

**MINUTES OF THE CITY OF HEPPNER CITY COUNCIL MEETING
HEPPNER CITY HALL, 111 N. MAIN STREET, HEPPNER, OREGON
7:00 PM, June 14, 2010**

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

ATTENDEES:

**Mayor, Les Paustian
City Manager, David De Mayo
Joann Burleson
Cindi Doherty
John Bowles
Judy Buschke
Cody High
Keith Lewis**

**Jeff Bailey, Chairman, Planning Commission
Brian Harmon, Public Works Director (left at 7:14 PM)
Fire Chief, Rusty Estes (Left at 7:14 PM)
Anne Spicer, City Attorney**

**Members of the Public: David Sykes, Heppner Gazette
Sheryll Bates, C of C
June Jones
Samarra Van Doorn
Drion Van Doorn
Kurt Christensen, Renewable Ag Energy, Inc.**

1. GENERAL BUSINESS.

A. Call to Order. The June 14, 2010 meeting of the Heppner City Council was called to order at 7:00 PM by Mayor Paustian.

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

C. Announcements – Agenda additions and deletions.

Mr. De Mayo identified the following additions.

Mrs. Jones is in attendance to request the use of the City Park on June 20, 2010.
Request from Charles and Kathleen Foster to use the City Park on June 19, 2010 from 2:00 – 5:00 PM for a birthday party.

Request for the use of the City Park on June 19, July 10, July 24, July 31, August 21, and August 28, 2010 from 6:00 – 8:00 PM by Samarra Van Doorn, Freedom to Firelight Ministries, to host a time of music and fellowship.

D. Correspondence. None

E. Public Comment. Mayor Paustian announced that a presentation will be given later in the meeting regarding Renewable Ag Energy.

F. Requests.

1) Request for Animal Permit, two 4-H sheep, 585 E. Hager, Judy Peck.

Discussion: Mr. Bowles commented that Ms. Peck has had sheep for the last two years, and no problems were identified.

Action: Motion by Mrs. Burleson to approve Ms. Peck's request. Seconded by Mrs. Doherty. Motion Carried.

2) Request for use of City Park, June 26, 2010, 9:00 AM – 3:00 PM, for family reunion, Wayne Rollis.

Action:

Motion by Mrs. Buschke to approve the requests by Foster, Jones, Rollis, and Van Doorn, for use of the City Park on the dates specified in the requests, with the understanding that the City Park is not an exclusive use by the parties involved. Seconded by Mr. Lewis. Motion Carried.

2. COMMUNICATIONS FROM THE PUBLIC. None.

3. CONSENT AGENDA.

A. Minutes of City Council Meeting, May 10, 2010.

B. Monthly Financial Statement.

Discussion: Mr. De Mayo commented that some of the bills are for required payments, i.e., IRS, employee savings accounts, etc.

Action: Motion by Mrs. Burleson to approve the consent agenda. Seconded by Mrs. Doherty. Motion Carried.

4. REPORTS.

A. Fire Chief.

Chief Estes reported the following for the month of May 2010.

3 MVAs
1 Secure Landing Zone
42 Chief Calls

Mayor Paustian requested that Mrs. Doherty, Council advisor to the Fire Department, attend the Fire Department Advisory Committee meetings held on the fourth Monday of each month at 7:00 PM and provide a report to the Council. The next meeting will be held on June 28, 2010. Mayor Paustian will attend these meetings if Mrs. Doherty is not available.

B. Morrow County Sheriff's Department.

Mr. Bowles reported on several actions included in the May 2010 report. May was a busy month and it is expected that June will also be a busy month.

There has been an increase in dog problems. A deputy has been working a property issue on Riverside on vehicles, he has also contacted a resident on Linden Way regarding vehicle accumulation.

It was reported that \$2500 was stolen from a parked vehicle. The money was recovered and an arrest was made.

There has been an increase in the theft of gasoline from the service station. These were drive-offs. Employees were counseled to be more aware of this.

