

**CITY OF SCAPPOOSE  
REGULAR CITY COUNCIL MEETING  
SEPTEMBER 17, 2012 AT 7:00 P.M.  
33568 EAST COLUMBIA AVENUE  
SCAPPOOSE, OREGON**

Mayor Burge called the City Council Meeting to order at 7:00 p.m.

**Flag Salute**

**Attendance:**

**City Council Members:**

Scott Burge	Mayor
Jeff Bernhard	Council President
Donna Gedlich	Councilor
Larry P. Meres	Councilor
Jeff Erickson	Councilor
Mark Reed	Councilor

Jeff Bennett                      Legal Counsel

Excused: Councilor Judie Ingham

**Staff:**

Jon Hanken	City Manager
Doug Greisen	Police Chief
Susan Reeves	City Recorder
Joe Lewis	WTP Supervisor
Darryl Sykes	WTP Operator
Jill Herr	Finance Administrator
Terry Andrews	Field Services Supervisor
Steve Wabschall	WWTP Supervisor
Doug Nassimbene	Utility II Operator
Kevin Turner	WWTP Operator

**Press:** none

**Approval of the Agenda**

Councilor Gedlich 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 Meres, aye; Councilor Erickson, aye and Councilor Reed, aye.

**Public Comments**

Len Waggoner, Scappoose, explained he is here tonight to discuss the potential of doing a half marathon on the 10<sup>th</sup> of November. He explained they have measure the track out and from the High School around the dike and back to the High School is 13.12 miles, which is perfect. He explained hopefully they will have 300 or 400 runners the first year out. He explained they have gone to the County and the School District. He gave a brief overview of how the run would take place. He stated it is a very nominal risk race as far as the exposure to transportation. He stated it is a pretty simple event. Their benefactors are Habitat for Humanity and the Local Veterans. He wanted to point out the Local Veterans are really an important part of this process because one of the things that we keep hearing is that Veterans go to VA and the services they are expected to get and should get, are not being delivered. He explained part of this process will be to hire counsel to go with them. He stated it is an amazing factor when you bring an attorney into a room that people pay more attention. He stated eventually this will be an ongoing event and ever expanding.

Councilor Gedlich asked Len Waggoner if he is working with the Sheriff's Department in conjunction with the Police Department.

Len Waggoner replied yes he is.

Council thanked Len Waggoner.

Dave Fuller, Scappoose, explained he just wanted to let people know that he is still running for Sheriff.

### **Consent Agenda ~ September 4, 2012 City Council meeting minutes**

Councilor Gedlich moved and Councilor Erickson seconded the motion to approve the Consent Agenda ~ September 4, 2012 City Council meeting minutes. Motion passed (6-0). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Meres, aye; Councilor Erickson, aye and Councilor Reed, aye.

### **New Business**

### **Works Session ~ Water Budget & Rate Discussion**

City Manager Hanken went over the staff report. He explained in this fiscal year the majority of the carry over funds and the various three funds that are associated with water, funds 40, 50 and 89 will pretty much be expended. In the Water Fund (Fund 40), the contingency is projected to be only \$71,000. That contingency is the basis for next year's beginning cash position. From a revenue/expenditure position (minus contingency and transfers), the three funds associated with the Water Department (Funds 40,50, 89) are estimated as follows:

Fund 40	Revenues: \$1,125,700	Expenditures: \$1,478,980	Shortfall: \$353,280
Fund 50	Revenues: \$ 22,191	Expenditures: \$ 306,963	Shortfall: \$284,772
Fund 89	Revenues: \$ 74,941	Expenditures: \$ 126,033	Shortfall: \$ 51,092

He stated so again if you look at the totals and you look at the overall anticipated shortfall in those three funds you have close to \$690,000 of projected shortfall. He explained if we were to look at just trying to make revenues and expenditures match the revenues of the three funds would need to be increased by 56.4% in order for that to match. He explained we recognize that is not a reality. He explained realistically the recommendation back in 2009 was a fixed base increase of \$15.00 a month and a commodity rate increase of a nickel to .38. If you'll recall there was a Public Works Advisory Committee that was established and they recommended the five cents per hundred gallons commodity rate increase and again from his perspective nobody on that committee anticipated that the nickel increase would resolve our issue. He explained in his opinion the committee hoped that things in terms of the economy would pick up and things would get better and we would not have to look at the \$15.00 a month increase. He stated unfortunately the economy is not getting any better and the downside here is those carry over dollars that we had that we have been surviving on those three months are pretty much gone. He explained right now the Water Fund is anticipating a contingency of only \$71,000. He stated when you have a 1.4 million dollar fund \$71,000 doesn't get you very far in the event you have an emergency. He explained we have another issue related to this that has recently come up and we are still working this out. He stated as you recall earlier this year we talked about how

Columbia County will be replacing the bridge on JP West. He explained the replacement is very good but what problematic for us is as they put those pilings in to support that new bridge we are going to have to move our water and we are going to have to move our sewer line, they are in the way. He explained one of the things that we are currently looking at is how do we relocate the lines. He explained we do have some ideas, one of which would be going up JP West Road to the west and then inside of going down to the creek, run diagonally through the park and run it under the creek at Seely Lane and that way we don't have to purchase additional right-a-way.

