

**MINUTES OF THE CITY OF HEPPNER CITY COUNCIL MEETING
HEPPNER CITY HALL, 111 N. MAIN STREET, HEPPNER, OREGON
7:00 PM, March 9, 2009**

NOTE: Where stated “Motion Carried” is considered unanimous, unless otherwise stated.

ATTENDEES:

**Mayor, Les Paustian
Samarra Van Doorn
Judy Buschke
Keith Lewis
JoAnn Burleson
John Bowles**

**Dave De Mayo, City Manager
Brian Harmon, Public Works Director
Sgt Randy Rayburn, Morrow County Sheriff’s Department
Chad Doherty, Public Works
Judy Eckman, City Treasurer
Anne Spicer, City Attorney
Undersheriff Steve Myren, Morrow County Sheriff’s Department**

**Absent: Cindi Doherty, Council Member
Rusty Estes, Fire Chief**

Members of the Public in Attendance

**David Sykes, Heppner Gazette
Alita Nelson
Tom Wolff**

1. GENERAL BUSINESS.

A. Call to Order. The March 9, 2009 meeting of the City of Heppner City Council was called to order by Mayor Paustian at 7:00 PM.

B. Pledge of Allegiance. Mayor Paustian led the Council and attendees in the Pledge of Allegiance to the Flag.

C. Announcements – Agenda additions and deletions.

Mr. De Mayo announced that the Accounts Payable will not be discussed until later in the meeting since they are not ready.

Mr. De Mayo identified an addition to the Agenda. Request for Animal Permits.

D. Correspondence. None.

E. Public Comment. None.

2. COMMUNICATIONS FROM THE PUBLIC.

A. Although Kyle Robinson was scheduled to attend the meeting, he will be absent.

3. CONSENT AGENDA.

A. Minutes of City Council Meeting, February 9, 2009.

B. Resolution No. 738-09, A Resolution Approving Accounts Payable for Payment – Action to be taken later in the meeting.

C. Monthly Financial Statement.

ACTION:

Motion by Mrs. Burleson to approve the February 9, 2009 minutes as presented. Seconded by Mr. Bowles. Motion Carried.

4. REPORTS.

A. Fire Chief. No report.

B. Morrow County Sheriff's Department.

Discussion: Sgt Rayburn reported that the hours for the month are included as an addition to the packet. There is a lot going on in March. The Sheriff's Department has received federal funding for a DUII grant from ODOT. Under the new grant requirements, Saturation Patrols are required three times per year; St. Patrick's Day, July Fourth, and Cinco De Mayo. There will be several deputies working DUII patrol for St. Patrick's weekend (12-13 March) in Heppner. Oregon State Police will provide two troopers for the weekend. Mr. Bowles requested that the patrol stop by the Stable of Youth since they will be holding a breakfast on Saturday after the bars close. Sgt Rayburn will relay this information to the deputies. Bucknum's will also be having a breakfast. The patrol hours will increase for those deputies in Heppner. This will not come out of the contract funds.

Undersheriff Myren stated that during the Court Street construction, traffic was scheduled to be cut to one lane during the fair weekend. According to Mr. Paustian the road will be open during the fair week, and 24 hour flaggers will be on duty when concrete laying starts.

With regard to the contract for the next year, the figures have been re-calculated to reflect the changes for the new year (2009-2010). The figures have been increased due to increased costs for labor and pay rates. The figure reflects a \$12,000 +/- increase.

C. Heppner Housing Authority.

Mrs. Buschke reported that all the apartments have been rented for the first time in three years. Carpets downstairs still need to be replaced. This will be done next week after St. Patrick's. Volunteers to move furniture are needed. The carpet bid did not include moving furniture. Mrs. Nelson asked if any of the High School Seniors could volunteer for this so for their community service credits. Mr. Harmon will speak to Mr. Stone, High School Principal on this. Mr. Paustian encouraged Council members to visit the center.

There was a problem with the elevator over the weekend. This was repaired; a re-set button had to be re-set.

Exterior work is still required.

D. Public Works.

Mr. Harmon reported that the flow meter has arrived today. They are still working with Century Tel on the telemetry system problem.

Mr. Bowles asked about the new ATV use for snow removal. According to Mr. Harmon it has not been used. Mr. Wight has been removing snow with his own machine.

With regard to the Court Street project, Mr. Harmon attended a pre-construction meeting with the contractors. They met to review the contract. Work was supposed to start today, but may be delayed until after St. Patrick's due to the weather. Equipment is being moved in and ground work should start next week.

