

Minutes of the Veneta City Council May 13, 2013

Present: Sandra Larson, Brittany Boothe, Thomas Cotter, Thomas Laing, and Victoria Hedenstrom

Others: Ric Ingham, City Administrator; Shauna Hartz, Finance Director; Kyle Schauer, Public Works Director; Chris Workman, City Recorder/Human Resources and Risk Management Administrator; and Darci Henneman, Assistant City Recorder

1. CALL TO ORDER

Mayor Sandra Larson called the Veneta City Council to order at 7:05 p.m.

2. PUBLIC COMMENT

Joan Mariner, 25712 Cochran Ct, Veneta, OR

Ms. Mariner said she is concerned about the proposed East Bolton Local Improvement District (LID) that came up several years ago. She said because of the economic downturn, the City Council elected to postpone the project which she was and still is in favor of. Ms. Mariner believes it was a responsible decision to postpone the project at the time but she has always been concerned about the septic systems in the area. She was requesting not postponing the E. Bolton LID for much longer because she is concerned about wells getting contaminated.

3. JOINT MEETING OF THE VENETA CITY COUNCIL AND LOCAL PUBLIC CONTRACTING REVIEW BOARD – PUBLIC HEARING FOR AMENDMENTS TO THE PUBLIC CONTRACTING RULES

a. Mayor Larson called the joint meeting of the Veneta City Council and Local Public Contracting Review Board to order and opened the Public Hearing at 7:08 p.m.

b. Declaration of Potential Conflict of Interest and Ex-parte Contacts: None

c. Staff Report – Chris Workman

Workman said Resolution 1116 will allow the City to opt out of the Attorney General's (AG) Model Public Contracting Rules and repeal and replace the current Public Contracting Rules. Workman said ORS 279A.065(5)(b) requires cities to update its public contracting rules any time the AG modifies the Model Rules to ensure statutory compliance. Cities can adopt all or portions of the AG rules along with their own. Veneta chose to write its own procuring and purchasing process guidelines for Divisions 48 and 49. The proposed rules reflect the majority of the AG's Model Rules and rules not dictated by statute have been modified to grant the City the greatest level of flexibility and to simplify them as much as possible. The rules and booklet were about 100 pages long so staff did not include it in the packet; however, there is a copy to review and it can be accessed through the City's website as well. Staff is requesting Council members approve Resolution 1116.

In response to a question from Victoria Hedenstrom, Ric Ingham said Division 48 of the Public Contracting Rules addresses professional services, such as engineering, architects, etc. He said when the City needs these kinds of services we don't always go with the lowest bid like we do for construction projects, but rather look at quality of the product when awarding a contract.

- d. Proponents: None
- e. Opponents: None
- f. Questions from the Council: None
- g. Mayor Larson closed the public hearing at 7:15 p.m.
- h. Decision on the Issue

(1) **RESOLUTION NO. 1116** - A JOINT RESOLUTION OF THE CITY COUNCIL AND LOCAL PUBLIC CONTRACT REVIEW BOARD OPTING OUT OF THE ATTORNEY GENERAL'S MODEL PUBLIC CONTRACTING RULES AND REPEALING AND REPLACING PUBLIC CONTRACTING RULES FOR THE CITY OF VENETA.

MOTION: Thomas Cotter made a motion to approve Resolution 1116. Thomas Laing seconded the motion which passed with a vote of 5-0.

4. Consent Agenda

MOTION: Thomas Cotter made a motion to approve the consent agenda as presented. Thomas Laing seconded the motion.

Vote: Thomas Cotter, aye; Sandra Larson, aye; Victoria Hedenstrom, aye; and Brittany Boothe, aye.

The consent agenda as approved included Minutes for April 22, 2013 Work Session, Minutes for April 22, 2013, Minutes for May 6, 2013 Work Session, Accounts Payable through May 7, 2013, the Public Works Activity Report for April 2013, and the Oregon Health Authority Outstanding Water System Performance Award.