Cans were stolen from a citizen's residence. Parties agreed to solve the problem between themselves.

There was a report of a suspicious vehicle which was investigated and was unfounded.

A male was arrested for frequenting a place where illegal substances were being used, possession of illegal fireworks, and endangering welfare of a minor.

A report was made of a female being forced into a vehicle; this was an incident of an intoxicated person being given a ride.

Two drug pipes were found at the Mt. Glen Apartments. These were turned into a deputy.

Some juveniles found a cell phone that was returned to the owner.

The door to the museum was found open. They forgot to lock the door and the deputy secured it.

There was a minor fender-bender on Gale Street.

According to Mr. Bowles, it is expected that June will be a busy month.

Mayor Paustian commented that this report was very beneficial to the Council. Mr. Lewis agreed.

C. Heppner Housing Authority.

Mrs. Buschke reported that the renovation project is officially complete. The final check was received and repaid the City in the amount of \$38,050. There are two vacancies. One new tenant will be moving in on August 1.

The center received an award from the Beautification Commission.

Hermiston Glass is replacing the two front windows. This appears to be stress cracks from the accident last year.

Paul Denlinger has resigned as the maintenance person. Ms. Turner has interviewed two people for the position. One is very interested. Cascade Management will process this.

D. Public Works.

Mr. Harmon reported that he has been extremely busy lately. They have installed two new water services. There was a plugged sewer line on Court Street on the corner of Matlock and Court. This is an ongoing problem that is being worked on. They are trying to mitigate root control, and have TV'd most of the line.

The hanging baskets are up and looking good. They have not needed to operate the sprinklers in May due to the rain. The planters look very good.

Public Works will be working on Main Street quite a bit this summer, cleaning the bubbles, etc. The fence at the Children's Park is almost complete. The fence was purchased several years ago and has been in storage.

Weeds are being cut with a weed eater, pulled and sprayed by CAPECO workers. Two of the workers are no longer employed, and they are supposed to have another one next week.

The drainage system worked well during the recent rains.

E. City Manager's Report.

Mr. De Mayo reported on the following items included in his report.

1) The LB budget forms that were published in the newspaper were corrected. The figures reflect what is actually in the budget. The changes were the fire truck and COLA of 2% and a mathematical error of \$117.00 in the Community Development Fund.

2) The Intergovernmental agreement between the County and City needs to be reviewed and acted on.

3) The League of Oregon Cities is conducting a survey among cities to determine what key items need to be addressed to the legislature. They would like to know the top four issues for each city. Mr. Paustian commented that we should be heard. Mr. De Mayo was asked to select the top four issues. Some of these do not apply to small cities. Mr. High recommended that each Councilor select their top four preferences and Mr. De Mayo will combine and submit.

4) Mr. Bailey is in attendance to answer questions on the Planning Commission action. Mr. Bailey reported that the commission on a temporary use request by Mr. Mc Callister to allow a caregiver to reside in an RV on his residential property for a period of one year with a three month extension granted at the discretion of the City Manager. The RV will be connected to City water and sewer. The Planning Commission recommended Council approval. Mrs. Buschke commented that there are a lot of vehicles on the property. Mr. Bowles stated that these vehicles are stored in an orderly manner and are in the County portion of the property. The RV housing will be used for a caregiver provided through CAPECO.

Action: Motion by Mr. High to approve the temporary use request by Mr. Mc Callister to use the RV parked on his property as a residence for a caregiver for his wife. Seconded by Mrs. Doherty. Motion Carried.

Mr. De Mayo reported that the Mc Callisters are on the CAPECO list for a caregiver.

5) General Accounting Standards Board (GASB) 45. According to Mr. De Mayo, this requires the cities to show that they have no obligations to an individual except for PERS after they retire. This is our proof to the auditors. City County Insurance hired a firm to do this; it is very technical and this agreement will be given to the auditors as proof that the City is in GASB 45 compliance. There is no cost to the City.

Action: Motion by Mrs. Buschke to give the City Manager permission to enter into the agreement. Seconded by Mrs. Burleson. Motion Carried.