Councilor Gedlich asked how much additional expense is that.

City Manager Hanken replied right now in terms of the water line and the sewer roughly about \$500,000 each. He explained because we do not have the revenues on hand to cover this cost we will have to look at borrowing to make this happen through the State.

Councilor Gedlich asked if we could get bonds or would we have to take out a loan and what kind of interest rates would we have.

City Manager Hanken replied interest rates right now are relatively low.

Legal Counsel Jeff Bennett stated to answer Councilor Gedlich's question in regards to the bond Clackamas County wanted to sell some bonds to finance it contributions towards the Milwaukie light rail and there is some litigation over that, the litigation stopped the sell of the bond so Clackamas County had to go to conventional financing and ended up getting a finance rate lower than the bond rate. He explained the problem with the bank loan it's pretty short term.

Councilor Gedlich explained her concern is how it's going to affect our constituents. She is really concerned about what we are going to do.

City Manager Hanken replied he will be the first to say as a community we do have a high debt rate.

Mayor Burge asked on the Airpark Water Improvement Fund, when does those loan expire.

City Manager Hanken replied 2018.

Legal Counsel Jeff Bennett explained part of this is caught up in what happened with the economy in 2008.

City Manager Hanken replied absolutely.

Council President Bernhard stated he would be curious to hear from the people that were on the Public Works Advisory Committee back in 2009. He asked Mayor Burge what was the next step that the Committee recommended beyond the five cents.

Mayor Burge replied the next step was to review it.

City Manager Hanken explained one of the discussion and let's be realistic we can all go through our Water Master Plan and there is a whole list of project that need to be done and one of which probably the most important is to replace the raw water line from the treatment plant all the way

up to the hills where our source is. He explained in terms of doing all that one of the things that was being talked about at the time was going out for a general obligation bond. He explained one of the things with that is you want to put together a lot of your capital improvement projects in terms of coming up with here's what we are asking doing probably a year and a half, two year educational champagne then taking it out to the vote of the people. However that does nothing for the current debt load that we have and the short term project that we are currently facing.

Council President Bernhard stated going back to the short term project from a bank standpoint right now we don't have a shortfall, the bank is obviously is going to look at it from a historical standpoint but he doesn't know how in-depth they are going to look at it from a potential future standpoint. He stated so he is wondering if now is the time to potentially look toward financing from a bank standpoint. He stated we have an opportunity, a window of opportunity to secure low interest rate financing for "x" amount of time and he is wondering if now is the proper time to start looking at that.

City Manager Hanken replied it is proper time to start looking at both because the application process is timely. He stated the one thing he doesn't have is what is the actual cost of what it is that we are going to need to borrow. He explained the other thing that he wants to point out is in terms of looking at the shortfall deficit is again because right now we don't have a deficit because the general fund is covering some of this loan cost. He explained we had contingency, we had beginning cash balances that are being wiped out in this fiscal year. He explained in order to cover what you don't raise you are going to be taking that from your general fund, your contingency, your unappropriated ending fund balance and you are going to put yourself further in the hole with that in order to cover those costs and should something major goes wrong again you are still sitting there going we don't have the money to cover in an emergency.

Councilor Gedlich asked City Manager Hanken how soon would he have an approximate figure?

City Manager Hanken replied he is hoping within the next two months to have an approximate figure in terms of what the costs are. He explained staff has sat down and had five different scenarios to look at in terms of what might be possible. He explained some of them were more expensive than others, but again he thinks what they are proposing is the most cost effective and it also serves the best long term interest of the community. He talked about this project would provide more water flow through the system and that connection is something that we are going to have to make sometime in the future. He stated you also have to upsize your lines on the eastside of EJ Smith. He explained you provide yourself a better water flow making that connection underneath Seely and then running a pipe to connect the JP West line as well. So then again you get more water flowing through the system you are able to keep your water pressures up and probably most importantly fire flow. You make sure you have adequate water for fire flow.