With regard to the Elder Street bridge, Mr. O'Brien, County Public Works, has offered the material from a demolished bridge in Clark's Canyon. The current bridge's rating is too low to re-route traffic to the school. Mr. O'Brien has agreed to sell the materials to the City on credit. The County and City will meet to negotiate the details.

For St. Patrick's weekend, the location of the Cruise-in vehicles has been moved to Center Street and the parking lot at the old NAPA building. Center Street from Main Street will be open to local traffic only. Willow Street will be closed Friday afternoon between the Family Foods and the Senior Center. The section by the shamrock will be closed for the Rolling Thunder BBQ.

The street sweeper needs to be repaired. This will be investigated and parts will be ordered. The fuel transfer pump on the back motor is plugged.

E. City Manager's Report.

Mr. De Mayo reported the following additional information from his report.

1) The management agreement for the senior apartments will be discussed further with the Housing Authority prior to finalizing any agreement with Cascade Management.

2) With regard to Hager Park, the Ford Family Foundation has awarded \$5,000 in grant money to the City which will be used towards to the gravel parking lot and utilities for the proposed restrooms. The restroom proposal will be discussed later in the meeting.

3) With regard to how the economic stimulation package would affect Heppner, Mr. De Mayo stated that he has researched this and for cities that are less than 5,000 people, all these cities will compete for \$5 million. The rest of the funds will be divided up between the larger cities. A distribution formula is used. The only other way that additional monies can be obtained is through the small cities allotment. This is normally \$25,000 every other year, but may grow larger.

5. PUBLIC HEARINGS. None.

6. COUNCIL ACTION.

A. OLD BUSINESS.

1) Hager Park Construction Bid.

According to Mr. De Mayo, this was tabled at the last Council meeting. Action is required to remove this from the table so that further action can be taken. The bid for the pre-fab restroom was approved by the Beautification/Parks and Lands Commission at their last meeting..

Action: Motion by Mrs. Burleson to remove the Hager Park restroom issue off the table so that action can be taken. Seconded by Mrs. Buschke. Motion Carried.

Action: Motion by Mrs. Burleson to accept the proposal for the pre-fab restroom for Hager Park. Seconded by Mrs. Buschke. Motion Carried.

B. NEW BUSINESS.

1) Requests for Animal Permits.

Discussion: Alita Nelson has prepared three requests for animal permits for her 4-H group. The permits are for Fowler, Gray, and Murray and are for swine. There were no issues with the animals last year. Mrs. Nelson explained the process for caring for the animals.

Action: Motion by Mrs. Buschke to approve the three requests for 4-H swine from April 4 through August 5, 2009. The permits are issued conditioned on no complaints for citizens. Seconded by Mrs. Burleson. Motion carried.

2) Consider a Resolution Approving the Transfer of Appropriations Within the 2008-2009 Budget.

Discussion: Mr. De Mayo explained that this is a measure to correct a bookkeeping error. The transfer was taken out of contingency. There is no increase or decrease in either revenue or expenditures.

Action: Motion by Mrs. Burluson to approve Resolution No. 739-09 Approving the Transfer of Appropriations Within the 2008-2009 Budget. Seconded by Mr. Lewis. Motion Carried.

3) Water Rate Increase-Recommendation from Utility Commission – Presentation by Mr. Tom Wolff.

Discussion: Mr. Wolff informed the Council that the Utility Commission has discussed the fact that the repayment schedule for the water project will come up short if something is not done. The auditors have also alluded to this. The Utility Commission has been discussing options to correct this. There is a big difference between a debt service fund and a reserve for replacement, repairs, and contingencies fund.

The commission came to realize that there will be a good sized amount in the debt service fund (\$250,000) by July 1. This is from standard transfers into the fund. Some of this is carry-over from the former sewer bond which was a revenue bond that required revenue from the sewer department to be saved to pay off the revenue bond. This bond is paid off. The Utility Commission realized that the City has four pieces of debt remaining: 1) The street sweeper debt that has payments twice a year; interest only in July and interest and principal in January. This is self-funding from the street fund; funds are transferred every month through the budget. 2) City Hall Debt. This is funded every month and payments are made to the Bank of Eastern Oregon each month. There is no need for a debt service fund. 3) Current loan at the Bank of Eastern Oregon. These proceeds are used to pay for the sewer plant upgrade this past year. This is an annual payment and is a general obligation of the City. 4) Water Project—this is a 30 year obligation, \$119,000 per year payment due December 1, with a 10% set-aside for the first 10 years so that at the end of the first 10 years there is one full years' payment in reserve at the bank which is required by the loan. This equates to a \$130,000 payment for the first ten years.

