

**CITY OF SCAPPOOSE  
CITY COUNCIL MEETING  
MARCH 15, 2010 AT 7:00 P.M.  
SCAPPOOSE, OREGON**

**Call to Order**

Mayor Burge called the Council 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
Jeff Erickson	Councilor

**Staff:**

Jon Hanken	City Manager
Doug Greisen	Police Chief
Joe Lewis	Water Treatment Plant Supervisor
Susan Reeves	City Recorder
Press: Stover with the Spotlight	

Excused: Councilor Art Heerwagen and Legal Counsel

**Approval of Agenda**

Councilor Ingham moved and Council President Bernhard seconded the motion to approve the agenda. Motion passed (6-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Meres, aye and Councilor Erickson, aye.

**Public Comments**

None

**Approval of the Consent Agenda**

**March 1, 2010 City Council Meeting**

Councilor Ingham moved and Council President Bernhard seconded the motion to approve the March 1, 2010 City Council meeting minutes. Motion passed (6-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Ingham, aye; Councilor Meres, aye and Councilor Erickson, aye.

**Proclamation for Scappoose High School Wrestling Team Oregon State Champions**

Mayor Burge read the proclamation ~ Congratulations Scappoose High School Wrestling Team.

**CENSUS Presentation** ~ no one from the CENSUS showed up.

## **New Business**

### **Homeland Security and Emergency Management Intergovernmental Agreement**

City Manager Hanken went over the staff report. He explained what Council has before them is a modification to extend an IGA for Homeland Security and Emergency Management Commission. He explained if Council will recall back in 2007 this commission was created and Cities participated in funding to help get the office and commission up and running. He explained he feels this has been very successful and the commission is functioning. The County has been able to hire staff and things are going relatively smooth. However because of our financial situation and the situation for other communities there are discussions amongst the local municipalities that we will continue to work with the commission and provide full support but we pull back on the funding. He explained when the City first started this we were promised that the County would take this office and function and financially responsibility over.

Police Chief Greisen explained probably before about 10 years prior to 2007 there was only one emergency manager for the County and it is always hard to operate something with just one person. That is when the group come together and decided to hire another full time person paid for by different municipalities, special districts and private corporations to help give that other support to the County with the idea that after three years the County should be up and functioning. During the three years the County has done a very good job and has been able to maintain the County Emergency Manager and an assistant. Plus through UASI grants they have hired another full time individual and then between one and two part time employees throughout the last three years. They feel they have helped the County get this going and now it is time to step back and allow the County to operate. He explained like City Manager Hanken stated we are still going to give them support 100%.

City Manager Hanken explained staffs recommendation at this time is that Council vote to request a modification to the agreement stipulating that the City will continue to participate on the Homeland and Emergency Management Council, but no additional funding will be provided. He explained what the City of Scappoose has been funding is about \$6,800.00 a year for the last three years. He explained their recommendation is to pull back on the funding for this and start moving forward with the other economic development actives.

Councilor Gedlich moved and Councilor Erickson seconded the motion that Council vote to request a modification to the agreement stipulating that the City will continue to participate on the Homeland and Emergency Management Council, but no additional funding will be provided.

Councilor Ingham asked if the \$6,800.00 has gone to the manager, the assistant manager and staff salaries. Chief Greisen replied the \$6,800.00 has always gone to position number 2. Councilor Ingham asked are all the entities doing the same as far as stopping the funding. Chief Greisen replied there are some entities that are stopping the funding. Councilor Ingham asked what if the agencies decide to follows us and not fund this, then what happens to this. City Manager Hanken explained the County still has the staff to move forward. Councilor Ingham

asked why does the City have to completely stop funding for this if it is working. City Manager Hanken replied the County is receiving money from other sources such as grant money. Councilor Ingham explained she just wants to make sure they can still function. Chief Greisen explained the way emergency management works is the disaster happens in Columbia County, you have an emergency management team at the Court House operating for the whole County but you still have your local emergency management team, the one for the Scappoose area. So we are still going to be functioning. We have been giving hard dollars to the County to help them start and they have done a very fine job.

