

CITY OF PILOT ROCK

Council Meeting

June 2, 2015, 2015

7:00 PM

A. Called to Order

Having a quorum the Regular Council meeting was called to order by Mayor Carnes at 7:00 PM. Council members present were Deacon Perkins, Raymond Doherty, Jim Hinkle, Kacie Moss, and Bob Deno. Also present were Teri Porter, and Steve Draper. Citizens present were John Taylor, Mary Lue Slabick, Mark Maskell, Ray Slabick, Phil Wright and Pastor Jeffers.

B. INVOCATION

Pastor Jeffers gave the invocation.

C. PLEDGE OF ALLEGIANCE

D. PRESENTATIONS

1. Umatilla Basin Watershed Council

Patty Jones and Jon Staldine of the Umatilla Basin Watershed Council addressed Council with assessment and action plan for Birch Creek watershed. They are requesting access to properties to conduct a survey between July 1 and August 31. Looking at geomorphic features or the formation processes of Birch Creek. Mr. Staldine asked that if the City would allow them onto the City property to fill out the post card and return. Council agreed that working through Steve would be adequate and did not need a formal motion. Several owners of property along Birch Creek expressed concern that there have been studies and surveys done for decades and still nothing has been done. At this time they are addressing council for permission to access the creek from City owned property, but there will be a meeting in the future where they will hear public concerns.

2. Marijuana Laws

Charlie Carnes addressed Council with information regarding the new Marijuana laws and what it means to Pilot Rock. (see attached).

On a motion by Councilor Moss and seconded by Councilor Hinkle, Council agreed to a work session on June 23, 2015 at 6am, to discuss the marijuana law and develop a plan of action for the City of Pilot Rock. All present voted yes. Teri will do some research and pull together sample ordinances for that meeting. The following was discussed:

- The law prohibits the sale of marijuana within 1000 feet of a school.
- The law goes into effect July 1, 2015.
- Mr. Carnes will look into the question regarding rules about growing within 1000 feet of a school.

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- Edibles can be very harmful. You cannot overdose by smoking too much pot, but you can by eating items laced with THC.
- Natural marijuana has been genetically enhanced increasing the THC from 1 to 37.2. Which increased the intoxicating effects.
- Medical marijuana can be beneficial in treating such conditions as Crohns Disease, PTSD and multiple sclerosis.
- How to police private growers.
- Although marijuana will be legal for persons over 21, you cannot smoke in public.
- While Oregon has passed the law making marijuana legal, smoking and possession of marijuana is still a federal offense.
- Council will consider holding a public meeting to hear public opinion regarding what Pilot Rocks stand will be on this issue.

E. APPEARANCE OF INTERESTED CITIZENS

Mr. Taylor asked Council who authorized Teri to send the email to the EO? Mayor Carnes stated that she did, because it was an excellent letter that addressed everything that needed to be addressed, regarding the EO article. Councilor Moss, stated that she had called Teri and asked her to check what she had actually said because she felt the article miss quoted her. Teri listened to the recording and told Councilor Moss what she actually said. She was misquoted. Councilor Moss asked what course of action was, because she was irritated by it. Teri said she planned to send a correction, Councilor Moss felt that it would be better for Teri to send a factual correction than for Councilor Moss to have a knee jerk reaction.

Mr. Taylor asked if the Mayor approved Teri's responses to his list of suggestions to the budget committee. Steve stated that that was a department head decision. Teri stated that she took it upon herself as the appointed budget officer to address Mr. Taylors concerns so that we could move the budget process along. Teri further stated that she felt it was her job as the budget officer to give Council complete information instead of the partial that was provided, so that Council can make good decisions. Mr. Taylor stated that the Charter and Council Rules strongly encourage citizen involvement, and asked do you think that citizens will contribute if they get that kind of treatment. Teri stated that if they put out false information and they don't like being corrected, probably will not.

Mr. Taylor also asked what action is being taken regarding the Bike Pit? Council responded, none at this time.