6) Local contractors have been contacted by Mr. De Mayo to provide input regarding developing the upstairs at City Hall. Plans are to have interested contractors meet with the City Council at the July meeting.

Mr. De Mayo commented that Dave Allstott has shown an interest in the project.

7) League of Oregon Cities grant consortium. The Council needs to make a decision on whether to join this. Mr. Paustian stated that the intent is to hire a professional grant writer to pool resources. Mr. Harmon stated that this may be a conflict of interest. The \$200 has been paid. A number of cities in Region 7 have met and think this is a good idea. A number of cities have met with PARC resources. Mr. Paustian stated that Heppner does not have the personnel for providing information for this. Mr. De Mayo also sees some problems with this. Mrs. Burleson stated that there could be a conflict of interest. Mrs. Spicer wondered who PARC Resources are and how they are selected. According to Mr. De Mayo, PARC is located near Athena and the base includes cities in the area. Some of the other cities such as Joseph and

Enterprise are not geographically located close the Athena location. Mr. Paustian sees the possibility of cities being divided by geographical grouping, setting a trend. Mrs. Burleson recommends we reject this. According to Mr. Harmon, he sees a problem that PARC Resources is the only one selected.

Action: Motion by Mrs. Burleson to reject the LOC grant writing proposal. Seconded by Mr. Lewis. Motion Carried.

6. COUNCIL ACTION.

A. OLD BUSINESS. None.

B. NEW BUSINESS.

1) Resolution No. 771, A Resolution Declaring the City's Election to Receive State Revenues During Fiscal Year 2010-2011.

Action: Motion by Mrs. Doherty to accept Resolution No. 771-10, A Resolution Declaring the City's Election to Receive State Revenues During Fiscal Year 2010-2011. Seconded by Mr. Bowles. Motion Carried.

2) Resolution No. 772, A Resolution Establishing the Pay Range Policy for Employee Compensation for FY 2010-2011 and Rescinding Resolution 770-10.

Discussion: This resolution reflects the COLA of 2% which was approved by the Budget Committee, and is included in the 2010-2011 budget.

Action: Motion by Mrs. Doherty to accept Resolution No. 772-10, A Resolution Establishing the Pay Range Policy for Employee Compensation for FY 2010-2011 and Rescinding Resolution 770-10. Seconded by Mrs. Burleson. Motion Carried.

3) Resolution No. 773-10, A Resolution Adopting the City of Heppner Budget for the Fiscal Year Commencing July 1, 2010 Making Appropriations, and Imposing and Categorizing Taxes.

Action: Motion by Mrs. Doherty to accept Resolution No. 773-10 Adopting the City of Heppner Budget for the Fiscal Year Commencing July 1, 2010 Making Appropriations, and Imposing and Categorizing Taxes. Seconded by Mr. Bowles. Motion Carried.

4) GASB 45 Actuarial Services Agreement. Handled previously.

5) Flexible Maintenance Agreement, Morrow County Public Works.

Discussion: According to Mr. De Mayo, this is an annual requirement.

Action: Motion by Mrs. Burleson to accept the Flexible Maintenance Agreement between the City of Heppner and Morrow County. Seconded by Mr. Lewis. Motion Carried.

6) Approve Planning Commission Action, Request for Temporary Use Permit by Donald Mc Callister to locate an RV on residential property for more than 30 days. Acted on previously.

7) Presentation by Kurt Christensen, Renewable Ag Energy, Inc., Ontario, OR.

Mr. Christensen provided background on Renewable Ag Energy, Inc. on what his corporation plans to accomplish in Heppner regarding the old Kinzua mill site in Heppner which might be pursued by farmers in the Heppner basin.

His company is based in Ontario, OR, and he works with Renewable Ag Energy, Inc. The company was developed about four years ago. They have been developing energy projects. Their main goal is to work with renewable projects that are viable and able to produce electricity. Their goal is between 10 and 20 megawatts per facility location. They are concentrating on solar and biomass. Both of these are well proven technology. In Ontario, they are currently developing a 10 megawatt solar project and have other projects that they are working with.

