

MINUTES
Troutdale City Council – Regular Meeting
Troutdale City Hall – Council Chambers
104 SE Kibling Avenue
Troutdale, OR 97060-2099

Tuesday, January 27, 2004

1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE.

Mayor Thalhofer called the meeting to order at 7:00pm.

PRESENT: Mayor Thalhofer, Councilor Gorsek, Councilor Thomas, Councilor Kight, Councilor Daoust and Councilor Ripma (7:11pm).

ABSENT: Councilor Kyle (excused).

STAFF: Jim Galloway, Interim City Administrator; Rich Faith, Community Development Director; Marnie Allen, City Attorney; Kevin Rauch, Environmental Specialist; and Debbie Stickney, City Recorder.

GUESTS: See Attached List.

Mayor Thalhofer asked are there any agenda updates?

Galloway replied Item #4 needs to be pulled from the agenda. We received word earlier today that the Sheriff was unable to attend our meeting tonight due to a conflict this evening.

2. CONSENT AGENDA:

- 2.1 Resolution:** A Resolution designating the Mayor, City Council President, and staff as signatory/cosignatory for authorized banking transactions of the City of Troutdale, Oregon and rescinding Resolution No. 1639.

Mayor Thalhofer read the consent agenda.

MOTION: Councilor Daoust moved to adopt the consent agenda. Seconded by Councilor Kight. Motion passed unanimously.

3. PUBLIC COMMENT: Please restrict comments to non-agenda items at this time.

None.

4. REPORT: A report on booking options for East County law enforcement.

This item was pulled from the agenda. Sheriff Giusto was unable to attend due to a conflicting meeting. This will be rescheduled at a later time.

5. PUBLIC HEARING / RESOLUTION: A Resolution establishing solid waste collection fees and rescinding Resolution No. 1629.

Mayor Thalhofer read the resolution title and opened the public hearing at 7:06pm.

Kevin Rauch, Environmental Specialist stated similar background information was provided to you during a work session on January 13th. During the work session I made a point to inform you that the rate resolution is unique due to the simple fact that City staff and Waste Management disagree on several aspects of the proposed resolution. Specifically, I understand that the increase proposed in the resolution of 2.7% and the corrections and assumptions used by the City's consultant, Bell and Associates, will be challenged by Waste Management. The 2002 annual detailed cost report submitted by Waste Management in March of 2003 stated a rate of return on revenue for their Troutdale operations of 1.8%. On June 12, 2003 Waste Management requested a rate increase. I responded to them with a letter on June 17, 2003 informing Waste Management that money was not budgeted to perform a rate review in 2003 and the city would not be conducting a review. However, I gave them the option of a rate pass-through to account for the Metro disposal fee increases that have been incurred. I received a letter and a rate schedule on July 14, 2003 from Waste Management, which proposed an increase in Troutdale rates at approximately 12%. That would get their rate of return up from 1.8% to 10%. I responded with a letter dated July 23, 2003 stating that we would not take a rate increase to the City Council without first having a consultant verify the accuracy of the rate figures. At that time Waste Management offered to pay upfront the cost of the rate review as long as that sum was added back into the rate review as an allowable cost. We agreed to that plan and contracted with Bell & Associates to perform a rate review. Bell & Associates reviewed the rate reporting forms that Waste Management submitted to the City for the 2002 calendar year, the previous solid waste rate study conducted in 2001 by Donovan Enterprises, and the rate pass-through documentation form October 2002. Upon completion of their review of the 2002 annual detailed cost report, Bell determined that the correct rate of return for Waste Management's Troutdale operations was 6.2% rather than 1.8%. The assumptions and corrections used by Bell to arrive at the 6.2% rate of return are outlined in my report and I will let Chris Bell explain those to you. One additional point of contention is the rate of return on overall profit margins. Hauling companies in the Metro area generally range between 8-12%. Due to the state of the economy City staff directed Bell to figure the rates using an 8% rate of return. It comes down to an overall rate adjustment, using that 8%, of 2.7% overall with a 3.8% raise to residential curbside service, 2.6% increase to commercial container service and no increase on the drop box container service. We are recommending that the proposed rate become effective March 1, 2004 at \$19.00 per month for the 32-gallon garbage/32-gallon yard debris, which is the most common service. I have provided in my staff report a rate comparison to the other area jurisdictions.

Chris Bell of Bell & Associates stated the adjustments that were made to the reported revenue raised the franchise income from \$30,807 to \$104,865, which was an increase of \$74,058. The return of revenues was also increased from 1.8% to 6.2%. The following adjustments were made: Drop box revenues were decreased by \$6,895. I vouched statements back from the cost report to the billing register. Drop box disposal, using the same method of vouching, was decreased by \$32,445. Commercial recycling revenue was increased by \$13,656. That had to do with the number of containers initially reported within the City of Troutdale. The costs associated with residential recycling were decreased by \$20,677 for direct costs and \$4,325 for residential recycling. Corporate overhead was decreased by \$10,357. The rate review fee was added back into the mix, which was an increase of \$4,910. Container depreciation, because it was initially reported low, was increased by \$5,165. Franchise fees were decreased by \$9,568. The adjusted franchise income came in at \$104,865 for the 2002 report.