Council President Bernhard explained he understands where staffs point of view is on this but before he can make a decision on this he would like to see a County Representative come in and speak on this matter. Councilor Ingham agrees.

Council President Bernhard moved and Councilor Ingham seconded the motion to table this until the next Council meeting where they can have a County Representative speak on this particular issue. Motion passed (4-2). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich and aye; Councilor Ingham, aye. Councilor Meres, nay and Councilor Erickson, nay.

### **Announcements**

Mayor Burge went over the calendar.

### **City Manager Hanken**

City Manager Hanken reminded Council the annual State Economic forms will be out soon and are due back by April 15, 2010.

### **Police Greisen**

Police Greisen explained a couple of months ago the Police Department hired James Candiff which is the 9<sup>th</sup> officer position and they just got done offering an officer position to Phil Packineau and he will be starting on March 25, 2010.

### **Councilors**

Councilor Gedlich thanked staff for all their hard work.

Councilor Erickson stated tomorrow there will be groups of High School Seniors going around the community doing various community service jobs. He said if you see them be sure to stop by and say hi and thank you.

### **Adjournment**

Mayor Burge adjourned the meeting at 7:23 p.m.

## **WORKSHOP ~ WATER/STORMWATER DISCUSSION**

**Present:** Mayor Burge, Council President Bernhard, Councilor Gedlich, Councilor Ingham, Councilor Meres, Councilor Erickson, City Manager Hanken, Joe Lewis, Terry Andrews, City Recorder Reeves and Henry Heimuller.

Mayor Burge went in to the workshop at 7:30 p.m.

City Manager Hanken explained tonight Joe Lewis, Water Department Superintendent and Terry Andrews, Field Services Supervisor and Public Works Department Head, are here with us tonight. He stated if Council recalls they asked staff to come back with some sort of combined number for water and storm water. Staff is here tonight for a discussion on a proposed rate increases. He stated from staff standpoints we recognize that the economy is absolutely lousy and we recognize there isn't a lot of disposable income that people have and it is always difficult to raise rates especially in down economic times. He explained one of the things that he and Joe Lewis came up with is just basically the City needs to hold its head above water and tread for awhile. As staff looks at that one of the things that they came up with in terms of how to justify things they discuss this issue that they are finishing up the Dutch Canyon Water line and the loan payment for that is about \$139,000.00 a year. In order just to cover that cost the City would need to raise the fixed cost on the water \$5.00 per user. He stated he knows anytime you talk about a rate increase that gets to be a little tough so again what staff wants to be able to do is look at what is the a justification the public can realistically understand. In terms of working through this there are some things that staff wants Council to remember. He explained as staff talks about proposing an increase in the water rate of \$5.00 a month on the fixed cost that would generates \$138,000.00. He explained staff also wants Council and the general public to understand that in the proposed budget that is coming up we are looking at a major reducing in what the property tax owners will pay in the general obligation bond for water and sewer. He explained currently it is at .6206 per \$1,000.00 evaluation and staff is proposing to drop that to .3500 per \$1,000 evaluation. He said so if you kind of compare the two there is still a small decrease that will occur in terms of what people are paying for, for overall water. He stated he knows that is kind of tough to make that argument in terms that people are going to see a rate increase on their regular statement and their property taxes only come once a year. Staff wants to be able to at least try to explain to the public; yes, it is going up in one area and it is coming down in another area and it kind of offsets.

Joe Lewis explained the water department is still expecting a shortfall in their budget. He explained they are going to take money from the contingency fund to help defer some of the costs. He explained if you remember our conversation we previously had to do with matching the cost of treating and delivering the water to the rates that we charge and we are kind of backing away from that big step and looking to this little step here to match the federal mandated Dutch Canyon Water line loan cost per year with the \$5.00 per month per user water rate increase.

Mayor Burge stated this looks good and this way we can at least look to the community and say we are reducing your property taxes in the general obligation bonds for water and sewer. He explained he did mention to City Manager Hanken to make it real easy for people to do a profit loss statement for water/sewer that way we can show the public real simply and quickly we are losing money.

Joe Lewis explained the revenues are about 1.2 million dollars and the expenditures are about 1.4 million in the water fund. He handed out a list of deferred maintenance items and those are maintenance items that should be done but aren't due to lack of funding.