About three years ago, they began the biomass side of things and approaching this from the agricultural side of things. Their main goal is to grow energy crops and work through a process of turning those into electricity. They live in the area they are working with. About one year ago, they set up time lines. The time lines work on a certain schedule. The time lines have been pushed to the limit and the things they planned to do next year, have been forced to do this year. This is coming together rapidly. They are essentially a year ahead of any other group or organization. They don't believe that the Heppner facility is one of these items.

The end goal is to work with growers and develop solutions. One of the solutions is to form a cooperative. This would be a grower cooperative. The idea is sound and stable, kept simple, and controlled. The end game is to own the power plant that turns crops into power. This cycle should succeed. At this time, there is not a small biomass project. Their team has the best cooperative attorney in the US. He works out of Salt Lake, Randon Wilson is the attorney. He has developed numerous cooperatives. A cooperative is also under construction in Louisiana. They also have a team of engineers and accountants. They don't want to promise something that cannot be delivered. Mr. Christensen is familiar with small towns. They don't want to "stir the pot" but their goal is to have the plan in operation and bring 20+ jobs to Heppner. They would like to utilize this all year long. The Port of Morrow has done a lot of work on the site and they have an agreement that gives them the exclusive option on the facility. The idea is to use local growers that already have the crop in the ground. It is a high biomass sorghum produced by CERES Company, aka Blade Energy Crops. This is a company out of California.

Questions:

Mr. Paustian asked about the status of the boiler. According to Mr. Christensen, they do have a few concerns about the boiler. They are working with EPA and there will probably be six months of work with them before they can fire up. He is also working with Dave Mitchell, a former mill employee in Heppner. There have been some upgrades made on the boiler and it could be replaced if necessary. One of the previous managers has stated that the generator and

turbine would last for a long time. They have bids from the boiler company on what to expect. The Port has made the offer of giving them a good deal. This would not include all of the mill property. In the first year there will be significant trucking costs. The goal is to have crops grown by local farmers. This can be dry-land and uses less water than corn.

They would like people who were previously in the facility to give input. According to Mr. Paustian, there are people in the area who are very knowledgeable of the facility to assist in planning.

The facility would be grower owned and grower operated.

The pay scale for employees would be above the normal pay scale in Heppner.

The loading system would have to be modified and they also need professional truckers.

Mr. Paustian would like to give support from the City to make this work. The best place to start is with the City Council. This decision was announced last week at the Port of Morrow, and there will be considerable issues. They have met with some local growers in Hermiston in Hermiston. Several local growers have crops in the ground and they will be ready next fall. They would like to be able to fire up the plant. The product is sorghum based and is a green energy product that produces electricity. The estimated start-up date is dependent on purchase of the plant. After this is complete, the time is 120 days. Wind is a factor in the storage and some of the product will be stored in other areas. They intend to hire locally and purchase locally whenever possible.

Mr. Christensen would like a letter of support from the City Council for the project.

Council members unanimously agreed to support the project.

Action: Motion by Mrs. Buschke that the Council provide a letter of support for the project. Seconded by Mrs. Burleson. Motion Carried.

Points of Contact: Kurt Christensen, Cell phone: 208-405-5878, Renewable Ag Energy, Inc. 156 SE 1st Street Suite 1, Ontario, OR 97914. E-Mail Kurt@RenewableAgEnergy.com.

Local Point of Contact. Dave Mitchell, 541-676-5596

The name of the Co-Op is Agri Energy Producers.

Mr. Paustian recommended that Mr. Christensen meet with Willow Creek Valley Economic Development Group and the Chamber of Commerce, plus the County Court. Mr. Christensen has also previously talked to Judge Tallman.

7. MINUTES OF COMMISSION MEETINGS (furnished for information).

8. REPORT FROM THE CITY ATTORNEY. None.

9. REPORT FROM MAYOR/CITY COUNCILORS. None.

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