Mayor Thalhofer asked Chris to explain the adjustment in more detail.

Chris Bell replied the drop box revenue was decreased by \$6,895. I looked at the billing reports and vouched those back to the initial report to the City of Troutdale. I used the same method for drop box disposal. The reason for the adjustment to the initial report was due to allocations. In these reports a lot of allocations are used because of the nature of the business. It is very common to make adjustments in these reports after taking the time to vouch back the reports to the original documentation. The reason allocations are used instead of the actual data is due to time constraints for the hauling companies to report numbers. In the case of Waste Management they have a lot of these reports that are due on March 15th. The time required to go back and vouch every line item would probably delay the report until June or July, so allocations are used. When we go through a rate review process if something appears out of line when we test it by going back and reviewing that item and in this case the drop box disposal needed an adjustment of \$32,445. The same is true for commercial recycling revenue. Initially this report was based on the number of containers that the billing system reported was in the City of Troutdale. When I went back and did an analysis on the number of recycling containers that were actually in the City of Troutdale, based on those numbers commercial recycling revenue was adjusted upwards. Also adjusted upward were the costs associated with the depreciation of those containers. Corporate overhead, the number that was used initially for the report was based on 2001 figures in the annual report. At the time of this review Waste Management did have the actual numbers for the 2002 corporate overhead and they had an adjusted number for that. They used 5% for the franchise fees when they prepared their year-end report because at the time the report was generated the franchise fee was 5% for Troutdale. Prior to that, from January to September, it was at 4% so there was an adjustment there. Again that was based on allocations and a correction was made. The other large adjustment is based on recycling direct costs. We noticed a spike of approximately 700 hours from the previous year for residential recycling. When we asked Waste Management about the increase of 700 hours we were told there were some inefficiencies in residential recycling routes. Since they have been corrected and they did acknowledge that there was a problem so I made an adjustment. Those are the adjustments made to the report.

Councilor Kight asked could the extra 700 hours be attributed to the fact that we use to be required to separate the type of recyclable materials when we put them in our curbs, now we are not required to do that but at some point someone has to separate it?

Chris Bell replied no. I specifically asked them why it jumped up 700 hours from the 2002 reporting year, they explained it was the routing deficiency.

Councilor Kight asked what do you mean by routing deficiency?

Chris Bell replied they felt that they had additional trucks in the area that should not have been there. Essentially they had two trucks doing the job of one.

Councilor Kight asked if we were to increase, by a percentage yet to be determined, the drop box container service instead of shifting all of the cost of the increase to the residential side, we could even it out between the three different services?

Kevin Rauch replied sure.

Councilor Kight asked what is the thinking behind not increasing the drop box container service?

Chris Bell replied after the adjustments the rate of return for drop boxes alone was almost 19%. In a sense that was subsidizing part of the residential service. So rather than increasing it, we kept it the same.

Councilor Kight asked what was the differential on the commercial container service?

Chris Bell replied the adjustment on that is 14.98%.

Councilor Kight asked whatever we determine that the rate of return should be these other numbers could be changed so that the drop box service could in fact increase and average it out between all three levels of service.

Chris Bell replied yes.

Councilor Kight asked could we justify that?

Chris Bell replied you could, but that would be up to you.

Councilor Daoust asked just so I am clear as to what we are comparing, we are comparing your calculation of a 2.7% rate increase being equivalent to Waste Management getting an 8% rate of return overall?

Chris Bell replied yes.

Councilor Daoust asked Waste Management is requesting a 12% increase?

Chris Bell replied yes, on their initial report that they submitted to the City on July 14th.

Councilor Daoust asked that 12% increase in the rates that we charge customers would yield them a 10% rate of return?

Chris Bell replied based on the initial report that they submitted, yes.

Councilor Daoust asked do you know what the rate is that Waste Management is proposing? You are proposing \$19/month for the 32-gallon/32-gallon combination.

Chris Bell replied I do not know.

Mayor Thalhofer asked you are basing your report on the best available figures, is that correct?

Chris Bell replied yes.

Mayor Thalhofer asked they are the same figures that you received from the hauler, is that correct?

Chris Bell replied yes.

Mayor Thalhofer asked and they came up with different results than you did?

Chris Bell replied yes.

Mayor Thalhofer asked do you feel that your computations are accurate enough for us to base a decision on?

Chris Bell replied yes I do.

Terry Waddell, Governmental Affairs Manager for Waste Management. Tom Koecher, NW Regional Controller for Waste Management and Mike Jefferies, Financial Analyst for Waste Management provided the Council with a handout and a powerpoint presentation. (A copy is included in the packet.)

Terry Waddell stated in our presentation we will cover a brief overview of the services to the city; exclamation of how costs are reported to the city; points of contention regarding the review; and Waste Management's rate adjustment request. In October Waste Management did an extensive reroute of our residential customers resulting in all Troutdale customers receiving service on Wednesdays. This is a visual enhancement to the city with trash and recycling only being set out on Wednesdays. The service for residential purposes requires three trucks, one for garbage, recycling and yard debris. Of the twelve routes Waste Management runs on Wednesday, seven touch Troutdale. Four of those routes are 100% in Troutdale, two of them are about 50% in Troutdale and one that is around 8% in Troutdale.