Council President Bernhard replied he agrees those are important issues, but to him that is almost thinking far out in the future to a point that we were making earlier that we are not building a lot of house and stuff anyways right at this particular time. He explained he hears what City Manager Hanken is saying but he thinks the more pressing issue right now obviously is the debt load and the million dollars it is going to take to make this project work. He explained his gut feeling is that we need to reactivate the Public Works Advisory Committee again, is what he is thinking. He thinks the first and foremost thing Council needs to do is get the community involved and at least be educated, supply some information, working through that aspect first and

foremost before he thinks this Council goes down the path of hey we are going to increase water rates.

City Manager Hanken replied the only thing he can tell him is that is the same information in terms of the dollar figure that was provided back in 2009.

Council President Bernhard replied maybe those conversations need to just happen again, get the public input once again.

Councilor Meres explained he agrees with Council President Bernhard that the committee should meet again.

Councilor Gedlich stated she agrees. She agrees she feels the more the public understands what the issues are. She said she had several calls this week about the increase and several comments were if the increases are going for wage and benefits then maybe it should go before the voters. She stated she doesn't know if she specifically goes along with that. She stated the problem here in Scappoose is that we don't have the media coverage to get the information out. She doesn't see a reporter here and she hasn't seen a reporter here for a long time. She thinks what we need is some kind of media contact so the public is aware of what's happening. She stated somehow we have got to get some better information out there.

City Manager Hanken replied he can meet with reporters but what he can't do is make them come to the meetings.

Councilor Gedlich explained she just thinks they need a lot information before they can continue on with the workshop. She explained she read the information, however somehow a five cent increase is not going to cut it. She doesn't know what's feasible and isn't going to affect our citizens because of people that are on fixed incomes and people that aren't working, people that are on food stamps, with the way the economy is right now. She is just really worried about our citizens. She doesn't know if she could go to her neighbor and say they are going to increase the water and sewer rates five dollars each a month. She doesn't know if they can afford that.

Legal Counsel Jeff Bennett replied if you are going to have a budget shortfall and citizens can't tolerate increase in rate the question is where do you go to budget and cut other city types services to make up for the lack of revenue. (hard to understand what he said, too many other people taking over him).

Councilor Gedlich stated employees. She stated part of it is just lay off employees, hire consultants.

Jew Lewis explained with the budget deficit of \$689,124 you would lay off all employees in the water department. He explained there is a portion of 18 employees salaries that come out of the water department.

Councilor Gedlich replied she doesn't think we would cut all of these people she is just saying that maybe there is a possibility that there, and she hopes there isn't, that one or two people might have to be laid off or we might have to change job descriptions or something. The people that have called her are really concerned about how this is going to affect the increase of salary and benefits.

Council President Bernhard replied it is not going to increase the salary and benefits, he doesn't understand that.

Councilor Gedlich replied she doesn't know. She stated that is what they are saying, they say every time we open up the newspaper there are unions involved and there's salary disputes it has to do with salary and wages. She explained she told them she doesn't believe that's an issue but she will most certainly bring it up.

Council President Bernhard replied he doesn't think it is an issue. He thinks that each and everyone one of us know that from that standpoint he doesn't even think that is an issue that is on the table, whatsoever. He stated it is from areas of trying to cut from the existing budget we all know that we have been running about a lean as we can possibly run. He can't think of one area in our budget that we could actually cut from that would make a significant impact on this particular issue right here. He explained he is not opposed to the rate, he is not opposed to having a discussion, he is not opposed to the information staff has provided, nothing has changed on this. He thinks what he is looking for, and he does agree this is a Council decision, this is not something that needs to go to the voters. He stated he does believe that the citizens do have a right to speak up about this particular issue right here. He stated we need to give the citizens that opportunity and the Public Works Advisory Committee gives them that opportunity. He thinks it is a good opportunity because you actually have citizens at large that are on that particular committee, they aren't involved on budget committee, that aren't on City Council that can speak for other people in the community. He still think it needs to be heard. He does think we need to have a sense of urgency that we need to but this together because there is a sense of urgency around this particular project in the first place. So he doesn't think we can wait four months down the road and hear from the committee, he thinks it is something that needs to be put together fairly rapidly.

Councilor Gedlich stated the committee could meet once a month for two months, along with a town hall meeting to give the public enough time to be informed. She stated we could get this done by December.

Jason Meshell, Scappoose, asked if there is any way to run it into the infrastructure into the bridge itself. He just wants to make sure that hasn't been exhausted yet.

City Manager Hanken replied no, that hasn't been exhausted. He stated you can hang the water line on the bridge, that is a possibility. He explained it's the sewer line that becomes an issue.

Terry Andrews explained they did some flow test and they do have some areas that do create pressure and fire flow problems.