In response to a question from Mayor Larson, Kyle said the Oregon Health Authority (OHA) Outstanding Water System Performance Award is given to cities with no violations. Every three years OHA performs a survey of a city's entire water system from source to distribution and confirms there are no monitoring violations or any violations within the system and that cities are in compliance with many rules and guidelines. Some of the rules include having wells that are constructed and maintained properly and that the correct chemicals are used and stored properly. The OHA also evaluates water treatment and distribution systems and ensures these systems are well maintained and on schedule for all required annual testing. Lastly, all associated paperwork must be in order: operation manuals, emergency response planning, the cross connection plan and annual reporting records. Schauer said this designation allows the City to defer the testing from every three years to every five years, saving the City both time and money.

5. COUNCIL BUSINESS AND REPORTS

a. Business

(1) If I were Mayor Contest Winners

Mayor Larson said the Oregon Mayors' Association and the City of Veneta sponsored the statewide "If I were Mayor" contest for all school aged children. She said middle school students wrote an essay and high school students provided a slide presentation about what they would want to see if they were mayor. The City Council judged the entries based on creativity, relevance, clarity, spelling and grammar and selected the two that came out on top.

Annika Faris from Fern Ridge Middle School and Haley Perry from Elmira High School were selected as the local winners of the contest. Both were in attendance and given certificates and gift certificates. Mayor Larson said both winning entries will be forwarded on to the Oregon Mayors Association to compete at the state level. Mayor Larson also thanked the two elementary school poster entries, Bailey Williams and Kelly Hoffman. Mayor Larson said that Braeden Cornelius and Haley Perry spoke to the group of Oregon and Southwest Washington Grantmakers members when they visited Veneta last summer.

(2) Appointment of Park Board positions 1, 5 & 9

Mayor Larson reappointed student representative Elmira Louie to position 9 which expired March 31, 2013. Ms. Louie's new term will expire March 31, 2014.

MOTION: Thomas Cotter made a motion to appoint Elmira Louie to the Veneta Park Board. Brittany Boothe seconded the motion which passed with a vote of 5-0.

Mayor Larson also appointed Carol Petty to position 5 on the Veneta Park Board. She said Ms. Petty is a master recycler and she happy to see that she has applied for position.

MOTION: Thomas Cotter made a motion to appoint Carol Petty to the Veneta Park Board. Thomas Laing seconded the motion which passed with a vote of 5-0.

Mayor Larson said Mary Price has also applied for position 1 on the Park Board which is vacant. However, because Ms. Price is out of town, Mayor Larson will meet with her at a later date.

b. Councilor/Committee Liaison Reports

Thomas Laing said he cannot make the Mid Lane Community Cares meeting tomorrow at 4:00 p.m. but he will get a recap of the meeting from Pat Coy.

Brittany Boothe said she really enjoyed judging the If I were Mayor Contest entries. She said she noticed a theme from the high school level entries. She suggested perhaps the Council can have a discussion about how it can incorporate some of their ideas or concepts at the goal setting session in the fall. One particular idea a student asked was why the City has trash receptacles but not recycling. She said perhaps Carol Petty, as a new Park Board member, can assist with that.

Mayor Larson said it has been discussed to go to the schools and provide some kind of "Civics 101" presentation.

Brittany Boothe said simple things could be provided to students, like where Veneta City limits extend and what exactly the mayor does; she said it would be fun and educational for everyone.

Victoria Hedenstrom said it was intriguing to see what the kids were concerned about.

Thomas Laing said many students said they were concerned about the school system but the City doesn't have any authority over schools.

Mayor Larson said it's the City's intention to have a good relationship with the schools. She said the school district is hosting a candidate forum at 7:00 p.m. on Wednesday, May 15th at the fire

station. She said there are three positions open on the School Board and only one position is being contested. Mayor Larson said the forum would be worth attending.