F. ACTION ITEMS

F-1 Police Department Administrative Service

On May 27, 2015, Chief Roberts of the City of Pendleton, presented the City with an option to provide administrative oversight for our Police Department until a new police chief is hired. He has spoken briefly with his City Manager, who is open to the concept. We are in the discussion phase but preliminarily a lieutenant would provide 20 hours a week of administrative support, for \$4,000 a month. Chief Roberts is flexible with the terms and is open to further discussion. Staff asked Council if they would like to pursue this idea and ask

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them to draw up a contract for Council to consider? Councilor Perkins also stated that it buys us the time to continue the search for a full time chief. Chief Roberts is willing to come out and host a public forum it that is something Council would like. He also stated that it is cost effective in terms of our budget. Steve said it gives us a breather and affords us the time to look for a chief. Councilor Deno questioned if the City would incur any liability and would like that issue addressed in writing. Councilor Doherty asked that the contract address the scope of work.

On a motion by Councilor Moss and seconded by Councilor Deno, Council directed staff to contact Chief Roberts to submit a formal proposal for Council to review. All present voted yes.

F-2 Resolution to Receive State Revenue

On motion by Councilor Deno and seconded by Councilor Hinkle, Council agreed to pass Resolution No. 577 to Receive State Revenue. All present voted yes.

F-3 Applying New Sewer Rates

Regarding the \$10 sewer increase to fund the required lagoon upgrade, that was approved by the budget committee. Council was asked whether the increase would be a flat increase or a percentage. The \$10 increase would be a 55.55% increase to residents. The current base rates vary for the different types of business, such as grocery stores, restaurants, schools etc. A flat increase would mean a \$10 increase for all business types, but a percentage would increase the base rate proportionately by 55.55% for each.

	Current Rate	55.55% Increase	Proposed New Rate
Residences	\$18.00	\$10.00	\$28.00
Mini marts, Grocery stores, Restaurants etc	\$25.63	\$14.24	\$39.87
Public Schools (school year)	\$82.90	\$46.05	\$128.95
Public Schools (summer months)	\$25.63	\$14.24	\$39.87
Residences (Rural prior to 4/25/79)	\$21.27	\$11.82	\$33.09
Service Stations	\$24.20	\$13.44	\$37.64
Industrial Rate (per 100 gal.)	\$ 0.81	\$ 0.45	\$ 1.26

The increased amount whether flat or percentage would go to the Sewer System Upgrade Fee line item of the Sewer Fund to help fund the upgrade, while the base rate amount will continue to go to the Sewer Service Charges line item of the Sewer Fund to fund the everyday operation of the waste water sewer system.

Councilor Moss asked to clarify base rate, fee and rate. Teri stated that when she talks about the base rate it is the amount that is currently charged to maintain the current system when she talks about the fee she is referring to the increased amount that is intended to fund the lagoon upgrade and when she talks about rate, she is referring to the overall rate the citizens pay into the sewer (base rate plus fee). There was discussion regarding adding the increase to the base rate or identifying separately. The intent is that when the loan is

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paid off we could reduce or eliminate the fee. The base rate may go up over the years to ensure that the everyday operation of the waste water sewer system is funded. **On a motion by Councilor Deno and seconded by Councilor Perkins, Council agreed to assess the sewer improvement fee proportionately across the board. Councilors Deno, Perkins, Moss and Hinkle voted in favor.** Councilor Doherty voted against, stating that he did not think that is how it should be handled.

Council then moved on to deliberate whether or not Council and Staff will pay the increase/fee as well as whether or not Council and Staff would continue not paying the base rate. Council was also asked to consider paying the base rate for both sewer and water, but to be paid a stipend. Steve Draper voiced his opinion stating that city employee and Council should pay the sewer improvement fee, it is no different than the Water Project fee that they pay now. Councilor Deno agreed that Council should pay the fee. Councilor Perkins had several other options he would like considered:

- It is plausible that the Council would not be exempt from paying the rate increases being considered over the next three years, allowing Council to pay their fair share.
- A Councilor could voluntarily choose to decline the "perk" of a reduced rate now in place. This can be done privately with no fanfare. It could also be done overtly to show we are doing our part and making some sacrifices to assist the lagoon costs.
- Phase out the current policy. At the end of each councilors term, the reduced rate plan would go away. Phasing it out would allow each person to adjust their budget. Newly elected officials would not be offered this perk, thereby avoiding the conundrum in the future.
- Adopt all of the above.
- Maintain the status quo.

Council was presented with a portion of a study done by the League of Oregon Cities, that lists 2 pages worth of cities that pay their Council a stipend. The list also indicated 6 cities that get some sort of utility rate discount. It also listed the cities that do not compensate council at all. The Council considered doing away with the reduced utility bill but paying Council a stipend for each meeting.