Councilor Ingham asked what happens after the City treats water for a year, then what happens. Joe Lewis replied he expects he will be back here discussing the situation with Council. He explained the City would have some opportunities if the growth would come back at the rate that has been seen in the past but as it is now we are not expecting it this upcoming year. Councilor Ingham stated she is looking on down the road and saying that we have the talking point that the taxes/amount of the bond is going down so that will help justify this rate increase. In a year if Joe Lewis comes back to Council and says we need to raise the fees. She is wondering if it would be better to do it now because we have this talking point rather than coming back in a year.

City Manager Hanken stated he likes Councilor Ingham's suggestion. He stated the one thing that he wants to throw out and he didn't throw it out in this because he wants to be careful about having too much exuberance on how much he thinks the bond rate is going to go down the following year. He explained we are close to finishing up the bond on the sewer. He stated while we are almost cutting the bond rate in half this year he expects that we will be cutting that bond rate almost in half again the following year. He wants to be careful about projecting that too far because he is not quite sure what that is going to be.

Councilor Ingham stated you could still combine the argument, still combine the issue and say the bond rate is going this year and we expect it to go down again next year. City Manager Hanken replied what he wants to be careful of is making a promise if it doesn't happen and the public comes back and say you lied to us.

Council President Bernhard stated if we end up going with the \$5.00 rate increase then your proposal of reducing the bond payment, where does it put us as in a budget standpoint going in to next year. Obviously we are losing about \$200,000.00 still in the water contingency, where do we sit on water contingency and overall what is that going to do with our budget by doing something like this.

City Manager Hanken replied the bond is the debt service so that is going to go down. He explained what the contingency is going to do is it is probably going to lose a couple hundred thousand. Joe Lewis explained right now there is \$772,000.00 in contingency.

City Manager Hanken stated he knows the rate increase needs to be done but he doesn't want to create a big political problem for everybody on this Council. He is trying to measure the steps cautiously. He stated staff is still going to maintain strict fiscal controls but part of the reason why there is a contingency is to kind of help get through the rough times.

Council President Bernhard wanted to talk about the \$520,000.00 that would be left over in contingency. Councilor Ingham stated what if something happens. Council President Bernhard replied that is what he is thinking too. He stated he wants to talk about the contingency. He also wanted to talk about the comment City Manager Hanken made about politically he doesn't want to cause uproar. He stated he has to be honest and that is the last thing he is thinking of right

now. He is thinking more about what is best for the City and if that means he has to take a backlash because of the increase rates, well he feels that is what he signed up for so that doesn't bother him. He stated let's talk about the left over \$520,000.00 in contingency and where does that put the City if something happens. He stated if something major happens \$520,000.00 isn't going to save us anyway is it.

City Manager Hanken explained if something major happens the City will be doing emergency borrowing through the Oregon Economic Development Fund for infrastructure. He stated if something major happens right with amount that is currently in contingency the City would be in the same boat.

Council President Bernhard stated for him he feels Council continues to praise City Manager Hanken for his budgetary skills and if City Manager Hanken and his staff are coming back to Council and this is what they are thinking is going to be best for our community and this is what we can push through for the next year then he totally supports what staff is recommending. He is with Councilor Ingham here and he wants to make sure that we are seeing all the different options including do we need to seriously think about increasing a little bit more than just the \$5.00.

Mayor Burge agrees with Council President Bernhard. He explained he would like to see a cola increase because it makes it easier, it is automatic, it happens.

City Manager Hanken replied that would be the other thing that Council and staff can talk about is having some sort of automatic escalator whether it is a cola increase or something different, in terms of when staff comes forth in terms of the resolution for this.

Council President Bernhard stated what if the expectation is stated that the fee will be raised \$5.00 now but it is also states an increase will occur the same exact time next year and that increasing will be another \$5.00. He explained by doing that we already set that expectation to the community. He stated if you set the proper expectations ahead of time it is not as much of a shock to the system. The City should also let the community know we understand that times are tough.

Mayor Burge stated he feels as a part of the resolution the bond rate should be set, if we can. City Manager Hanken replied there can be a resolution that says it is our intention to be able to bring the bond rate down to what ever that figure is.

