

CITY OF PILOT ROCK  
Regular Council Meeting  
NOVEMBER 18, 2009  
7:00 PM

A. ROLL

The meeting was called to order by Mayor Virginia Carnes at 7:00 PM. Council members present were Kacie Moss, John Standley, Nancy Lankford, Michael Baleztana and Shawna Kirk. Also present were City Manager Paul Koch, City Recorder Jackie I. Carey, Chief Richman, Public Works Supervisor Steve Draper, Mary Lue Slabik, Jim Carey, Mike Nelson, George Hall, Samantha Bates and John Taylor.

B. INVOCATION

Mike Nelson gave the invocation.

C. PLEDGE OF ALLEGIANCE

D. APPEARANCE OF INTERESTED CITIZENS

There were no comments from the public.

E. PRESENTATIONS

There were no presentations

F. COUNCILOR VACANCY

Mayor Carnes advised there are 3 applicants for the councilor vacancy left by Bob Montgomery; John Taylor, George Hall and Ivan Goodman. John Taylor withdrew this application in favor of George Hall. Councilor Kirk asked Hall if he would stay until the end of Montgomery's term. Montgomery's term ends on December 31, 2010. Hall stated maybe. Each councilor signed their name to the application of the person they were voting for. All five councilors voted for Hall.

Hall was given the oath of office.

F-1 CITY ADMINISTRATOR

Manager Koch stated the Council has been given two options for the city administrator position. There is the recommendation from the sub-committee and the recommendation from Draper and Carey.

Councilor Kirk made a motion to approve the City Administrator job description, use the policy for advertising for employment, and appoint an interview committee. Kirk suggested Kacie Moss from the Council, at least 2 Pilot Rock citizens and 1 professional be members of the interview committee. This process, if there are any interested applicants, may take beyond our December 31, 2009, deadline, therefore she moves to appoint one of the department heads as interim City Administrator.

Councilor Hall stated before he can vote, he would like some time to review the issues. He would like to table the motion to a later time. Hall asked if there were some time constraints. Kirk stated she would like someone in place by January 1, 2010.

The motion failed due to no second.

On a motion by Hall and seconded by Lankford this matter was tabled to a later date. Standley, Lankford, Baleztena, Hall, Moss voted yes. Kirk voted no.

Councilor Standley read his motion into the record, which will be an attachment to these minutes. Councilor Lankford seconded Standley's motion.

Standley, Lankford and Baleztena voted yes. Kirk, Moss and Hall voted no. Carnes broke the tie by voting no to Standley's motion.

Councilor Hall advised the reason he left the Council last time was from a local threat he received, which would have been in conflict with his employer, the City of Pendleton.

It was decided to schedule a work session on November 20, 2009, at 4PM to discuss both Kirk and Standley's motions.

## F-2 HOLIDAY GIFTS

On a motion by Baleztena and seconded by Standley the Council approved giving the full time and part time employees a \$25 Christmas gift. All members present voted yes.

## F-3 CHRISTMAS DECORATION CONTEST

Councilor Kirk advised that the Chamber of Commerce would like to take on the Christmas decoration contest and pay for the prizes. On a motion by Baleztena and seconded by Lankford the Council transferred the Christmas Decoration Contest to the Pilot Rock Chamber of Commerce. All members present voted yes.

#### F-4 WATER PROJECT

To be in compliance with budget law, the Council needs to approve a resolution to authorize loans from the Utility Reserve Fund and Equipment Replacement Fund to the Water Project Fund. To complete the water project the City needs to transfer \$180,000 to the Water Project Fund. The transfer will be in the form of a loan to be paid back over a period of time.

There will be \$110,000 loan from the Utility Reserve Fund and \$70,000 from the Equipment Replacement Fund.

On a motion by Standley and seconded by Baleztena the Council approved Resolution No. 497, a resolution allowing a loan from the Utility Reserve Fund and Equipment Replacement Fund to the Water Project Fund for Phase One of the Water Project. Standley, Lankford, Baleztena, Moss, and Kirk voted yes. Hall abstained because he was unfamiliar with this since he was just placed on the Council.