Steve Draper felt that the reduced utility bill was little thank you for what Council members do. Teri Porter stated that we could not operate without Councils dedication. Its more than 2 council meetings a month, its work sessions, and executive sessions and meetings that are 2-3 hours long. Council gets phone calls at home during their family time, gets visits at their place of employment from citizens, gets stopped at the post office and out shopping to discuss city business. Not to mention the amount of responsibility on their shoulders, and that it is difficult to find citizens that are willing or able to serve on Council. Councilor Doherty stated that he wanted to contribute to the community, he did not know he got the base water free (he does not get sewer) when he signed up, but he does appreciate it. Councilor Moss stated she is on "Council because she wanted to be involved, but feels the reduced rate is a form of appreciation, because here it is 9:40 and we are all still sitting here, scarifying time with my family. It's a trade I want to do good and be part of my community, but I'm giving up stuff too, I'm giving up my time and resources as well. Appreciation is a good word for it, it's not a big give for what I'm giving up in my opinion". Councilor Hinkle clarified that Council is not getting it free. They do not pay the sewer and water base rate, but do pay for anything over base in water, as well as Water

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Project fee, Public Safety surcharge and the water and sewer reserve. Council gets a discount it is not free. Councilor Hinkle went on to state that he feels option 5 (pay the same base rate as all citizens, but receive a \$20 stipend for each meeting) of the staff report would be the better way to go. Teri stated that if this benefit was taken away and Council were to pay the base rate which amounts to \$39 a month, plus the \$10 fees, you are putting a heavier burden on the very people that sacrifice their time and effort and energy, than anyone else in the community.

Mary Lue Slabik stated that she spoke with several cities regarding their employees getting a reduced water and sewer rate and only 1 did. Mayor Carnes stated that this was a negotiated item as part of a benefit package for employees and does not feel we can go back and change it. Steve Draper stated it was in lieu of a pay raise. Mary Lue asked if it was for one year or forever? You don't give pay raises for one year, Steve stated it was forever and that a motion was passed. Mr. Taylor asked if anyone had researched the motion. Steve stated it was passed in 1994 as a resolution. Teri stated again that if you take that away from your asking the employees to shoulder a bigger burden than the rest of the city, because you are taking away something that has been part of their compensation. Teri also stated that she lives outside the city limits so this does not receive this benefit. Slabik stated that our employees receive 8-9 other benefits. Teri agreed that they do and those benefits are competitive with other communities. The city is fortunate to have quality employees and they deserve the compensation they receive. It is the cost of doing business. Taylor asked who are you looking out for, the citizens or the employees? Councilor Moss responded stating that "I a City Councilor, I am a citizens, I own property in this town, I pay taxes as well. Just because I am a City Councilor I am no longer a citizen. My goal is to work as a community. All of these decisions effect me and my family and my children. The insinuation is that we are not citizens because we are on Council". Steve added and Teri agreed, that it was true the way Mr. Taylor puts things it pits citizens against Council. Councilor Doherty made a motion that Council and Staff pay the sewer fee. There was no second so the motion died for lack of a second. Councilor Perkins suggested tabling this discussion until Council has had more time to think about it. Taylor asked if Council minded if he did a survey? There was concern that the survey would be conducted fairly, stating all the facts and that each household would be able to participate. Councilor Moss stated she is not opposed to it, she is concerned the way information is manipulated on things like that, she thinks it would be questionable. Steve, Teri and Councilor Hinkle agreed. Councilor Doherty stated he guessed that Mr. Taylor could do whatever he wanted to do.

On a motion by Councilor Moss and seconded by Councilor Doherty, Council agreed to table the discussion until the June 16th meeting giving us more time to decompress. All present voted yes.

F-4

At Mayor Carnes prodding, for the past year Teri Porter has been working on an application for an Industrial Site Readiness and Certification for the city owned industrial property. This has been a long process but with the help of Business Oregon, a State of Oregon Agency, she is nearing completion. The benefits of having our industrial property certified in this program are many:

- Our site will be listed among other certified sites for potential business to consider as a location.