Victoria Hedenstrom said the Chamber of Commerce Board of Directors meeting is tomorrow, May 14th and the Chamber luncheon is Wednesday, May 15th.

Ingham said when the Chamber chose to reorganize it decided to hold the monthly luncheons on a quarterly basis so the May 15th luncheon has been cancelled and the next meeting will be in June. He said the Board will still meet on May 14th.

6. a. City Recorder/HR & RM Administrator.....Chris Workman
(1) **RESOLUTION No. 1117** - A RESOLUTION ESTABLISHING DOG LICENSING AND OTHER ANIMAL CONTROL FEES AND FINES AND REPEALING RESOLUTION NO. 1047

Workman said in 2011 the City Council approved Resolution 1047 which established animal control fees and fines; however, since that time staff has discovered the table outlining those fees and fines was incorrect. Resolution 1117 is required to correct the table to coincide with the City code. Staff is requesting Council members approve Resolution 1117.

**MOTION: Thomas Cotter made a motion to approve Resolution 1117.
Thomas Laing seconded the motion which passed with a vote of 5-0.**

- (2) **RESOLUTION No. 1118** - A RESOLUTION ESTABLISHING THE SPAY AND NEUTER ASSISTANCE PROGRAM FOR THE CITY OF VENETA

Workman said in 2007 the City Council approved the temporary spay/neuter voucher program. He said the program has been successful with 21 applications and takes very little staff time to administer. Most of the vouchers are redeemed at the local veterinary clinic and some Eugene clinics honor the vouchers as well. Workman said staff felt this is an effective program and a great benefit to Veneta low income residents. Staff is recommending Resolution 1118 be approved as a permanent service to Veneta low income residents.

In response to a question from Thomas Laing, Workman said originally a \$300 to \$400 line item was created for the voucher program. Since 2007, the City has spent \$630 total to pay for the 21 applications received. He said if that threshold is ever reached, staff could bring it to the Council for approval to pull money from another source.

In response to a question from Mayor Larson, Workman said the income eligibility table has been updated on the spay/neuter assistance application.

**MOTION: Thomas Cotter made a motion to approve Resolution 1118.
Thomas Laing seconded the motion which passed with a vote of 5-0.**

- (3) **RESOLUTION No. 1119** - A RESOLUTION ADOPTING THE CLASSIFICATION AND COMPENSATION SCHEDULE FOR HOURLY, TEMPORARY AND SEASONAL POSITIONS FOR 2013 AND REPEALING EXHIBIT B OF RESOLUTION 1107

Workman said in the past cost of living adjustments (COLA) for regular employees also applied to hourly, temporary and seasonal positions effective annually on July 1st and the

state minimum wage increases were applied every year on January 1st. He said this scenario adds confusion and requires staff to adjust the compensation schedule twice each year. To eliminate this confusion and allow for the compensation schedule to be updated just once a year for hourly, temporary and seasonal employees, staff is proposing wages for these positions be based on the State minimum wage and adjusted only in January. The compensation schedule for regular employees will continue to be updated annually once the final City budget is approved.

Workman said on January 1, 2013 the State minimum wage increased from \$8.80 to \$8.95 and the proposed compensation schedule has been updated to reflect that increase. He said approving Resolution 1119 will mean that staff spends less time adjusting the minimum wage and COLA benefits for hourly, temporary and seasonal positions with the City of Veneta.

**MOTION: Thomas Cotter made a motion to approve Resolution 1119.
Thomas Laing seconded the motion which passed with a vote of 5-0.**

b. Public Works Director.....Kyle Schauer
(1) Pipeline Project Update

Schauer said Pacific Excavating crews have been working through the evening and the pipe work is substantially completed along Highway 126. He said EWEB will be starting construction of its line soon. Schauer provided the Council with an update on the substandard paving on Perkins Rd. He said Lane County agrees that the quality of the paving is substandard and he will meet Wednesday, May 15th with the contractor to discuss how it will be repaired to meet Lane County's standard. He said the next big phase of the pipeline will take place at the E. Broadway public works yard. He said the public works crew will construct a building over the water line connection to the reservoir. He said they are moving forward with a tentative connection date of September 15, 2013.