Councilor Erickson stated he would much rather see small steps like that every year than coming out of the gate with big numbers and start blasting. He stated families can't afford a huge increase and that is going to hit businesses left and right, especially those who use a lot of water. He stated if we could kind of go in smaller steps it would be a little easier to budget and it would be a little easier to make changes if they need to.

Councilor Gedlich thanked staff for their hard work coming up with the \$5.00 and right now she would be adamantly apposed the rate being raised \$5.00. Her concerns are the City is also talking about the storm water increase or new fee for funds so if we were to go with the \$18.00 plus

what ever we decide on the storm water that is a huge increase not only for seniors but for single parent families out there that are struggling. She understands where Council President Bernhard and Councilor Ingham are coming from but she would like to keep it at a minimum this year and see how it works and see how the citizens respond. She stated she thinks if anybodies property taxes go down they are going to be happy with the City.

Joe Lewis explained in his discussion with City Manager Hanken they were actually trying to soften the blow and he appreciates Council understanding of the situation. He explained when we look at this deferred maintenance list in talking to Terry Andrews this doesn't have many distribution system improvements listed, only one, number 8, which replaces the one water line to the green reservoirs. He stated the City's needs are actually larger than the \$5.00, even larger than the \$18.00 in the long run, but we are talking about a solution in the immediate budget cycle that the citizens and the Councilors can see fit to support. He explained no matter how much water you use the \$5.00 would be on the fixed part so it would only be \$5.00. He explained in attempt to be palatable to the community staff is are trying to soften the blow and still make the community and citizens aware of our needs.

Councilor Ingham asked what difference, if any, would it make to change it the increase to \$5.50. She wondered what kind of impact that would make. Joe Lewis replied of course it would have a small impact but it would be more revenue to allow us to do a little more.

Councilor Meres thanked staff for the good job they have done. He would like to see what the public has to say to support it. He would also like to see an automatic increase or percentage increase in the bill. He would like to see a letter go out on the water bill to everyone indicating that there is going to be a public hearing.

Councilor Ingham asked does an automatic rate increase every year have to be tied to a cola or can Council sit down and make a rate increase every year. City Manager Hanken replied you can make a rate increase every year.

Council President Bernhard replied he thinks that the City needs to get to that point where a cola can be initiated. He explained because right now the City is loosing money until we hit the \$18.00. He explained it is almost as if, unfortunately, the fee to increase \$5.00 a year for the next four years, because he is assuming four years from now it isn't going to be \$18.00 it will probably be closer to \$20.00 that we are probably gong to need. He thinks we need to look at after the four years a cola needing to be established with a certain percentage for every year after that.

Councilor Gedlich stated she realizes we are going to have to raise the rates every year. What she was just looking at was figuring out a formula where it didn't necessarily have to be \$5.00 increments for the next three or four years.

Joe Lewis explained the formula that he thinks staff is trying to figure out at this point is the \$5.00 formula. It may or may not be exactly what is needed but his best guess based on what staff is not doing now which is this list he provided tonight and then some is that we will need every bit of that \$5.00 for the next number of years. He appreciates Councils suggestions that we

take a long term approach trying to get rid of the short fall because before those four \$5.00 years have expired he hopes to be a retired water operator but it is still his responsibility to tell Council in order for this system to run and it is not him sitting here asking for money but it is the City of Scappoose water treatment and delivery system that needs this funding to assure that our citizens will have the quality of water that we are delivery to them now and in to the future.

Councilor Gedlich stated so the increase that Joe Lewis discussed also includes new commercial and new homes.

Joe Lewis replied yes and we welcome them. The forecast that he has seen and heard discussed through Portland State University population analysis is that the City of Scappoose for the short term is in a very flat growth pattern and when that ends we will begin a very slow increase and we certainly welcome that. He stated right now the water system is in a place so that we can deliver water to more people but we are not guaranteed to have that ability forever because some items are getting old; the water plant on Keys Road is old, the water lines under the ground are old and will need to be updated so in the future the City can welcome new people. The City can deliver them water but we are still going to need to maintain the system and a little more of it.

