

Minutes of the Veneta City Council Work Session

March 14, 2016

Present: Sandra Larson, Tim Brooker, Thomas Cotter (arrived at 6:32 p.m.), Victoria Hedenstrom and Thomas Laing

Others: Ric Ingham, City Administrator; Shauna Hartz, Finance Director; Kay Bork, Community Development Director, Darci Henneman, City Recorder; Glen Kearns, Kori Sarrett, Accuity, LLC; Carrie Connelly, Legal Counsel; and Joan Mariner, Fern Ridge Review

1. CALL TO ORDER

Mayor Larson opened the meeting at 6:29 p.m.

2. PRESENTATION FROM CITY AUDITOR

Mr. Kearns introduced himself and Kori Sarrett from Accuity, LLC. He said he and Ms. Sarrett would like to present the Audit Opinion on the City's Financials. He said they are able to offer an Unmodified Opinion on the City's financial statements. He said that is a good thing which means they found no issues or problems with any of the accounting, reporting, or records that would require them to modify their Opinion. He said this is also known as a Clean Opinion. He said the City's records are in phenomenal condition and financially, the City is in very good shape except for two minor exceptions – an over expenditure in the Street Fund and a minor issue regarding compliance to Public Contracting Rules which he explained. He said the big change this year with the City's and Urban Renewal Agency's financials was the implementation of the new accounting standard that dealt with PERS Liability. He said this took a lot of time to implement, getting information from the PERS board and because not everyone understands it.

Ms. Sarrett explained the new standard regarding PERS liability.

Ingham said he and Hartz have been talking about a PERS reserve.

Ms. Sarrett said a minimum recommendation would be a reserve equal to two months of operating expense.

Mr. Kearns recommended three to six months, but then you may need to explain why we are maintaining high fund balances. He said it's unlikely that cities lose property tax funding; however, it can happen. An example is Wallowa County when a large property owner decided not to pay property taxes.

In response to questions from Mayor Larson, Ms. Sarrett said the financial reporting and what PERS bases our rates on are all tied together because they use the same actuarial data but they're two very different sets of numbers.

Ms. Sarrett said when a City doesn't have positive equity, it makes it difficult to borrow money but luckily the City's equity is in good shape.

Mr. Kearns said it was a very clean audit. He said the City's records were pristine and City staff was great to work with. He said there were a few minor issues which have already been corrected and it was nothing they're concerned about. He asked that he or his staff be contacted if anyone has any questions.

Ms. Sarrett said the Urban Renewal Agency is separate from the City. They reviewed it as part of the City and blended it into the City as a special revenue. She said the only change from last year is that last year's assets weren't listed as restricted.

TOBACCO RETAIL LICENSING ORDINANCE - POLICY CONSIDERATIONS

Ms. Connelly said Lane County Public Health (LCPH) has asked the Council to consider adopting a Tobacco Retail Licensing Ordinance. She said in December 2015 LCPH presented changes to Lane County Code Chapter 9 and asked cities to consider adopting the amended provisions to regulate tobacco

and tobacco paraphernalia sales to minors and to establish a tobacco licensing requirement within Lane County urban areas. The County's full tobacco regulation ordinance prohibits the sale and distribution of electronic smoking devices (ESDs) to minor and prohibits minors from possessing or using ESDs. She said this is pretty much applicable statewide (a few sections will go into effect July 1, 2016). The balance of the County's ordinance governs tobacco retail licensing and sale regulations, and sets associated fees and penalties. She said staff identified nine policy issues for Council consideration associated with Veneta's adopting of all or any part of Lane County's Ordinance which regulates tobacco sales.

In response to a question from Mayor Larson, Ms. Connelly said the first part addressed the Oregon Indoor Clean Air Act (ICAA). She said in her opinion, she recommended leaving that at the state level and only talk about retail licensing. She said state law prohibits ESDs by minors and in public buildings.

Ingham said its staff's recommendation to retain consistency with the state.

In response to a question from Thomas Laing, Ingham said the LCPH will monitor retailers. He said the first four policy issues address the ICAA; where tobacco use is prohibited including ESDs and policies five through nine address retail tobacco sales.