In response to questions from Mayor Larson, Ingham said August 2015 is USDA's deadline for completing the pipeline. The construction deadline with Pacific Excavation is spring of 2014. Ingham said we do need to have the EWEB pipeline come on line so we can flush the entire line in order to start running water. EWEB should be done by September and we should have water flowing to residents no later than November 2013.

In response to a question from Victoria Hedenstrom, Schauer said as part of the connection work we will need to take the reservoir off line

In response to a question from Victoria Hedenstrom, Ingham said EWEB just awarded their contract and is moving forward with the project.

In response to a question Thomas Laing, Ingham said the EWEB line will run from Terry St. west to the meter box on Greenhill Rd. and Veneta's line runs east to Greenhill Rd. to the meter box.

Schauer said the City's line is already at the meter box. He said the pipeline ran east on the south side of West 11th and crossed the highway at the intersection of Greenhill Rd. From there it will run along the north side of West 11th. He said the meter box is right in front of the gas station.

Ingham said the EWEB water will be blended with the City's water.

In response to a question from Mayor Larson, Schauer said the water will taste a little different because ground water is different. He said a blending study was conducted to see if there was going to be a reaction. Based on that study, it's not expected that there will be any negative flavor or smell with the blended water.

c. City Administrator..... Ric Ingham
(1) Water Rate Analysis & Rate Recommendation

Ric reviewed his presentation of the water rate analysis and rate recommendation. He said it's staff's intent to continue to refine and pull the rate down in order to get a rate that the Council is willing to adopt by July 1.

In response to questions from Thomas Laing, Schauer said the proposed two million gallon tank located at the E. Broadway public works yard will receive some upgrades. Schauer said the EWEB contract requires the City purchase a minimum amount of water at a specific cost.

Ingham said as soon as we start buying wholesale water from EWEB, the overall cost will go up. Based on the minimal purchase of six million gallons per month, we are likely to hold at that amount for several months. We know what our wells produce and once we have to purchase more than the six million gallon per month minimum we'll see an increase in cost.

In response to a question from Mayor Larson, Ingham said the EWEB contract calls for us to purchase a minimum of six million gallons monthly.

Hartz said the 2016 figures reflect inflation totals.

Schauer said our winter use is around 9 to 12 million gallons per month and rises to 28 million gallons per month in the summer.

In response to questions from Victoria Hedenstrom, Ingham said we'll hold our purchases to the minimum for at least the next 18 to 24 months. He said EWEB has a maximum amount of water we can purchase. When Hynex Corporation built its facility in west Eugene, they needed a lot of water to manufacture discs. He said EWEB overbuilt west Eugene to service that company and since Hynex Corporation closed its manufacturing plant, it left the area with very few commercial customers so we're actually helping absorb the over capacity for that area. Ingham said EWEB has only perfected about 22% of its water rights. Overall, it has seen very little growth and has actually experienced a decline in its water consumption over the last several years. Ingham said most of the area around the old Hynex plant has been purchased by BLM and is now deemed wetlands, never to be developed. At this point, EWEB doesn't project future use equal to that of the Hynex plant for West Eugene.

(a) Public Comment

In response to a question from Mr. Allison, Ric said the 25% increase will be to both the water base and the usage rates.

In response to a question from Victoria Hedenstrom, Ingham said like every other major

infrastructure project, we will borrow funds to construct the two million water reservoir with SDC increases intended to the debt service.

In response to questions from Mayor Larson, Ingham said we most likely won't reach that coordinated population figure of 10,500 until 2032. He said we're still negotiating how to finance EWEB's one mile pipeline. Instead of securing external financing staff has looked into financing it internally for about 10 years. Now, Finance Director Hartz is thinking we could pay cash rather than borrowing the funds which would decrease the finance costs. He said anytime we lower the financing costs, we reduce necessary rate increases. He said that would be factored into the second rate increase. The current projected cost is about one million dollars and even if we paid \$500,000 to reduce our financing costs, it would still reduce the overall rate increase.