#### F-5 GRANT FUNDS

The City has received a check in the amount of \$1000 for the Rural Symposium from Umatilla County. The City was unaware of this grant during the regular budget process. On a motion by Lankford and seconded by Kirk the Council approved Resolution No. 498, a resolution appropriating Umatilla County grant funds. Standley, Lankford, Baleztena, Moss, and Kirk voted yes. Hall abstained because he was unfamiliar with this since he was just placed on the Council.

#### F-6 INTERFUND TRANSFERS

The City has received a property tax bill on the Masonite Property. In the past, Kinzua paid these taxes, however, since they no longer have a lease with the City, it becomes the responsibility of the City. We will try to recover 2 months worth of taxes during the litigation with Kinzua.

On a motion by Kirk and seconded by Baleztena the Council approved Resolution No. 499, a resolution transferring funds in the General Fund. All members present voted yes.

Councilor Hall wanted to know why the City was paying the taxes since it was in their lease that they would pay the taxes. Manager Koch advised Kinzua owes for only July and August 2009. John Taylor stated who ever had the lease on July 1, 2009, owes the taxes.

## F-7 EQUIPMENT REPLACEMENT FUND

The City Council established an Equipment Replacement Fund to set aside revenues for the purpose of purchasing equipment for the City. Other funds will transfer money into the Equipment Replacement Fund. The Council, by resolution, will authorize loans to other funds to be paid back over a period of time.

On a motion by Kirk and seconded by Baleztana the Council approved Resolution No. 500, a resolution establishing the need for an equipment replacement fund and authorizing making loans to other city funds. All members present voted yes. Councilor Lankford asked if the City had to pay this money back and Recorder Carey replied yes.

## F-8 TIRES FOR POLICE VEHICLES

The City of Pilot Rock has purchased traction tires for police vehicles from Les Schwab Tires and had them mounted and dismounted yearly. We need to make this purchase again. The Department has researched tires and collected 3 bids in compliance with the City's purchasing policy.

Chief Darren Richman recommends the Council approve purchasing the tires from Hinton Tire Service for \$1140. The bid from Les Schwab was \$1848.88, due to Les Schwab policy requiring 4 tires for each vehicle.

On a motion by Kirk and seconded by Baleztana the Council gave their approval to purchase tires from Hinton Tire Service for \$1140. All members present voted yes.

## G-1 CITY MANAGER'S REPORT

Manager Koch stated he reviewed the Mocon contract and it looks like the next payment is due at the end of the month.

The leases for the Masonite property are ready to sign. There will be 4 renters beginning November 1, 2009. The renters will pay the legal costs and their portion of the taxes.

The City of Pendleton will suspend any help from Tracy Bosen until there is an agreement with the City of Pilot Rock.

Manager Koch recommends the 2009-2010 budget reductions begin to implement with the exception of the newsletter and the hours for City Hall.

The bark company will use 6 acres of the 10 acres where the archery club has some of their targets. There is room and access for the archery club to also lease property at that location.

Manager Koch advised he would not be in Pilot Rock next week. He would be working from home.

John Taylor wanted to know how much for the contractor? Carey advised \$278,109. Taylor asked if the new tenants will pay for the taxes. Koch stated yes.

Councilor Standley wanted to know the total amount for the water project. Public Works Supervisor Steve Draper advised it was going to be real close to the amount estimated. Standley stated the job should never have gone to bid until the permits were approved. Standley stated the project cost more because they had to bore through the creek. Standley would like to see the motion giving approval for the water project and changes. Manager Koch advised he emailed the Council advising them of the costs.

#### F-9 KINZUA

The City has been notified verbally that Kinzua LLC is "insolvent" and cannot pay any of the funds owed to the City, but is willing to deed 29 acres of land across the street from the mill to the City. The City needs to take some proactive action to begin to deal with this situation.