Terry Andrews stated the City is also going to need to look at source.

City Manager Hanken explained there also is a pipe in the ground that we haven't touched in decades. He stated realistically there is approximately 22 million dollars worth of pipe in the ground that has a life expectancy and in some case has exceeded that life expectancy.

Councilor Ingham stated she would rather have the \$5.00 there and be able to decrease then have to go back and ask for more money.

Councilor Gedlich expressed her concerns for those citizens who are on fixed incomes. She stated there are increases in everything.

Councilor Meres stated he wants the public to see a long term plan on how we are going to get out of this situation and not some short term plan.

Joe Lewis stated he thinks the discussion that the Council is proposing tonight with the planned increases of \$5.00 over four years approached that long term plan. City Manager Hanken replied plus the cola. Joe Lewis stated and the cola carrying forward so that there aren't any big surprises. He stated what is needed right now is a big water rate increase to balance the fund but he agrees the City can't just do that to our citizens. He thinks the calibrated approach that is honest with the citizens to say it is going up \$5.00 for four years and then an adjustment will continue after that time. He thinks that is a very realistic long term plan and which of the projects they can remove off the list as a result of that he really can't tell Council now because he needs to operate the Keys Road Water Plant at its best efficiency based on repairs that he needs to do as we roll along so he may not be scratching too many of these off the list in the next few years. This list will continue and it will grow as equipment ages and as infrastructure ages. He stated Councilor Gedlich is absolutely right when you talk about the cost of electricity, cable and phone and chemicals and all those things go up and they go up for the water system too. So it is



important to look to the future, the long range plan that Councilor Meres refers to. It is fair to expect increases in costs so he thinks it would be fair to expect increases in rates and what this body's responsibility is to do is to make them palatable so we don't drive citizens out of our town but that we have managed to balance our water budget.

Councilor Ingham stated the same long term plan needs to be in effect for sewer rates too. City Manager Hanken stated right now the sewer numbers are looking pretty good but again incorporating the cola in all of them is a good preventative measure.

Mayor Burge stated he has argued forever that we should have a cola because it makes more sense from a managing the system perspective.

Councilor Gedlich asked so we are all agreeing that \$5.00 every year for the next, implement that with the long term. Councilor Ingham replied with the cola. Councilor Gedlich replied yes.

Mayor Burge stated he would also like to see a complete list of maintenance that needs to be done. He stated the citizen's needs to understand where the system is.

Councilor Gedlich agrees that we need a long term system but she is just worried how it is going to affect the delinquent list.

Mayor Burge talked about small windmills and asked if we have looked at that for generating electricity for the system because it might help lower the maintenance cost. Joe Lewis stated that is a good idea.

Councilor Ingham asked if staff is going to incorporate a cola for the sewer as well and if it will be done at the same time as water. City Manager Hanken replied yes.

Council President Bernhard stated Councilor Meres is right, complete transparency for the community is the key. Mayor Burge replied that is why he suggested a profit and loss statement that shows the revenues and expenses.

Mayor Burge stated one of the things that citizens have talked to him about is the billing every other month and that is the number they see for every two months, not a monthly amount.

Councilor Ingham feels we need to go to monthly billing with this rate increase. She feels it would soften the blow immensely.

Councilor Gedlich stated she would like to see a monthly billing.

Council President Bernhard stated he also would like to see monthly billing.

Councilor Meres feels that is a good idea too and all these changes spelled out and public involvement needs to happen. He stated if we are going to do it lets do it right.

Councilor Gedlich would like to see a \$3.00 monthly charge for the next two or three years, rather than a \$5.00 increase. She stated she thinks that between the water rates and the storm water she would like to make it smaller increments.

Councilor Ingham stated she disagrees.

Council President Bernhard replied he disagrees also. He stated every single one of us here we have to pay our bills and we have to live our lives. He never uses himself as an example, in fact he has never done that before on the Council, but he is going to use it tonight. He explained he brings home the only paycheck in his family and he doesn't want to see an increase in rates either so he understands where Councilor Gedlich is coming from. He stated every single one of us can't or do not want to see increases but if we look just at the numbers and we take the advice of staff who have been again doing a wonderful job with our budgets, keeping us in line, our City is in so much better shape then so many other municipalities out there that he has to go with what he thinks we all have kind of agreed with at \$5.00 for the next four years and then we tack the cola on top. He stated it puts us in position to continue to do the right things in our budget.