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- All the information potential businesses need to consider has been compiled in one place. Maps, owner information, preliminary title reports, legal descriptions, easements, local support, land use, UGB, Zoning, pending uses, environmental and wetlands considerations, Soil descriptions, endangered species, air quality, ruling from state lands, phase 1 environmental study, transportation, water and sewer provider, electricity provider, natural gas provider telecom provider, storm water requirements, cultural, infrastructure will all be compiled for easy access.
- Oregon's industrial site certification program is recognized as one of the most comprehensive shovel-ready programs in the country.
- It is trusted by the market and has been a factor in many of the states' largest employment successes.
- Oregon certified sites are ready for construction within six months or less and are certified "project ready" for specific industry profiles.

One of the components of this certification is a phase 1 environmental study on the property. These studies can be expensive. Teri is looking into the cost and the possibility of state assistance.

There is another aspect to this project. The Regionally Significant Industrial Area designation (RSIA). This designation would give the city access state funding programs to develop the site making it more desirable to potential business. We are proposing joining with Pendleton to make this application. Pendleton has the airport, interstate access, along with several smaller industrial sites and Pilot Rock has the rail along with our industrial site. Combined we make a very strong application for this designation. There is no cost associated with a resolution in favor of the RSIA application.

The application requires a Resolution of Support. **On a motion by Councilor Doherty and seconded by Councilor Deno, Council approved Resolution No. 576 Supporting the Regionally Significant Industrial Area application. All present voted yes.**

F-1 Budget Hearing

Mayor Carnes opened the Budget Hearing.

1. Teri read her responses to Mr. Taylors suggestions which he presented at the last budget meeting ([attached](#)).
2. Mary Lou Slabick made the following statements. 1. Council to approve the budget which is in the best interest for all the citizens of Pilot Rock. We are all working for the same purpose and is sure that the Council is too. 2. Council runs the City. Instruct the Staff on how they want the city to be run in the best interest of all the citizens of Pilot Rock. 3. Create a Sewer Reserve fund for the Lagoon Controlled project. Since it is such a large project it is mandatory that we have citizen involvement. 4. Dispense with the salary increase as proposed. Free water and sewer is a form of a salary increase for full time employees living within the City limits. Put it in the sewer reserve fund.
3. Carl Schriener: Stated that he is on a fixed income. Going through the process of eliminating things he can do without. We raised sewer 2 years ago \$1.50 and now the City wants to raise it \$10 more. He does not know how he is going to make ends meet.
4. Mayor Carnes asked Teri to explain the need for the increase.
 - The Oregon Department of Environmental Quality is requiring the City to upgrade the wastewater lagoons. This is not an option it has to be done.
 - The City engineers have done a feasibility study that will outline various options.
 - The will cost will be anywhere from \$2.7 million to \$3.7 million, depending on which option is decided is the best for the City.

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- The City does not have a savings account with this money set aside, we will need to find funding.
 - To qualify for low interest rates of 1% provided by State agencies, the city sewer rates would have to be \$40.36. We are currently at \$18.
 - The required \$40.36 rate is derived by looking at similar cities and what they pay for sewer. If our citizens are not paying equal to or more than what similar cities are paying, we will not qualify for the low interest rate or grants that may be available.
 - The City is proposing to increase the sewer rate \$10 this year, \$5 next year and \$5 the following year. Our goal was that by the time the loan comes due for payment in about 4 years, we would have about \$500,000, saved to put toward the loans and maybe pay it off earlier maybe in \$18 years. Then at that time if the economy allows we can take a look at decreasing the sewer rate again.
 - A commercial rate would be 4% interest rate as opposed to 1% from state agencies. That could be a savings of \$1.35 million in interest to the City and citizens.
 - Mayor Carnes stated this is not something that staff or Council enjoys doing, it is simply necessary.
 - Teri stated that had the City been gradually increasing the rate over the years we would have had money in reserve and we would not be looking at such a large increase all at once. But the City has always tried to keep the costs to the citizens at a minimum.
5. Mr. Taylor stated that the City received a letter from DEQ on March 3, 2014, stating that one of the alternatives to the upgrade would be to add a third cell to the lagoons. Mr. Taylor feels that adding a third cell is a lot simpler than what we have been told by the engineers.
6. Gary Hale stated that he understands that this has to be done, but asked if there would be a hardship clause for those on low income? Teri felt sure the City would be able to have a low income rate, but she would check into it to be sure it did not jeopardize our qualifying for the 1% rate. The City already does offer a low income utility rate for citizens who qualify she will check to be sure she can include a lower rate for the lagoon upgrade.
7. Mr. Taylor stated that he would not rebut any of the errors Teri made in her response to his suggestions. He went on to recommend the following. That City Council instruct the budget officer to:
- Create a lagoon fund.
 - Modify the present budget by eliminating the \$10 sewer rate increase to the citizens.
 - Make funding the lagoon a major priority by going through the budget and placing \$250,000 in the Lagoon Reserve fund.
 - Eliminate the 2% wage increase.
 - Put a limit on the amount the City pays in addition to wages.
 - Put all of A&V payments into the Lagoon Reserve account until the loan is paid off.
 - Eliminate the Rural Symposium, it does not benefit the citizens.
 - Pay the sewer and sewer reserve fund back over a longer period of time.
 - Sell the tan police car.
 - City employees and Council pay the same water and sewer rates as the citizens.
8. Mayor Carnes responded to Mr. Taylor's suggestion to eliminate the Rural Symposium. Asking if he had ever attended a Rural Symposium. He had not. She went on to explain that they are available to every citizen in Pilot Rock, held in the Community Center. The big issue right now is the marijuana law that goes into effect July 1. It affects every small city.
9. *Much of Mr. Taylor's suggestions were addressed in the attached.*