In response to a question from Mayor Larson, Ms. Connelly said Lane County's ordinance addresses both but then the state came in and regulated ESDs and access to minors it doesn't include ICAA guidelines.

In response to a question from Victoria Hedenstrom, Ms. Connelly said the County ordinance does three things: regulates ESD products to minors, adds ESD use to the ICAA, it imposes retail tobacco licensing which has never been regulated as state law. She said its important for the Council to discuss all four options because the County's ordinance incudes both.

Ingham said there are several pieces of the Intergovernmental Agreement (IGA) we would continue to work with Lane County on. He said the IGA would lay out how the tax is collected, fees, monitoring, etc.

After a thorough discussion, the Council provided staff with the following direction on the nine policy issues.

1. State regulation
2. Piggy back on Lane County
3. Consensus to do what we can to diminish minors using tobacco products
4. Exempting marijuana facilities
5. Charge licensing fee, adoption of the ordinance and actual fee will come back in a resolution
6. Same buffer 1000 feet
7. Same fine and penalties as Lane County
8. Direct licensing provision to be in VMC Chapter 5
9. Ordinance will include small edits and recommendations

Ingham said he thought we'd have Lane County's IGA to review at tonight's meeting but we haven't seen the draft from county counsel. He said once we have a workable IGA, it will be provided to the Council before the 1st reading of the ordinance. He said we don't want to have something in place without the enforcement issue agreed to.

4. COMPREHENSIVE REVIEW OF POLICY OPTIONS FOR UTILITY BILLING CYCLE

Hartz said in late 2014 staff reviewed the entire utility billing process which she presented to the Council in early in 2015. In that review, staff found there were many policies that were outdated and interpreted differently from their origin. She said this will be a time consuming process for staff but the goal of this review is to repeal all previous ordinances and resolutions and replace them with more comprehensive and relevant policies and practices. She briefly reviewed staff's recommendations and said that she used the Transportation Utility Fee (TUF) ordinance as a template.

In response to a question from Mayor Larson, Hartz said payment agreements are labor intensive but staff

understands that at times, people struggle and therefore, staff is recommending we continue with payment agreements but only under specific circumstances.

Victoria Hedenstrom said the use of door hangers or a phone call is very helpful and she suggested we continue to provide some kind of reminder before the water is turned off.

Hartz said Ann suggested an automatic phone message.

In response to a question from Mayor Larson, Hartz said the payment agreements are individualized to each customer which takes a lot of staff time. She said many residents make payment arrangements over the phone which triggers a comment on their account but that is different than a resident entering into an actual payment agreement.

In response to questions from Ingham, Hartz said staff works with residents when they have a substantial leak. She said a pay agreement would apply if there was a large balance that is unreasonable to pay in one month. She said once a resident has provided proof that the leak has been fixed, the water is charged at the lowest tier amount and a 10% reduction applies if payments are made on time. Hartz said a one-time \$40 fee is charged when residents request we turn off the water while they're on vacation. She said if the water is left on then monthly base fees accrue.

In response to a question from Mayor Larson, Hartz said property owners understand that the City can lien the property for non-payment of a utility bill. She said the application does not have that legal language, but we will be adding it. She said the application provides for better identify theft protection for residents. She said all new accounts require the application be completed and staff is slowly getting all existing account holders to complete an application.

In response to a question from Thomas Laing, Hartz said the average monthly water/sewer bill is \$70 to \$75. She said the water base is \$15.76 and the sewer base is \$46.26.

Hartz said the first step is to have the draft ordinance reviewed by legal counsel and back to the City Council in April. She said if all goes as planned, the ordinance would become effective July 1, 2016 which will give staff adequate time to finalize the in-house processes; write and finalize the applications, and notify customers of the changes. She said the next City newsletter will include language about the upcoming changes.

Hartz said eventually the new system will be more efficient. She said currently residents can owe three months before they get turned off. She said shortening that time frame down to 57 days should help people to not get so behind.

After a thorough discussion, it was the consensus of the Council to direct staff to draft an ordinance.

5. ADJOURN

Mayor Larson adjourned the Veneta City Council at 8:30 p.m.


Sandra H. Larson, Mayor

ATTEST:


Darci Henneman, City Recorder
(Minutes prepared by DHenneman)