In response to a question from Victoria Hedenstrom, Ingham said we think we can get the total water rate increase below 43%. At this point, staff will move forward with a 25% increase at the June 10th Council meeting to be implemented on July 1st. He said the January 2014 increase could likely be less than 20%.

(2) Wastewater Rate Reduction Analysis & Rate Recommendation

Ingham reviewed his slide presentation addressing a proposed temporary reduction to the wastewater rate and asked if Council members had any questions.

In response to a question from Thomas Laing, Ingham said since the wastewater plant was built, Schauer continues to operate the plant at a much lower cost than was projected. He said the public works crew stays on top of maintenance, etc. Schauer has only spent 54% of the maintenance budget to date, which should lead to finishing out the fiscal year only spending around 65% of the budget. He said Rural Development originally dictated what our rate should be because we cannot rely on SDC revenue to always be in place to cover debt service. Previously, the debt service payments only came out of the operating fund which created a very healthy SDC fund balance. Additionally, because of Schauer's due diligence, our operating fund balances are likely much higher than was projected when the plant came on line in 1999. This is why he believes the fund could absorb a one-year rate reduction to help offset the necessary water rate increases.

In response to a question from Mayor Larson, Ingham said if approved by the Council, residents would see a 25% water rate increase in July 2013 (which calculates to about \$5 a month), a second increase in January 2014, and a third in July 2014 when the temporary wastewater reduction would expire.

Thomas Laing expressed his concern that residents will look at the sewer reinstatement (after it's been reduced for a year) as a third increase. He suggested keeping the wastewater base charge as it is.

Mayor Larson said it seems fair if there is a surplus in the fund to pass the reduction on to rate payers that helped get that fund up to where it is.

Victoria Hedenstrom felt a temporary wastewater rate reduction somewhat softens the blow of two water rate increases.

In response to a question from Joan Mariner, Ingham said we will need to get the pipeline project behind us and get into the next eight to twelve projects on the Wastewater Capital Improvement Projects (WW CIP) to see how true the estimates within the report are. He said the budget committee can review the WW CIP to see how true those dollars are. Ingham said the WW CIP is broken into three categories: a distribution system, the treatment plant, and the poplars/reuse area. Most all of the savings have come from the distribution category, but the next project will be the expansion to the lagoon and bio-lac facilities.

Joan Mariner said by 2015, the SDCs may perk up a little so we may not see the second increase. She said once the temporary wastewater reduction is lifted, those funds will go back into the wastewater fund. She said if growth in the City increases, the water bill may be modified.

Ingham said if the City saw a huge spike in water SDC revenue the City would likely bank it to cover construction costs of the reservoir or would look to decrease the urban renewal funds being contributed to the payment every year so those dollars could be used for other urban renewal efforts.

In response to a question from Mayor Larson, Ingham said what's being added to the water bill now is \$550,000 in new debt service and our current 1500 customers are assisting with paying for that. Once our household numbers increase, that debt will be spread out over more households.

In response to a question from Herb Vloedman, Schauer said the current WW CIP is scheduled through 2028. He said the projects done thus far are all on the collection side. The plant was built with a 20 year capacity and now we're into it 12 years, so the next phase on the CIP will have to do with expansion. The recent UV upgrade had to do with that and several other small pieces to get us ready to take the large step of doubling the capacity of the treatment plant out seven to ten years. He said the Master Plan identified the problems and the project list addressed those problems; now we're dealing with growth and added capacity. Schauer said both CIPs are tied to growth and since we were flat the last several years, we can push those projected population dates out an additional three-five years.