City Manager Koch recommends that the Council establish a Kinzua Resolution Task Force (KRTF) to research alternatives and bring back a set of recommendations for Council consideration in early 2010. The task force be comprised of 2 to 3 council members, Bill Woodfin, Jim Whitney, David Blanc along with City Staff members Jackie Carey and Steve Draper and a representative from DEQ. In addition, require Kinzua LLC to put their final offer in writing.

Councilor Lankford asked why Bill Woodfin would want to be involved. Manager Koch stated Woodfin has a lot of knowledge regarding the property. Taylor stated he feels Woodfin has a conflict of interest.

Manager Koch recommends that John Taylor, Nancy Lankford, George Hall and John Standley be on the task force.

Councilor Lankford made a motion to accept staff's recommendation and appoint John Standley, George Hall, John Taylor, Jackie Carey, Steve Draper, Jim

Whitney, David Blanc and a representative from DEQ. Standley recommended replacing Bill Woodfin with Jim Hatley. Carey suggested not having David Blanc and Jim Whitney on the task force at this time, because they will be on the clock. Councilor Lankford amended her motion to not appoint Blanc and Jim Whitney and appoint Jim Hatley. The task force would be John Standley, George Hall, John Taylor, Jackie Carey, Steve Draper, Jim Hatley, and a representative from DEQ. The motion was seconded by Baleztena. Councilor Lankford wanted let Bill Woodfin know the Council appreciated his interest in this matter. Councilor Standley wanted to know how you do business with an insolvent LLC. Standley, Lankford, Baleztena, Hall, and Moss voted yes. Kirk abstained due to a conflict of interest.

#### F-10 RFP FOR BANK LOAN

At the November 12, 2009, the Council, by general consensus, directed staff to look in to the possibility of a bank loan or line of credit to deal with the immediate need the City has to pay bills. During the discussion, the amount that was to be sought was determined to be \$300,000. The funds would both serve to help pay for the water project as well as for ongoing operations.

Councilor Baleztena likes the line of credit best.

John Taylor stated that Lynn Liebe, Shawna Kirk and himself went through the budget and come up with \$220,000 reductions to the budget and nobody has asked to see their reductions.

On a motion by Hall and seconded by Kirk the Council approved the proposed RFP for a bank loan or credit line not to exceed \$300,000. All members present voted yes.

On a motion by Hall and seconded by Lankford the Council set November 30, 2009, at 7 PM for a special council meeting to approve a loan from the General Fund to Economic Development Fund and to approve the RFP for bank loan or line of credit. All members present voted yes.

On a motion by Kirk and seconded by Hall the Council moved the December 1, 2009, council meeting to December 8, 2009. All members present voted yes.

#### G-2 PAVING PROJECT & WATER PROJECT

Public Works Supervisor Steve Draper advised the contractor is digging out for the planters. John Taylor wanted to know if the City had enough money to do the medians. Taylor felt the location by the old Roy Garage is a bad location.

Draper stated he worked with all the property owners and they agreed with the locations.

The water project is almost completed. Friday they will be connecting the water line at the high school and the reservoir.

G-4 FINANCIAL REPORTS

The Council packets included the financial reports and the employee accrual reports.

H. CONSENT CALENDAR

The Council decided to hold off on paying Anderson/Perry until December due to cash shortage. On a motion by Standley and seconded by Kirk the Council approved the Consent Calendar. All members present voted yes.

I. COUNCIL COMMENTS

Councilor Kirk would like to see city staff using the unmarked police vehicle if it is not being done.

Mayor Carnes has been serving as the small cities representative for GEODC. Carnes wanted to know if the Council had any objections to her continuing to serve. The Council did not have any objections.

Mayor Carnes advised the Pendleton Family Medicine has temporarily closed their office in Pilot Rock.

J. ADJOURNMENT

On a motion by Kirk and seconded by Baleztena the meeting was adjourned at 8:55 PM. All members present voted yes.

APPROVED \_\_\_\_\_

ATTEST \_\_\_\_\_