Council President Bernhard asked if we have considered asking the County to delay.

City Manager Hanken replied they are doing the bridge on the "STIP" ~ State Transportation Improvement Program, so they can't delay.

Council President Bernhard asked City Manager Hanken to explain how the STIP works.

City Manager Hanken explained all Communities, all Counties put their list together of transportation projects together in terms of what why want to do. All of those get priorities and

then the State says they have "x" amount of dollars in this particular region of the State and the top ones get funding. He explained this program has matching funds but he is not sure what the amount is.

Legal Counsel Jeff Bennett asked if they have thought about Rural Development.

City Manager Hanken replied until he sits down and figures out the cost will be he won't be able to meet with anyone.

Mayor Burge talked about getting the Public Works Advisory Committee to meet again.

Council President Bernhard would like City Manager Hanken to put on his thinking cap to see if there is anything out there for funding ideas. He would also like to recommend anyone else sitting in this room to do some research.

Mayor Burge explained he thinks being a past growing a community like we were over the 10 years these loans and SDC's are directly related to that growth and there was the expectation that they growth would continue. He stated there's an expectation that when things turn back around and growth occurs again that it's going to be.....

Councilor Gedlich explained the for many years Scappoose has been one not to increase their rates. She explained they didn't increase often enough until they got to the point where they were having problems with the treatment plants, the chemicals were going up and all the sudden Council was looking at each other saying we have got to do something. She stated we are at the point now where we absolutely have to do something and she is a little worried about the citizens but she knows we have to bite the bullet and do it.

Councilor Meres stated he's been here six years or so and they have only raised water once and that was five cents so he doesn't know previous to that. He stated we honestly should be keeping up. To him he would have a percentage or two consistently, every year. He asked what have we done in building as far as building permits since July.

City Manager Hanken replied the houses have been nonexistence.

Councilor Meres asked have we reduced staff anywhere in that department.

City Manager Hanken replied clerical staff has been reduced. He explained the Building Official still has other inspections like remodels, etc. and he is also going out and doing inspections for other communities which is helping generate revenues.

Councilor Meres asked about the City Planner.

City Manager Hanken replied the City Planner also works on long range planning, there is time associated with the UGB process, we are beginning to start the Transportation Master Plan update. He explained he still deals as part time planner, part time engineer so again we still have a lot of maintenance type work that needs to be done that he is involved in.

Councilor Meres explained his only thought is if we were doing 50 houses a few years ago and staff stayed the same and now you are building no houses and we're still maintaining the same staff.

City Manager Hanken replied we are looking at other projects because when we were doing 50 homes we were not doing master plan updates, those were falling behind. He stated you still have the remodels, when the homes aren't being built the remodels go up.

Councilor Meres stated he honestly believes that the City should put together a list of Capital Improvements and put it out for a bond.

City Manager Hanken replied the Public Works Advisory Committee and water department staff has looked at that. That is something that needs to be done and again the Capital Improvement for a lot of things you do not want to do as a water rate increase because you will go broke.

Bill Blank, Scappoose, explained talking about the general public and what they might do but when you start making these changes and stuff like that a lot of time things come up with like fish habitat so where are you with that and the overall planning of what you are doing.

City Manager Hanken explained the original lines are under the stream.

Terry Andrews explained the existing sewer line is in a casing.

Councilor Erickson stated always remember everything runs downhill. He also talked about the City looking at furlough days.

City Manager Hanken explained you try to look at all angles, what if you contract the services out; what are the positives, what are the negatives. He stated change gets to be very tough to do. He explained you start talking about contracting things out and you run into labor issues, this is a union shop, you are going to run into those discussions and those issues.

Council President Bernhard replied those are radical changes and this City has ran on this platform now for a very long time and we had years skinnier on the budget and we still make it work. He doesn't think this is the project warrants to considering revamping our way of (couldn't hear) in the City.

City Manager Hanken asked when he says project is he talking about the water pipe.

Council President Bernhard replied the water pipe, anything with sewer rate in general, the budget in general. So what he is saying is he doesn't think this warrants us to go down that path.

City Manager Hanken replied the water pipe isn't going to change dramatically. He explained it is looking at your overall operations in terms of your overall department.

Council President Bernhard stated we haven't increased water rates hardly at all and it is almost like this Council has been fearful to do so. He stated he feels like we have been held hostage to this issue for some time.



Councilor Gedlich replied she thinks the economy has lots to do with it and everybody was in agreement that maybe we should wait for a short period of time and we have, but now we are hitting a brick wall and we can't anymore.