In response to questions from Victoria Hedenstrom, Ingham said there are many variables and estimates that have gone into the rate analysis. He said it bothered staff to ask current rate payers to accumulate all these funds for future residents to take advantage of. FCS said as long as we plan on building a reservoir, and the cost is included in the CIP, the cost of building it has to be in our SDCs calculation or a water rate calculation. With the debt service and the water SDC revenue coming in, the only way he could get it to work was to add it to the rate payers and build up the cash reserve, anticipating the reservoir would be paid for with cash reserves. By 2025 we will have met all of our short-term obligations attached to the water pipeline which will open up more debt capacity or lending capacity to take on the reservoir debt. Future lending capacity calls for future residents paying for the reservoir. He said we would incur a new debt and pay for it with water rates from the residents who use it.

Hartz suggested using a combination to pay the debt service, such as SDCs and operating

funds. She said because we have many wastewater projects, we will eventually need to bring the rate back up to what it is now.

In response to a question from Victoria Hedenstrom, Ingham said we're trying to reduce the impact of the two water rate increases by issuing a temporary sewer rate reduction. He said after one year the sewer rate would need to go back to what it is now.

Mayor Larson said the sewer rate reduction hopefully will give a sense of understanding that the City is trying to keep the lid on rates.

(a) Public Comment

Herb Vloedman said as a rate payer, the advantage of using savings that current rate payers helped save seems like a good idea.

Victoria Hedenstrom said she appreciated the hard work staff put into this analysis and proposal.

Ingham said we need to stay diligent through July 2014 and assured the Council that the numbers are trending in the right direction to keep pulling the rate down.

Following the discussion, it was the consensus of the Council to direct staff to continue to work on the water rate increases as proposed and move forward with the one-year reduction to the wastewater rate as presented.

(3) Questions from Councilors

None

7. OTHER

Ingham said several vehicle tires were slashed on East Hunter and at Broadway Park. The first night six houses were hit and the next night there were twenty-two. He said the second incident carried over to vehicles on Territorial Rd. and as far as Third St.

Thomas Laing said his wife's car and his neighbor's car were both hit.

Thomas Cotter said his mailbox was taken out.

Ingham said Lane County deputies think both incidents happened around 12:00 or 1:00 a.m. Also, a beer bottle was thrown through a window at the Dari Mart on Territorial Rd. He asked if Council members would approve the City offering a reward.

In response to a question from Victoria Hedenstrom, Ingham said offering a reward seems to be an incentive to get people to come forward with information.

In response to a question from Mayor Larson, Hartz said the reward would come from the Council discretionary fund.

Hartz reminded the Council of the budget meeting scheduled for Thursday, May 16th.

Victoria Hedenstrom said she overheard that several kids in her neighborhood referred to Oak

Island Park as the "ghetto park" because of some illicit activities that occur there and also because it's dirty.

Schauer replied that they may be referring to the large vacant property behind the Park.

In response to a question from Thomas Cotter, Workman said the video surveillance cameras at the Skate Park did not identify anyone. He said there was a lot of activity seen but no tagging.

Schauer said most of the activity occurred between 11:00 p.m. and midnight.

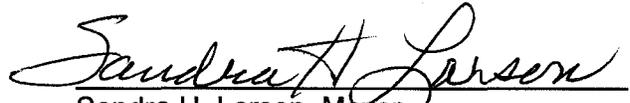
Ingham said the park can be locked but that would mean a deputy would need to lock it at dusk and public works would have to unlock it in the morning.

Mayor Larson said she felt the tire business is more critical.

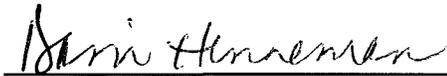
Ingham recommended the second Council meeting in May be cancelled due to Memorial Day and said staff would like to push through the budget process during the month of May and plans to have a full agenda for the June 10th meeting.

8. ADJOURN

Mayor Larson adjourned the Veneta City Council at 9:17 p.m.


Sandra H. Larson, Mayor

ATTEST:


Darci Henneman, Assistant City Recorder
Minutes prepared by D.Henneman