The remaining five routes are in neighboring communities. Our commercial frontload garbage trucks are in Troutdale seven days a week. We have various commercial recycling trucks in the city throughout the week. Drop box customers are serviced on call. In 2003 Waste Management paid to the city over \$80,000 in franchise fees as a privilege for working in your city. We assisted in two spring clean-ups. Over the years Waste Management has supported the City of Troutdale. In 2003 we were sponsors of the SummerFest parade and donated services to the event. We are members of the Chamber and participate in the Chambers annual auction dinner. The next slide takes a look into the future. It shows an example of a collection system using carts and automated trucks. Some of you have asked about this method. It is something to think about with the winds in Troutdale it is a good way to keep the debris from blowing around in the neighborhoods. We would be happy to talk to you about this.

Mike Jefferies stated Mr. Bell has a good idea of how we developed our costs. I would like to show you a few slides to give you a picture of how that occurs. First we start with our internal financial statements. We then eliminate the disallowed costs and from there we adjust that cost basis for differences and accounting methods. Once we have taken our financial statements and eliminated costs that are not associated with franchise operations we come up with a pool of about \$50 million. This pool pretty much covers the geographical area shown in the map. We have operations from Portland up into Vancouver and as far east as the City of Sandy, and south to Milwaukie. That \$50 million represents the cost that we have incurred to provide service in this geographical area. Once we determine the cost pool we then rely on the jurisdictions to get us the methodology to allocate costs. Listed here are the five most used: Customer counts, container counts, container size and frequency of those containers, truck hours and total revenue. Allocation of disposal costs, since we have trucks that serve many jurisdictions in a given day we focus on those routes, the number of customers on those routes, where they are located, what city they are in, the size of container that they are using so when we dispose of the garbage at the end of the day we have a very good idea of where that material came from. For example Troutdale's disposal costs is approximately 3% of the total disposal cost of the total pool. Cost allocated by truck hours is one of the main components of allocating costs. Driver wages, truck depreciation, truck repairs and maintenance, insurance are all used for allocating wages. This is an area where productivity comes into consideration because if the consultant feels we are not productive enough he is pretty much slicing back the number of hours that we are reporting. For Troutdale the truck hours that we reported are 3.8% of the total truck hours in the cost pool. Customer count is also another use of allocating costs. This is usually used more in general administrative costs associated with customer service representatives, our office building rent, advertising and so forth. Residential customers in Troutdale represent approximately 3.2% of the total residential customers that we have and commercial accounts represent 1.8% of the total commercial customers that we have. Once we have taken into consideration all the methods of allocating costs we then are able to determine the cost pool that is associated with Troutdale. Of the \$50 million that we have identified as our cost pool, approximately 3.2% of those costs end up in the City of Troutdale, or roughly \$1.6 million. From that we then figure out our rate of return.

Mike showed some slides as they relate to routing and how they focus in on knowing the routes so that they can report accurate numbers.

Tom Koecher stated to be as clear as possible, we have only three points at which we have disagreement or that we are referencing as points of contention with the Bell report and the City staff recommendation. There is only one adjustment that has been proposed, in Mr. Bell's report on page 4 the one that he has labeled as "Note B" we are going to refer to those as productivity based adjustments. The second point is the overall rate of return that has been suggested by City staff. The third point is more academic and deals with the lack of a calculation of the franchise fee impact on the additional rate revenue requirement. Let me start this short discussion on productivity by acknowledging that the use of comparative information between periods is a common analytical tool and can quickly identify variances that may require additional analysis. Waste Managements rate request compared a productivity metrics between periods to support that underlined expense is a reasonable approach. However, the consultants report makes several errors when discussing productivity and incorrectly excludes approximately \$25,000 of legitimate costs. The consultants infers that there are industry standards for driver productivity and submits that 60 houses per productive hour is an industry standard for a semi-automated route. Personally and professionally we are unaware of any such industry standards. That is not to say that we don't use productivity measurements, in fact we do and we rely on them a great deal. However, basing our internal measurements against an unsubstantiated industry standard we find is quite misleading. Our greatest concern in the consultant's discussion in productivity is the use of a very narrow timeframe that was selected as a basis which uses a method for extrapolating the \$25,000 of excluded costs. The consultant indicated that he used 9 weeks of recycling route data selected from the period beginning at the end of April, selected weeks up through the month of August. He arrived at a calculation saying that he believed indicated that our drivers were hitting 88 houses per hour. We are okay with that calculation. The problem comes in that he selected 9 weeks during the most favorable months, essentially our highest efficiency months because the weather is better and because we have lower volumes because customers are absent during that time for vacation. Our internal records clearly indicate that in 2002 we were collecting 69 houses per hour as oppose to the consultant's suggestion that we were collecting 58. In 2003 that same measurement over the same period of time we are recognizing 73.2 houses per hour. Small improvement but certainly doesn't underscore an adjustment of \$25,000. With regards to rate of return it is important to understand that from a franchisees point of view rate of return is our carrot, it is not a guarantee. It is certainly our opportunity to earn an estimated return assuming that our estimated expenses come in where they are projected. Internally we use rate of return to identify if our investment capital is earning the appropriate return given a certain amount of risk. It is common for most businesses to perform such an analysis to determine where to invest future capital. Staff has recommended that Waste Management be allowed to earn 8%, which is the lowest end of the range utilized by Portland area franchises. We understand that the basis for the 8% recommendation is due to the economy of the city. We very much appreciate the economic issues in Oregon as well as in Troutdale. We are not unsympathetic to that. We live and work in Oregon and we know what it is like. However, I would ask the Mayor and Council to please recognize that in a slower economy most businesses are allowed to adjust their level of services or the pricing for those services to flex with the

