couple of citizens, a couple of Council members.

City Manager Hanken replied the one thing that he will throw out just so everybody understands, and this is by budget law, the budget is the budget. He stated lets say there is a potential rate increase that comes out, say July 30, because it is not identified in the budget the additional revenues that are obtained can not be spent in this fiscal year unless Council goes back and does a supplemental budget and identify additional revenue.

City Manager Hanken explained at one time the City had a Capital Improvement Advisory Committee.

Mayor Burge explained he would like City Manager Hanken to check in to personnel costs and see why they are more than other communities our size. He explained during the budget committee hearings he thinks almost every budget he talked about making sure revenues met expenses and he thinks that should be our number one goal. He explained he understands sometimes we save so we can do a project.

Council President Bernhard explained he is just looking forward to obtaining some new information. He agrees with Councilor Ingham that none of them want to see water rates to go up but what he will not stand for is to watch our City falter from an economic standpoint and find ourselves in some serious trouble. He explained he has been a proud member of this Council for the last 7 years, he volunteers his time, he does this because he cares for his community and to see basic services go away and see reserve fund dwindle down because we are afraid to raise our water rates when we have to he feels is irresponsible of every citizen in this community. He explained he looks forward in receiving some new information and eventually making a decision and moving forward and hopefully we do it not at the detrimental outcome of our City that is his biggest fear more than anything else. He doesn't want to see us in trouble as some other cities are.

Councilor Gedlich stated she thinks she has talked to over 60 people in the last several weeks when this all started and she would have to say she doesn't recall one individual who approach her and or her husband who were opposed to a rate increase and she wants all the Council to know that. She explained what they were opposed about is what we had brought forth, the \$5.00

increase per month each year and then increased fees that went on for years and years. She thinks if we bring back something that will explain what we are doing to them better and a reasonable amount for an increase she doesn't think anybody will object.

Council President Bernhard replied he feels we tried to do that because every member of this Council agreed with staff and said lets move forward these numbers seem to be fine. He stated ultimately they weren't fine and obviously they community was extremely upset about it and we are doing our due diligence tonight, having a workshop and moving forward that way. He stated it is frustrating to him at times to have Council members, and he is not pointing anyone out, Council members in general, all the sudden state they didn't agree with this or they didn't agree with that. He stated we all agreed to this particular plan. He stated if someone doesn't like what we are doing then step up and be a part of the solution is what he is recommending. He stated the point being is we all agreed to this plan, we are all here to listen to new ideas and hopefully we are bringing something new to the table.

Dixie Partee explained she just thinks the proposal that went out that cause the panic and she thinks the citizens are so angry that how dare you do that and were you then figuring that well if we blow them all away with this huge increase that what ever we now come back to and charge they will be going thank God we talked them out of this huge expense. She stated you know it is the politics, where is it reality. She stated a lot of the ire community they don't trust you now. She stated if this is what you proposed and said you endorse combination from the City combination from the Council, now they are saying oh you know what let's just forget what they are coming up with, we will wait them out because we don't believe that they really need this money, it is just all talk and she thinks that is a good portion of the complaints.

Council President Bernhard replied he is so so sorry to hear that, he truly is because not once did this Council ever think about if we come out with a large number we can settle on a small number. He stated that did not come across his mind, that did not come across anybody up here, we would never do something like that. He stated this Council has done a fantastic job along with staff to keep all of services in line, to keep our budget in line. He stated we have not heard one complaint from anybody as we try to do the best we possible can to provide the best we can for the citizens of Scappoose until today, until now. He is so sorry to hear her say that and actually he takes that personally because he would never think about saying to you personally you know what if you are not going to take this one then we just take a smaller number instead. He stated that was never in our thoughts.

Dixie Partee stated when we came to that meeting in May with the many people that were here because that rate had been so astronomical and we were here to complain, when we walked in the door there was a proposal handed to us saying the City no longer endorse this proposal. She state that was already done before we came in.

Council President Bernhard replied and that was the right thing for us to do.

Dixie Partee replied yes, but you weren't waiting to hear from us.

Mayor Burge replied he thinks what happened was that several Council members starting hearing from citizens and ultimately he thinks the system worked, that people in the community stood up, spoke up and talked to members of Council and they said this isn't going to fly. He explained he actually went back and looked at old staff reports and the one in November and the justification then for the rate increase was no buildings were going up and we might have to pay for the SDC funds so it had to go up. He explained we did have building this year and it all went in to the water SDC fund because we knew that fund was weak up front so when we designed our SDC reduce plan to try to entice building we didn't reduce that fund because it couldn't take the hit. He stated he thinks what we are trying to do is find a way to make the revenues and expenses meet. He stated he thinks that is why we are going to have a committee that looks at more than just rate increases but look at why do other communities have different expenses numbers than we do. He stated his change in decision was based on reaction from people in the community, talking to members in the community that said can't do it. He explained the Dutch Canyon Water Line was half of what we expected, the recession, because contractors are desperate to keep their crews working. He explained the sidewalk was under the price we thought also and that was due to the recess also. He stated that is just how business works and that is why he is saying we need to look at that from that angle as well and that is what he wants to see this committee do is look from another angle not just the increasing of the rates.

Councilor Ingham replied she hears Dixie Partee's concerns about getting the letter and being surprised about the numbers she saw. She explained every single meeting we have and every since workshop we have is open to the public. She stated we advertised and noticed the workshop that came up with those rates and we are hoping and talking to the committee to come asking people to get involved and you know how many people in the community showed up, four. So Council, staff and four people (she thinks 2 were from the newspaper) sat for three and half hours and came up with those rates, then when we mailed it out we got your attention and now you are here, so maybe that is a good thing. She stated her point being as we go forward with this process, every single meeting that we have regarding the water rate and storm rate increases will be open to the public, so everyone who wants to attend can come. She urges everyone to come so they can be a part of the process and help solve this problem. She stated it is not easy for staff and Council to sit here and try to solve all these problems because they know they can't please all the people all the time.

Councilor Gedlich stated she wanted to respond to Dixie Partee about not trusting Council. She thinks she is the first person she has ever heard in her 30 years with the City ever say that to our actual face and she is very sorry that she thinks that. She stated after the last meeting that everyone was there she did get calls and so did her husband thanking the Council for what they did that night, which made her, feel very pleased. She stated please trust us, we are not up here because we are trying to play politics, and we are up here because we love this community. She is proud of what we have done. She stated Council is trying very hard to save everyone money but it cost money to run a city and she thinks we have done a pretty good job to save money. She stated the City needs the citizen's support.

Councilor Meres stated staff brought the fees and he did say let's go for it and see what the public is going to say about it and they have spoke and that is why they have not passed a rate increase.

Mayor Burge asked for a resolution forming a new committee to be presented at the next Council meeting. He also asked for a resolution protesting unfunded mandates from the State and the Federal Government.

Mayor Burge would like to talk about the fee for Scappoose citizens to purchase a copy of the budget.

Mayor Burge explained if anyone is interested in being on the new committee please see City Manager Hanken.

Adjournment

Mayor Burge adjourned the meeting.

City of Scappoose, Oregon

Scott Burge, Mayor

Attest: _____
Susan M Reeves, CMC
City Recorder