The first scenario that the Utility Commission discussed was how to make the cash flow, i.e., \$3.00 immediate rate increase, and another \$1.00 in July, until there is a \$6.00 increase over three years, along with setting aside \$119,999 this July 1.

At the last Utility Commission meeting, an Alternative Solution to the Water Debt Payment Program which would not require a rate increase was proposed. This solution is outlined in detail in Exhibit A.

Beginning July 1, 2009, the City would write a check out of the debt service fund to pay off the Bank of Eastern Oregon loan that was used to fund improvements at the sewer plant in full. This would save about \$46,000 in interest over the next 4.5 years. This would also free up the \$8.90 per month that is included in the current utility bills that is dedicated to pay this obligation back.

This \$8.90 should be renamed on the invoices. Out of this fund would be to re-route the \$8.00 to make up the difference to be applied to the debt service fund to pay off the water project debt. The \$.90 would be applied to the Emergency Reserve for Maintenance, Repairs, and Unknown Contingencies Fund for the utility department. Mr. Wolff recommends that this emergency reserve contain \$100,000 to \$125,000.

The Utility Commission recommends a \$1.00 raise increase in water rates as of July 1, dedicated to a reserve for contingencies and replacements.

This plan will make the following fiscal year pretty tight for repairs and maintenance and contingencies. After December 1, the fund will be completely self-funding.

The City has been affording a \$70,000 transfer annually into the debt service fund for the water project which will have to continue on an annual basis. In order to make this work by December 1, they have been funding \$55,000 per year into the reserve fund for replacement and emergencies and repairs. This will be cut back to about \$18,000 in order to make the first payment on the water loan. By December 1, \$130,000 will be needed to be available to make the first payment. After that, it will be easier.

Mr. Wolff personally recommends that the \$18,000 that needs to be set aside each year be put in a separate bank account so it is easily identified and doesn't get touched each year. At the end of ten years there would be \$119,000 in the account that is required by the bond document and it will remain until the end of the program and used to make the last payment. One of the reasons there is more money in the debt service fund is that people forgot about interest distribution during the first 10 years on the street fund and sewer bond fund.

The Utility Commission recommends using this alternative to pay off the loan at the Bank of Eastern Oregon which is a general obligation of the City earlier in the fiscal year and re-routing the \$8.90: \$8.00 to the debt service for the water project and \$.90 to an emergency replacement and repair fund for the utility department, along with a \$1.00 increase in the water base rate in the next year.

Mr. Paustian commented that there have been increases on some items. "If we can do the citizens of Heppner a favor by not having to raise fees \$12.00 per month we would all be better off."

Mayor Paustian asked for a poll of the Council on their thoughts.

Mrs. Buschke—Thinks it is great. She understands it.

Mrs. Burleson—Thinks it is great.

Mr. Lewis—Thinks it is a good move.

Mr. Bowles—Recommends going with the Utility Commission's proposal.

Ms. Van Doorn—Agrees.

Mr. Paustian recommends a public meeting to explain this. After discussion, Council members did not feel a public meeting was necessary.

Action: Motion by Mrs. Burleson to accept the Alternative Solution to the Water Debt Payment Program as proposed by the Utility Commission. Seconded by Mr. Bowles. Motion Carried.

4) Recommendation from Utility Commission to sign Maintenance Agreement with Alternative Power Systems LLC to provide annual preventative maintenance for the generator system at the Sewer Plant.

Discussion: Mr. Harmon reported that the Utility Commission has reviewed the agreement. Everything is in order and Roger Schoonover has also reviewed the agreement. Mr. Harmon stated that only one question was raised about the fuel filters. This was answered satisfactorily and Mr. Harmon recommends signing the agreement. The agreement cost is \$350.00 per visit with one annual visit.

Action: Motion by Mrs. Buschke to sign the Generator Maintenance Agreement with Alternative Power Systems, LLC. Seconded by Mrs. Burleson. Motion Carried.