economy. In our case our pricing and our ability to change services sticks by the contract that we signed. We can't drop services without your approval. In any case, no matter what is decided tonight, you can count on Waste Management to continue to provide safe, professional service to the City of Troutdale. However, I do want to reiterate that flexibility that many businesses would have, we would not have. Final point of contention really is a calculation point. We don't believe that the consultant's calculation recognizes the additional franchise fees that will be due on this revenue and by not putting those into the revenue request we would essentially be paying those directly out of our own pocket. Franchise fees have traditionally been treated as a pass-through. The next slide hopefully will distill the impact of what we have been talking about this evening. On the left under the City staff column is what has been proposed by City staff and the Bell report. On the right are the adjustments that we would like to see. At the bottom you will note that the City's recommendation would generate an additional \$46,000 of revenue to Waste Management and our recommendation would generate approximately \$119,000. Before I move on I want to say that is a composite, the difference comes back to the adjustment that we are asking you to remove, which is the \$25,000 and the larger piece of this would come into play by adjusting it from the 8% recommended by City staff to the 10% rate of return. The next slide compares the rates of the surrounding jurisdictions with what our suggested rate would be for residential service in Troutdale if all of our adjustments were accepted. In summary we are asking the Mayor and Councilors to establish solid waste and recycling rates to support an additional revenue requirement of \$119,000, which would put us at what we believe is a reasonable rate of return of 10%. Additionally, we want the City Council to recognize that this is \$73,000 above what staff is recommending.

Councilor Kight asked do you agree with the consultants figure that on the container side there was a net profit of 15% on that service?

Tom Koecher replied we really have not run a line of business rate of return. We tend to look at this in aggregate. The rates and how the revenue requirement, the \$119,000 that we are asking for this evening, gets disbursed among the different lines of business is a city council and staff decision.

Councilor Kight asked who came up with the 3.8% increase on the residential and the 2.6% on the commercial container side? Is that city staff?

Tom Koecher replied yes.

Councilor Kight asked did you have any input whatsoever?

Tom Koecher replied no.

Councilor Kight are you comfortable with those increases?

Tom Koecher replied the rates that City staff has proposed would generate the \$46,000 that they believe our rate should rise by. As far as being comfortable with having put more on the residential side than the commercial side, we really haven't been asked to be involved in that.

Councilor Kight stated I am asking you now.

Tom Koecher stated it is clearly the City's desire as to how they want to allocate those rates. In many cities residential rates are generally subsidized by commercial, it is not that uncommon.

Councilor Kight asked when he comes up with a -2.8% on residential, you are telling me that you haven't ran those numbers so you don't know if that is accurate or not?

Tom Koecher replied that is correct.

Councilor Kight asked you are saying that the franchise is part of your number but it is considered a pass-through on the City's side?

Tom Koecher replied it wasn't accounted for on the City's side.

Councilor Kight asked why is that?

Tom Koecher replied I think it was an oversight, I don't know.

Councilor Kight asked when you have an exclusive franchise with the City is it actually to our disadvantage because you are given a certain set rate of return percentage irrespective of your costs if there are not any benchmarks. In other words is there an incentive to contain costs because if you don't you can come back to us and say costs have gone up and you are only getting a 5% or 6% rate of return and the expectation according to our agreement is between 8% and 10%. What incentive is there on your part to hold the costs down instead of continually going back to the ratepayer and asking for increases?

Tom Koecher replied that is an excellent question. What is the advantage to us as a company to keep our costs down? We are good stewards, we are a publicly traded company and we get intense scrutiny by our corporate leadership to maintain and keep our costs down. We have investors. Not all of our business operates under franchise agreements.

Councilor Kight stated you mentioned that you are sensitive to the economy in Oregon. Other businesses have had a decrease in their net profit. Do you feel any commitment or responsibility on your part to do the same?

Tom Koecher replied we feel a commitment to do everything we can as an organization to first operate in a safe, professional manner and secondly to do everything we can to control our costs. My concern here is that as an organization we cannot stop the level of service that we are providing. We cannot drop residential recycling services and we cannot stop providing yard debris services. We don't have the flexibility to say lets do every other week yard debris services. We have committed to do a job in this city and we intend to do that. It also constrains us in our ability to control some of the expenses. Our hands are tied in many respects because we can't change the way we do our job.