Council President Bernhard explained we are two or three years behind everybody else, they have already been running into this. He explained if you look in the paper you don't see this conversation much anymore because most of the communities our size or larger than us have already been through this. They have already had their increase in water rates, they have already had the same exact discussion two or three years ago.

Councilor Gedlich stated probably what we really need to consider is maybe Mayor Burge could talk to the committee about coming up with an increase every year for like the next 10 years and have like the first couple maybe a little higher than maybe the other end of the spectrum to see how we are doing. She would hate to have a 20% increase every year.

Councilor Meres stated he hopes we get a citizen budget committee together this time and the people that have not shown he wishes we would send them a letter and thank them for their service and go out for a new one. Another thing is he would like to see those dates come out earlier because he plans a year out and he thinks some people do plan a year out. He stated another thing we talked about was nickel and dimes; he knows that we talked about putting on another police officer back in our previous budget and if he sees anything an officer is costing us \$100,000. He stated there is \$100,000 that's enough to make those two payments per year on the water line.

Councilor Gedlich replied she doesn't know, she doesn't want to lose our 24/7 coverage.

City Manager Hanken stated he has said this basically every time this issue comes up in terms of staffing level; it really isn't the Council or the Budget Committee, you assigned the dollars, and as City Manager he works within those dollars, but in terms of the staffing level, that is really not what the Charter says that the Council does.

Councilor Gedlich asked if we are going to start billing monthly.

Terry Andrews replied we have 50% of that project done but currently that program is stopped.

City Manager Hanken stated that was the recommendation of the Public Works Advisory Committee.

Mayor Burge stated he thinks basically what they are saying is they want starting in October to bring the committee back.

Councilor Reed explained he is on the committee.

Kevin Turner explained he would like to be on the committee.

Councilor Reed stated his concern is let's say we fix the problem, what going to happen down the road the County wants to replace another bridge and we have to spend more money to accommodate their project; this is just one thing.

Mayor Burge stated we should have this discussion every year. He stated if we had an increase every year we wouldn't be talking about this today.

Joe Lewis explained if we would have followed the 2002 rate suggestions we wouldn't be sitting there talking about it at all.

Mayor Burge stated the direction would be to have the Public Works Advisory Committee to look at the rates and come back at the November with a recommendation. He asked City Manager Hanken if he can call or have someone call the members to see if they are still interested in being on the Committee. He also asked if they can look at sewer rates.

City Manager Hanken replied no problem.

Council President Bernhard moved and Councilor Gedlich second the motion to have the Public Works Advisory Committee to look at the rates and come back at the November with a recommendation and also look at sewer rates. Motion passed (5-1). Mayor Burge, aye; Council President Bernhard, aye; Councilor Gedlich, aye; Councilor Meres, aye and Councilor Reed, aye. Councilor Erickson, nay.

### **Announcements**

Mayor Burge went over the calendar.

### **City Manager**

City Manager Hanken said the Sauerkraut Festival was spectacular. He explained tomorrow night is our meeting for the City Hall week.

### **Police Chief**

Police Chief Greisen explained Saturday September 29 from 10 am to 2 pm is prescription drop off at their office.

### **Council**

Councilor Gedlich thanked everyone for sitting and listening to Council tonight, she hopes they learned a lot. She thanked staff for coming. She explained she attended the Sauerkraut Festival and it was great.

Councilor Meres explained the Sauerkraut Festival was a great success and he would like to thank City Manager Hanken and staff for their support.

Council President Bernhard stated congratulations on a great Sauerkraut Festival.

Councilor Erickson stated in regards to the water rate, just keep it balanced and gradual.

Councilor Reed explained he agrees to the fact that he thinks we need to revisit the Budget Committee and find people that are interested. He explained there is a little bit of confusion on Sequoia Street on the sandwich board signs regarding the paving. He explained he also attended

the Sauerkraut Festival and he tried sauerkraut ice cream for the first time. The festival was a big success.

Doug Nassimbene explained the process of the slurry sealing project.

Barb Hayden stated the Sauerkraut Festival was a success and the Watts House had a record number of people go through, there was over a 100 people come through on Saturday.

Mayor Burge talked about the events he participated in at the Sauerkraut Festival. He said sitting in the dunk tank and looking out seeing 2<sup>nd</sup> Street packed with people was great.

Bill Blank stated thanks to everybody the Farmers Market also had a successful day. He explained also the library had a nice book sale.

Mayor Burge explained through the Oregon Mayors Association he has been nominated to be on the Board of Directors next year.

### **Adjournment**

Mayor Burge adjourned the meeting at 8:48 p.m.

  
Scott Burge, Mayor

Attest:   
Susan M. Reeves, MMC, City Recorder