5) Farmers Market. Mr. De Mayo reported that this will start on June 5 and continue every Friday from 3:00 to 7:00PM, through September 25, 2009. It will be called the Willow Creek Farmers Market, and located in the main City Park. The people will take care of their own tables, including set up and take down. Live music is also planned. No commercial vendors will be allowed; only home grown or homemade products will be allowed.

6) St. Patrick's Apartments Insurance.

Discussion: According to Mr. De Mayo, if Cascade Management takes over the management, the insurance issues will need to be resolved. The Management can remain under the City's insurance wherein the City pays the premium and Cascade reimburses the City. There would have to be a written agreement between the City, Cascade Management, and the Housing Authority as owner. Another alternative would be for the management company to furnish their own insurance. According to Mrs. Spicer, the management company should be able to obtain insurance from CCIS. Mr. Bowles' opinion is that if the management company manages other properties, they should be able to get their own insurance. Mrs. Buschke asked if Cascade Management felt it was cheaper to go through the City. According to her, the only funds the management company would have coming in is the rent. Mr. Paustian had concerns about the liability issues. Mrs. Spicer stated that this should be acceptable. This would need to be addressed in the contract. Mrs. Buschke stated that the Housing Authority will be meeting with Cascade. Mrs. Buschke's opinion is that the City should be completely out of the operation. She is concerned about the liability in case of a fire and who owns the property. Mr. De Mayo stated that Mr. Kuhn had informed him that the Housing Authority is a separate entity from the City. There are requirements for the Housing Authority under the statutes. The Housing Authority needs to make a recommendation on this. According to Mrs. Buschke, they need to know what is the cheapest. Mrs. Burleson recommends that the City should get out of the management altogether. Mrs. Buschke has concerns about financial issues, i.e., if there are vacancies, meeting

the financial obligations for the management would be difficult. Mrs. Buschke would like to see a realistic budget from the management company. A professional management company is required by the grant.

This action is tabled until further information is obtained.

7) Morrow County Sheriff's Office Contract.

Discussion: None.

Action: Motion by Mrs. Buschke to approve the 2009-2010 contract with the Morrow County Sheriff's Office. Seconded by Mrs. Burleson.

In favor: Buschke, Burleson, Lewis, Van Doorn. Abstained: Mr. Bowles.

Mr. Harmon requested that when the next vehicle is available to the City, he would like a Durango. According to Under Sheriff Myren, he has no objections. A Durango will be available in the rotation period two years ahead.

8) Approve Resolution No. 738-09, A Resolution Approving Accounts Payable for Payment and Financial Statement.

Discussion: Mr. De Mayo pointed out that the electricity is higher this month due to street lights and pumps for the water system. EBS is medical insurance. Lexington Pump is the payment for the transducer on Well 2. The turnout equipment for the fire department comes from tippage fees.

Action: Motion by Mrs. Buschke to approve Resolution No. 738-09, A Resolution Approving Accounts Payable for Payment and Financial Statement. Seconded by Mrs. Burleson. Motion Carried.

7. MINUTES OF COMMISSION MEETINGS. Furnished for information.

8. REPORT FROM THE CITY ATTORNEY.

Discussion: Mrs. Spicer discussed the City's proposed gaming ordinance. She would like to know the Council's wishes on what should be included in the ordinance. She suggests limiting this to card games rather than include any other forms of gambling that may be allowable under statutes since it requires more supervision and enforcement effort. Mr. Paustian recommended clarifying the request with Mrs. Gochnauer. Mrs. Spicer also recommends background checks for people running the games. Sgt Rayburn will check on the cost for background checks. According to Mrs. Spicer, the more specific the ordinance, the better. Games in establishments would have to be licensed. Background checks would be required on anyone who has anything to do with the games. OSP would do the background checks; Sgt Rayburn will investigate this.

According to Ms. Spicer, if the City agrees on enforcement, would it go through the justice court, or through the City. Sgt Rayburn suggested a disclaimer as regards violations. The license fee and background checks would be paid by the establishment. Files would need to be maintained on this. The license fee would be an annual payment.

Private clubs would have to meet the same requirements as public establishments. According to Mrs. Spicer, when the lottery went in, the rules for this have changed. The only card games allowed are those in private homes. The Elks Club is not supposed to be doing card games for money at this point, according to the statutes. Mr. Paustian feels that people need to be informed on this.

Mrs. Spicer will have the information available by the April Council meeting.

9. REPORT FROM THE MAYOR/CITY COUNCILORS. None.

10. ADJOURNMENT. Meeting adjourned at 8:30 PM.