Councilor Kight stated I agree with that. Do you still feel that your expectation is to make the same rate of return given the state of the economy?

Tom Koecher replied lets remember that when times are good we are not allowed to come in and say the economy is much better, how about letting us earn 12%.

Councilor Daoust stated I commend you for the amount of effort you are putting forward to gain \$73,000 more. Troutdale is only 3.2% of your total cost pool. Is Troutdale 3.2% of your income?

Tom Koecher replied currently I believe that we are generating \$1.7 million in revenue.

Councilor Daoust stated it seems like we are small fish in the pond since we are only 3.2% of your total program. What rate of return are you getting in Portland?

Mike Jefferies replied 9.5%.

Councilor Daoust asked what percentage of your total cost pool is Portland?

Mike Jefferies replied approximately 50%.

Councilor Daoust stated I understand the rate of return differences but I am still confused on the point that Bell overlooked the franchise fee impact. When I look at the table in your slide I see the City staff number of \$76,631 compared to your number of \$78,247, I don't see how that is overlooking the franchise fee impact.

Mike Jefferies replied the calculation that is misrepresented is on the \$46,000 of new revenue that they are calculating, you can see that in our analysis we have \$113,157 where we have taken that \$113,157 divided by 95% in order to generate an additional 5% in franchise fees. If you were to take the \$1,775,253 of revenue that the city has represented as our revenue requirement and take the franchise fee as a percentage of that, you will find that the percentage is probably 4.3%. With a franchise fee of 5% I would expect that number to be closer to 5% than 4.3%. If you were to do the same with our calculation it would be closer to 5%.

Councilor Daoust asked so the number that was overlooked was the \$5,658?

Mike Jefferies replied it would be the 5% on the \$46,014, which is roughly \$2,300.

Councilor Gorsek asked I just have one point of clarification. When you were talking about how 10% is a goal or a mark that you try for and it could end up above or below. Could the same thing be true if the rate were set at 8%?

Tom Koecher replied the end result could be above or below that, correct.

Councilor Ripma stated on Page 4 of the consultants report, that portion in the box is the \$25,000 in costs that you are objecting to based on the industry standard, am I understanding that correctly?

Tom Koecher replied it doesn't appear to us that the consultant has used industry standard as a basis for the adjustment. What it appears to us that the consultant has done is he has taken a 9-week period during the months of April through August and averaged out, on the recycling routes, what our rate of drive-bys per hour is. It hits a fairly high number of 88. If you take the raw data, we agree it does hit 88. However, if you look across the spectrum of a full year, when you have greater issues such as climate, access, the amount of recycling that is being put out by customers, weather impacts on the recycling material because when it gets wet there is an additional weight and all of this slows down the driver. What we are doing in the summer, I believe, is unreasonable to expect that we could be doing in the winter and to hold us to the summer standard for the entire year we believe is inconsistent.

Councilor Ripma asked the difference between you and the consultant is approximately \$25,000?

Tom Koecher replied there is \$25,000 worth of costs associated with what he believes we should have been able to produce during that time.

Councilor Ripma asked and those are the costs on Page 4 of the consultants report in the box?

Tom Koecher replied yes.

Councilor Ripma asked in your report you mentioned that Troutdale is 3.2% of the total cost pool and 3.8% of the total labor costs and 3% of the disposal costs. Yet in the consultants report at the top of Page 2 there was an estimated total of 5,255 hours, which is 1.63% of the total labor costs. I am wondering why the numbers are so different. Are we comparing different things?

Mike Jefferies replied I believe what the consultant is speaking to is hours and what I am reporting on is cost, as well, versus hours. I believe that the number of hours that he has indicated here is not the entire labor hours that are in the report. I believe it is closer to 12,000 hours versus 5,255. We had roughly 4,021 hours in residential solid waste hours, 3,092 in residential recycling hours and those two components alone are greater than the 5,255 hours that are stated in the consultants report.

Councilor Thomas asked you referred to April through August, especially with the recycling and yard debris, being the light time of the year. What I recall with my yard is that time of year produces more grass and yard debris versus what you would get in the winter which is just basically recycling material.

Mike Jefferies stated the discussion we are having has nothing to do with the yard debris; I would agree that the growing season is April through August. What we are talking about is

the actual residential recycling routes. What we experienced during that time is a lot of people are on vacations and we experience a lot more drive-bys in the summer months than we do other times of the year. For example there is a lot of recycling that takes place during the holiday seasons. The adjustment that has been proposed by the consultant relates only to the recycling service.

Councilor Thomas stated with the new productivity that you gain by servicing Troutdale all in one day, I am assuming that would cut costs.

Tom Koecher replied we are hoping that some cost savings will be generated from that.

Councilor Thomas stated it should also enhance your ability to get the job done quicker.

Tom Koecher stated I think one of the overriding concerns was to try and impact the neighborhoods less by bringing all three trucks through at one time.

Councilor Thomas stated the advantage to the City is roughly \$3,600 in additional revenue, but you are asking everyone in the city to pay an additional \$3.00 per billing cycle or \$1.50 per month.