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10. Councilor Deno pointed out that we have had several meetings with the engineers, trying everything we can think of to not have to do this. "We live in this City too and we realize it is going to be a hardship for everybody". We have put in a lot of hours into this already. To hire a new engineer firm would mean throwing the \$35,000 we have already spent on this firm out the window to start over with a new firm. "That's irresponsible." Mr. Taylor responded that he did not feel that the firm that does the feasibility study should be the firm that we hire to do the job. He feels they may not be objective, that they would have a conflict of interest. Councilor Hinkle stated that it is his understanding that anything that Anderson Perry does is reviewed by the state of Oregon to ensure that small cities such as Pilot Rock cannot be taken advantage of.
11. Mr. Taylor stated in regards to the work session held on May 18th with Anderson Perry, he recommends that the Council find another engineering firm.
12. Teri asked Council to consider Mr. Taylors recommendation to create a Lagoon Reserve Fund.
 1. Teri has spoken with the Oregon State Revenue department and asked if it was acceptable to account for the funds in the Sewer fund and showed how she had created a separate line item for those funds as revenue then another separate line item in expense. The state does not require that we create a fund, but it is acceptable to do so.
 2. Teri stated that she cannot pull money from Water, State Tax Street or Water Utility Reserve. So the Lagoon Fund would start with a 0 balance and as the revenue from the \$10 increase is received it would go into that fund.
 3. Mary Lue Slabick stated that when the City wanted to fund the water project a special Water Project Fund was created by pulling money from all the other funds, why if we did it then can't we do it now. Teri explained that the City got in trouble from the State by doing that and all the money that was transferred had to be put back. That is why in this proposed budget the auditors have asked that she make a series of transfers to show that the money was paid back. We were not allowed to do it back then and we are not allowed to do it now.
 4. Councilor Perkins is in favor of creating the Lagoon Fund. Councilor Perkins also asked Council to consider Mr. Taylors suggestion to put the A&V payments of \$39,562 into the Lagoon fund. Teri stated that that money is revenue made from the property donated by International Paper and placed in the Economic Development fund and can be transferred into the Lagoon Fund.
 5. Councilor Perkins also would like to consider selling an surplus property. Councilor Deno, stated that he agreed with Councilor Perkins but we would still need to raise the rates to qualify for the low interest loans. Councilor Moss agreed that it would help us to save money so that we can pay the loan off sooner.
 6. There was discussion regarding dedicating the A&V payments to the Lagoon fund each year. Teri stated that over the years we run the risk of depleting the Economic Development fund. Because there are expenses that come out of that fund such as legal fees to review agreements with potential businesses wanting to lease the property, or property deals the city may be in need of. We have \$150,000 in the fund right now so, this year it won't be a problem.
 7. Councilor Moss asked what has been spent out of that fund in legal fees. The answer is \$4,000 to \$5,000 a year in legal and audit fees. She feels it makes sense to move it there now. Councilor Perkins feels we should look at it each year to see if it is feasible.
 8. It was discussed that there are a couple of land issues pending right now that we cannot discuss as they are still in negotiations. But some of the money in the Economic Development fund may be needed to resolve other issues. If we took the money for the lagoon fund we would have about \$100,000 left in the fund. Steve stated that he felt that the \$100,000 would be enough to resolve issues that may come up.