Councilor Gedlich stated the only thing she is worried about is in her family they have been on a fixed income for 10 years and with all the increases it has gotten to the point were she can be perfectly honest and say that they save a 1/3 of what they did 10 years ago a month so when you add another \$10.00 a month for a year that is \$120.00, that is a lot. She feels the amount should be \$3.00 a year for the next two or three years.

Council President Bernhard replied he doesn't feel it puts the City in a position for success and it continues to lower the reserves that much more. He explained that is his opinion and obviously as a Council we can all differ our opinion and his opinion is we go \$5.00 for the next four years and then we tack a cola on. He respects her view, he respects her opinion and he respects where she is coming from but for himself it's an unfortunate situation that he thinks we need to address.

Councilor Meres stated as a City we are also talking storm water fee now and how are we going to deal with that.

City Manager Hanken replied on the handout from staff it shows how much of an increase would bring in and where those dollars would go. He explained if Council decides to go as low as \$3.00 or \$4.00 amount staff would not be able to modify any of the UIC's so then the City is running in to the permit process and those figures aren't incorporated in to this. He stated from his standpoint the big difference between the \$5.00, the \$4.00 and the \$3.00 is simply the delaying of when projects get done. He stated realistically he can honestly look at the State with any one of these numbers being adopted and say we are moving forward.

Councilor Ingham stated as long as they see us moving in the right direction you can only increase it so much based on your growth but we want to chip away at the UIC's but \$3.00 is not enough. She is proposing on the storm water that we go with the \$4.00 rather than \$5.00.

Joe Lewis explained stated he thinks Council and staff is rightly talking about the impact on citizen's pocket books but the other side of it is what we're buying. The storm water

management is if your street floods that is what we are talking about. He stated not only is a cost but it is a service that is being purchased in a way by their citizens for their wellbeing.

Council President Bernhard replied this one just drives him absolutely crazy, he is okay with puddles in the street. He stated being mandated by the Federal Government to do this after they tell us it is okay to put these in the ground in the first place then they have to come back and say we have to remove them.

Councilor Gedlich stated when you look at SE 5<sup>th</sup> Street there is nothing down there and we watch the kids go through mud puddles in that area. She stated there aren't any systems in that area but yet I am going to pay \$5.00 a month for something that isn't going to benefit her. How many citizens are in the same position that she is.

Terry Andrews stated the City has to maintain this system even if the State didn't mandate and staff has been using the street budget to pay for it and the street budget isn't in good shape.

Councilor Ingham stated she needs a number ~ we have \$5.00 on storm water, \$5.00 on water and the cola on sewer. She would like to know what the cola is on sewer. City Manager Hanken replied that depends upon what Council wants to do for the cola amount. He explained if you look at the pay raise scale 2-5% is the cola number. Joe Lewis stated he believes that language that City Manager Hanken is referring to is a minimum of 2% and a maximum of 5% and if the cost of living falls below then the minimum isn't impacted.

Councilor Erickson stated he would still prefer to \$5.00 on water and \$4.00 on storm drain just because of the fact that after one year the \$75,000.00 for the management plan is not going to be there. He knows a dollar is only a dollar but it still is a dollar.

City Manager Hanken stated he thinks he has direction as to what we bring back in terms of the recommendation and as part of raising rates we do have to have a public hearing so we will work towards that process.

Mayor Burge asked City Manager Hanken if he can schedule the public hearing so the water users can be notified via the water bills. City Manager Hanken replied he would have to push to get it there but we will defiantly try.

Councilor Erickson stated so once again \$5.00 on water, \$4.00 on storm water and no usage increases on water. Councilor Ingham stated and a cola on sewer and going to monthly billing.

Mayor Burge adjourned the workshop at 8:36 p.m.

**City of Scappoose, Oregon**

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Scott Burge, Mayor

Attest: \_\_\_\_\_

Susan M Reeves, CMC  
City Recorder