Tom Koecher replied that is correct.

Councilor Thomas stated considering everything else that is going on in the economy and what my pocketbook is doing, \$1.50 per month hurts.

Mayor Thalhoffer stated we are not in the garbage rate business but we are being asked to make a decision here and we seem to be getting one set of data from the consultant and a different set of data from you. We are trying to sort through this and I am having a problem because we are not able to get the facts straight because we are comparing different data and different timeframes. I am not comfortable with that. Is there a way that we could just use the 2003 data? Could we take the data from the year 2003 and bring that information and proposed rate increase forward to us at a later date? That might be to your benefit.

Tom Koecher replied were of the opinion that we have postponed this issue for quite some time. We are required by city rules to submit our cost report by March 15 for the previous year. We submitted our 2002 report on March 15, 2003. Subsequent to that we entered into discussions with the city to try and move this issue forward.

Mayor Thalhoffer asked how many times have you requested a rate reduction?

Tom Koecher replied since we have held the franchise in Troutdale, I am not aware that has been the case.

Mayor Thalhoffer asked since you have an exclusive franchise with the city doesn't that provide you with a sense of security that would make a lower rate increase appealing to you?

Tom Koecher replied I believe that is built into most of the franchises that we operate. We have a similar protection when we go into Gresham, although we have an exclusive area that we provide service to, there are other haulers that service the other parts of the city. You'll find that the franchise returns can often times trail competitive areas. The reason being there is an assurance of cash flow. We don't have to go out and battle for customers every day. So some of the costs that we would incur in an open market area we are not trying to cover in our rates.

Mayor Thalhoffer asked how does the franchise fee work? You include it in your cost pool, isn't it a pass-through from the customer? Could you explain that to me?

Mike Jefferies replied in the cost pool we are talking about operating margin on a return prior to the franchise fees. The \$1,562,732 listed by city staff in their report does not include the franchise fees and that is why it is broken out below at \$76,631. We are doing the operating margin calculations based off cost, excluding franchise fees, so we are not earning a rate of return on the franchise fees, it is truly in this calculation a pass-through.

Mayor Thalhoffer asked why didn't the consultant include that?

Mike Jefferies replied you will have to ask him.

Councilor Thomas asked on the franchise fees, if I understand the way that they work, they are basically 5% of your total revenue.

Mike Jefferies replied that is correct.

Councilor Thomas stated and you choose to show them as a cost on the income sheet.

Mike Jefferies replied yes.

Mayor Thalhoffer called for a break at 9:01pm and reconvened the meeting at 9:12pm.

Chris Bell stated I would like to explain how I arrived at the \$25,000. Initially when I reviewed the report the recorded hours for residential recycling increased by 724 hours from the previous year. I usually look to see if there was an increase in the residential houses and there wasn't. During my discussion with Waste Management they acknowledged that there was a problem in the routing of residential recycling trucks in the past. Once they figured that out they corrected it. Internal reports that I reviewed showed a goal for drive-bys per hour at 83 but the actual pick-ups were around 75. That 75 is for the entire company not just for the City of Troutdale. I choose to split the difference at 79 drive-bys per hour for my adjustment and they didn't agree with that. I did choose 9 different weeks from April to August. The reason I picked those is because prior to March Waste Management did not track that data on a daily basis. By looking at those 9 weeks I came up with the average number of pick-ups in the City of Troutdale of 88. Company wide the average is 74. If I were to make an adjustment based on the productivity of 88, there would have been a \$40,417 adjustment. I adjusted the productivity to 79. Waste Management has stated that I didn't account for

vacations or paid holidays, actually I did do that. That is why I stayed with the \$25,000 versus the \$40,000 adjustment so there is a \$15,000 adjustment built into this for the seasonal, vacations and holidays.

Councilor Kight asked is there any way that you could have looked at the data for the entire year as opposed to pulling out 9 weeks?

Chris Bell replied yes I could have. I did take weeks that had holidays in them because the day after a holiday you have increased labor hours. When I tried to look at the hours I looked at days or weeks that they would have more overtime than a regular week.

Councilor Kight stated you have come up with a formula and you can justify that but what they are saying is they are looking at the whole picture, am I right?

Chris Bell replied that is what they are saying, yes.

Councilor Kight stated so you are looking at part of a year and they are looking at the entire year and that is why we are coming up with two different sets of numbers. Would that be an accurate statement?

Chris Bell replied yes, however, if I were to base my adjustment on just those 9 weeks my adjustment would have been \$40,417 versus an adjustment of \$25,000 so I added back an additional \$15,000.

Councilor Kight asked with productivity, if you looked at the same identical timeframe that they were looking at, are you saying that your numbers wouldn't agree with their numbers at all?

Chris Bell replied if they are looking at productivity for 2003, my adjustment was made based on 79 drive-bys per hour and they should be right in line with that.

Councilor Kight asked how did you extrapolate that number?

Chris Bell stated the internal goal for drive-bys is 83 on the report that I reviewed. The actual number of pick-ups for the entire company is about 75. I split the difference and went with 79.