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9. Mary Lue Slabik stated that she is not in favor of spending the City's money to bring other businesses in.
10. On a motion by Councilor Perkins and seconded by Councilor Doherty, Council agreed to create a Lagoon Fund. All present voted yes.
- 11. On a motion by Councilor Perkins and seconded by Councilor Doherty, Council agreed to move the \$39,562, A&V payments for this year only, into the Lagoon Fund. Councilors Doherty, Deno, and Perkins voted in favor. Councilor Hinkle and Moss voted against. Motion passed by a majority vote in favor. Councilor Moss stated that she voted against that she is not ready to agree tonight, she thinks that we have other things pending that I would like to revisit that.**
13. Mr. Taylor stated that the Rural Development loan rate is 2.15%, but Teri stated that she spoke with Ladon in LaGrand with Rural Development, as well and the rate is **2.75%**. The City sewer rate would have to be in the high \$30's to low \$40's to qualify for that loan rate.
14. A spreadsheet from last year showing what similar cities are paying for their utilities. (it shows Pilot Rock was paying \$16.50 at the time of the survey, the rate is \$18 now) **Attached**. It illustrates that while the \$40.36 seems high, it is in keeping with what other similar cities are paying.
 - Mrs. Slabick stated that she does not care what other cities are paying. Teri explained that she should care, because these cities are facing the same infrastructure issues as we are.
 - Councilor Doherty stated that we are paying a very low rate now because the City has operated very efficiently to this point. But what we have is out dated now and we have to start putting money into the failing system. It has to be paid through sewer rates. We are at \$18 and we should have been at \$40 probably 4 or 5 years ago and we would have this money, We have to have this steep increase just to get caught up.
 - Mr. Shriener voiced a concern that every time something goes wrong are we going to have do the same thing over again? For example if the water system fails. Steve Draper explained that we put some money back each year for equipment replacement. We have a sound water system right now, there is nothing major coming down the pike as far as the water system.
 - Councilor Perkins stated that we are still in the planning stages. It will behoove us to look at all revenue sources all the funding, scrutinize the budget over the next 3 or 4 years and potentially maybe we can find ways to offset the funds needed and not have to raise the rates down the line. There are no promises in this. The Lagoon situation has to be addressed, that's a fact of life. We are in negotiations with the engineers, there may be cost options that can be addressed. Right now it is in the planning stages. But right now we need to look down the road. How are we going to meet that \$40.36 threshold, which will save you money in the long run. getting a 1% interest rate on \$3.5 million dollars over the course of the loan is a significant savings. If we borrowed the money at 4% we would be paying a lot more money.
 - Councilor Deno restated that it is Councils hope that we pay it off as quick as possible and be able to lower the rate if possible. No promises but we are hoping.
 - Teri also pointed out that if the budget allows in four years we should also have the water project loans paid off and we can potentially eliminate the \$3 monthly fee or reducing it. That's if we follow the payment plan.
15. Councilor Perkins: Nobody wants to deal with their waste water in their backyard. One of the City's priorities is to take that wastewater and put it in some place where it can be aerated and taken care of and you don't have to mess with it.

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16. Regarding Mr. Taylors suggestion to go through and finding this money in the budget. Councilor Doherty stated that this budget is already bare bones and if we go pulling money from other areas we are going to be in the same boat on another project that portion of the budget will be underfunded, just like the sewer fund is now. He is not in favor of going through and finding the money in the budget.
 - Mr. Taylor suggested using the money left at the end of this year to fund the project. It was explained that that carry over money is needed to start your next year. You cannot start the year with \$0 in each fund.
17. Mrs. Slabick feels we should use our already owned property for the lagoon issue instead of purchasing more land. Steve explained that to use our property we would need to put in another lift station to pump it up the hill, which could cost the city approximately \$36,000 every year. Mrs. Slabik asks what the cost of the land would be. Council explained we do not know. We are still in the stages of finding all of this out. There are many options still on the table.
18. Mrs. Slabick is concerned that the Council is considering the rate increase and it doesn't know exactly what they're going to do. Councilor Deno stated that we know we have to spend a lot of money, we know we have to get the rates up to \$40.36 to get the low interest loan and apply for grants. We know that for a fact no matter what we do. We have not choice, unless you want to pay 3.5% interest on \$3 million.
 - Councilor Hinkle explained that no matter what option we go with, even the least expensive would require raising the rates \$19. DEQ is requiring us to upgrade the lagoons we have to raise the money, it is not going to fall out of the sky.
19. There was discussion regarding issues that will be discussed in executive session tonight, that may affect the budget. Council considered possibly holding another meeting to approve the budget at a later time. Council felt that if Mayor, Steve and Teri felt comfortable going forward (knowing what they know regarding issues for executive session) then we should approve the budget tonight.

On a motion by Councilor Doherty and seconded by Councilor Deno, Council agreed to approve the budget with changes that include creating the lagoon fund and moving the A&V money from the Economic Development fund. Councilors Deno, Doherty and Perkins voted in favor. Councilors Moss and Hinkle voted against. Budget was approved by a majority votes.

G INFORMATION ITEMS, REPORTS AND PRESENTATIONS

G-1 Department Head Report

CITY HALL:

1. Re: Swim program director. Liz King withdrew her application, but her son Ron is interested and Michelle Hoeft has submitted her app. Will conduct interviews and make a selection next week.
2. Have contacted CIS regarding on call pay. There is no BOLI statute requiring on call pay.
3. Attended the Supervisor training put on by CIS at the Pendleton Convention Center on May 12th.

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4. I will be out of the office from June 8 through June 12, to attend a week long class at the University of Tacoma. This is a required course to receive the CMC certification.
5. Working on the Decision Ready application. Should have this complete this month.
6. Spoke with Steve Haddock regarding the sliver of property not properly conveyed when Greg Smith purchased the property at the foot of the stairs. He will do a title search and get back to me next week.
7. Held a planning commission meeting on May 11, 2015. Public Hearing to consider a variance.
8. Researched ordinance no. 186 as suggested by Mr. Taylor, see public works below.

POLICE:

1. Posted the Chief position on LOC, LEDS and updated the listing on OACP. It is also posted with the employment department and has appeared in the classifieds.
2. Listed our resume for an interim chief with OACP
3. Dani Beers will replace Tess Hamby as the Animal Control Employee.
4. Contact was made with CIS and BOLI regarding on call questions.
5. Officers have scheduled training to ensure that they keep up on their required hours of training.
6. Officers Diehl and Thompson completed their Taser training.

PUBLIC WORKS:

1. The crew has been focused on pot hole patching throughout the City.
2. Have placed ADA signs at the senior housing.
3. The Welcome to Pilot Rock sign has been installed.
4. Replacing worn out street signs throughout the City.
5. Burn ban season starts June 15th.
6. As Mr. Taylor suggested I have reviewed Ordinance No. 186 and find that it applies to projects that require a special assessment. Per the Consent to Annex Agreement, the extension of the sewer main on NW Delwood will be done at Mr. Hatley's expense. The extension of the main will be done in accordance with Ordinance No. 433 and conform to the regulations of the City of Pilot Rock construction standards.

H. CONSENT CALENDAR

On a motion by Councilor Hinkle and seconded by Councilor Perkins, Council agreed to accept the consent calendar. All present voted yes. Councilor Perkins asked for a clarification what the bill was from Jim Hatley. Steve explained it was for gravel.

I COUNCIL COMMENTS

Mayor Carnes appreciated everyone who helped with clean up day. Apologize for having to shut down early because the dumpsters were full.

J. EXECUTIVE SESSION:

CITY OF PILOT ROCK

Council went into executive session at 8:32. Present were Councilors Hinkle, Moss, Deno, Perkins, and Doherty. Mayor Carnes, Teri Porter and Steve Draper, and Phil Wright of the EO Under ORS 192.662 (2) (a) Employment of a Public Officer and ORS 192.662 (2) (e) Real Property. Councilor Moss read the motion. Council returned from executive session at 9:41 PM. The doors were unlocked, there were no citizens present outside to announce the return to regular session.

On a motion by Councilor Moss and seconded by Councilor Perkins, Council agreed to decline the current offer for interim police chief. All present voted yes.

On a motion by Councilor Deno and seconded by Councilor Moss, Council agreed to follow the lawyers recommendations number 1&2. Councilor Hinkle abstained. Councilors Moss, Deno, Doherty and Perkins voted in favor.

On a motion by Councilor Deno and seconded by Councilor Doherty, Council appointed Steve Draper to negotiate and get prices on the land needed for our lagoons. All present voted yes.

K. ADJOURNMENT

Council agreed to adjourn at 9:42 PM.

APPROVED _____

ATTEST _____