Councilor Kight asked if they stuck with the 75, which is their productivity level not the goal, would that skew the number?

Chris Bell replied that increased the productivity by 724 hours.

Councilor Kight asked wouldn't the difference between the 75 and the 79 affect the bottom line number?

Chris Bell replied yes it could.

Councilor Kight asked would the 79 work to their favor or against them?

Chris Bell replied against them.

Councilor Kight stated if we used their numbers and what actually took place, how much differential would there be between the 79 and the 75?

Chris Bell replied the \$25,000.

Jim Galloway asked Mr. Bell, did you use the 9 weeks in 2003 in your calculation or did you simply use that to check the validity of your assumption?

Chris Bell replied I used that to check the validity of my assumption.

Jim Galloway stated the 9 weeks in 2003 were not used in the rate calculation that Mr. Bell did. He simply took a look at that data to see if the direction he was going when he looked at what appeared to be an error in the data in 2002 was valid or not. It appeared to show that there was in fact a productivity problem. Then he reverted back and used the adjustment of 79 trips per hour that he was talking about. So the 9 weeks in 2003 was not used in the calculation.

Councilor Kight asked how is it that there seems to be this wide disparity from Waste Management versus your numbers?

Chris Bell replied what I used to verify were current numbers that they had from 2003. They were hard verifiable numbers from their report. I am not sure where or how they arrived at the numbers for 2002. You would have to ask Waste Management how they arrived at the hours for residential recycling in Troutdale.

Councilor Kight stated I am not any closer to being able to make a decision than I was when I starting asking these questions. I thought that either Waste Management or you would be able to explain why there is such a disparity in the numbers in a sensible, logical, sequential manner, but that doesn't seem to be the case.

Chris Bell stated here is an easy way to think about it. If you look at 2001 versus 2002 there was a spike of 724 hours. The number of customers did not increase. If the customers increased you would expect the hours to increase to service the new customers, but they didn't increase. So that says to me that maybe there is something wrong with the initial report on how they reported productivity. When I spoke with Waste Management they said there was a problem, they were sending more trucks to Troutdale than needed.

Councilor Kight stated so bottom line is they were doubling up on the pickup and they were not as productive as they should have been, is that correct?

Chris Bell replied yes.

Councilor Daoust asked when was the last rate adjustment?

Kevin Rauch replied the last rate adjustment was a straight pass-through for Metro's disposal fee increases and that went into effect October 2002. Prior to that the last formal review was done by Donavon in 2001.

Councilor Daoust asked in October of 2002 what was the rate of return?

Kevin Rauch replied 10%.

Councilor Daoust asked can the city stipulate standards for a rate determination like fixing the rate of return at 9.5%?

Kevin Rauch replied if I'm understanding your question, in the franchise agreement I guess we could structure it to point towards a productivity range of the number of drive-bys per hour per driver and if they met that range then they could get a certain rate of return. The current franchise agreement, which is in effect until 2008.

Councilor Daoust asked so we are stuck with this franchise agreement until 2008 and there is no way for us to make this type of change until then? I am thinking about next year, I don't want to go through this again.

Marnie Allen stated I don't have the franchise agreement with me but I don't recall seeing anything in the agreement that set the rate of return, which is why we need to range between 8%-12%. It would seem to me that the Council could say that we are going to use 9.5% and you could give staff that guidance that 9.5% is the rate of return that we want to use.

Councilor Daoust stated the rate of return is the biggest point of contention that we have before us. It would seem prudent to set sideboards on it so we don't have to argue about it next year.

Councilor Kight asked are you saying that you would like to see performance standards?

Councilor Daoust replied some set of standards.

Councilor Ripma asked the \$25,000 is your adjustment based on your assumptions and calculations for routing inefficiencies?

Chris Bell replied yes.

Councilor Ripma stated so your point is that in the next rate period that route inefficiency should not remain built into the cost structure, it has been removed?

Chris Bell replied yes.

Councilor Ripma asked if we continue to leave out the \$25,000 and we gave them a 10% rate of return instead of 8%, what would be the charge to the customers instead of \$19?

Chris Bell replied it would be approximately \$19.85.

Council discussed what percentages of the rate increase would be assigned to residential, commercial or drop box services.

Councilor Thomas asked of the rate increase, how much of that is pass-through for the Metro charges?

Chris Bell replied it is about \$0.10 of the \$0.70 increase for residential customer with a 32-gallon garbage/32-gallon yard debris service.

Councilor Thomas asked with the city proposing an 8% rate of return, is there a possibility that they can pick-up the additional 2% out of their own budget productivity?

Chris Bell replied yes, I would also argue that they could also be less efficient and only earn a 6% rate of return.

Councilor Kight asked Marnie Allen, since we are going through the process of rate adjustments, does that not in fact open up the contract to include Councilor Daoust's idea of setting performance standards?

Marnie Allen replied setting and reviewing the rate is entirely separate from the terms in the franchise agreement. The question is whether or not the franchise agreement and our ordinance prohibits you from setting some benchmarks and standards, whether it is a 9.5% rate of return. I don't know without giving it some more thought how far you can go in setting those other standards. I would not recommend that you try to mix the discussion about setting the rates with reopening and reviewing their franchise agreement. You could always ask them to agree to an amendment to the franchise and if they want to agree to that, I am okay with that. Otherwise there are parameters on when the city can terminate the franchise agreement and I don't believe that if they were, for example, not to agree with the benchmarks that you want to set, that would be grounds to terminate the franchise.

Mayor Thalhafer asked if Waste Management had any last comments they would like to make?

Tom Koecher stated we still have some concerns with the \$25,000 adjustment. The 700-hour adjustment that has been referred to as a route inefficiency is incorrect. What was going on in 2001 is we were not capturing hours that we were incurring in the Troutdale service area. Drivers were coming over from their routes in Gresham or other jurisdictions to assist the recycling driver that was working in Troutdale. That time was not being captured as Troutdale time. In 2002 we were able to capture that information, hence you had the jump in hours. You had the benefit of lower costs, or at least assignment of lower costs to your jurisdiction in the 2001 cost report. That changed in 2002 when we found our mistake.

Mayor Thalhoffer asked is there anyone here that would like to speak to us on this issue?

Deborah Flewelling stated I own the garbage enclosure that is behind the Troutdale Town Center lots on the west side. Deborah shared her concerns regarding the lack of customer service from Waste Management and the lack of knowledge and the attitude of the customer service representatives from Waste Management while she was trying to gather information and assistance to create a cost sharing system for the users of the garbage enclosure. She also informed the Council that during all of her discussions she discovered that there were several billing errors for the Town Center customers.

Deborah Flewelling stated what I think Waste Management needs is better management and not a rate increase.

Terry Waddell stated I was informed of the conversations that Ms. Flewelling had with our customer service representatives, a supervisor, and our customer service manager. I have also spoke with Ms. Flewelling. After speaking with her I prepared a grid of the customers that are a part of the building to see where there are errors in billing. I provided information to her regarding the size of container needed and the rate according to the franchise rate and I offered to talk with the customers to see if recycling would help. To my knowledge the billing errors have now been taken care of. I would like to work with Ms. Flewelling to resolve the problem.

Mayor Thalhoffer closed the public hearing at 10:07pm.

Councilor Ripma stated my proposal is that, even on the evidence of the report from staff, I think Waste Management is below its mandated rate of return. I am prepared to go to 10%. As far as the cost structure, I am persuaded by Mr. Bell's numbers. Regarding the \$25,000 cost adjustment I have to refer to the written submission from Waste Management and from everything I have heard from Mr. Bell and Waste Management I guess I am convinced that is a fair number. The rest of Mr. Bell's proposed adjustments are not really disputed by Waste Management. I would like to suggest that we direct staff to recalculate the rates based on staff's recommendation but using the 10% rate of return with the difference between the 8% and 10% being divided between commercial container and residential in some way that does not result in an even higher residential rate than is being proposed by Waste Management.

Councilor Kight stated I think that Waste Management made a very convincing argument and when we got down to the bottom line there numbers for 2001 did not include the assistance of the recycling drivers when they were coming from other jurisdictions to provide support for Troutdale. Once they had a better reporting system, in 2002, those numbers spiked which makes perfect sense. I am willing to put the \$25,000 back into the mix. What I am not willing to do, however, is provide a 10% rate of return that they are asking for but to compromise at 9%. I also want to see cost shift to be even across the board with all three services so that the bulk of the increase would not be on the residential side.

Councilor Daoust stated I don't think we are expert enough to pick apart the pieces of each method of calculation. Even if one of us understands it the other six won't. It sounds like there is going to be a short period of time before we have to do another rate calculation. The 8% rate of return or a 10% rate of return are really just planning numbers. Actual numbers will vary either up or down. Given the fact that we are going to be doing this again real soon I would rather focus on next time. But for now I am leaning towards going with staff's recommendation with an 8% rate of return. For next time I would recommend that we come up with a minimum list of standards.

Councilor Gorsek stated I think Councilor Daoust is accurate in his assessments. We are going to revisit this soon. While I am sympathetic to Waste Management, I would like to point out what Councilor Daoust mentioned earlier in that we are only 3% of the whole picture and therefore I don't believe, since we are not looking at a situation where Waste Management is not turning a profit at the present time, especially in this economy that it warrants going above what staff has recommended. I think staff is absolutely right that we need to be sensitive to the economy and to the people of Troutdale in terms of their pocketbooks as Councilor Thomas and others have spoken to tonight. We all worry about that. I think we should stay with the 8% mainly because I think it is equitable for our constituents.

Councilor Thomas stated I don't see any reason to doubt the staff's report. I would propose to allow the pass-through of the \$0.10 and that would be it.

Mayor Thalhoffer stated we will be reviewing this again soon. I would like to see us use the hard data that staff has indicated that we will have for the year 2003. Therefore I think that we should wait and use the 2003 data and revisit this issue again at that time. I think we should set the rate of return at 8% as the staff recommended and with efficiencies they would perhaps turn a higher rate of return than 8%. If we want to amend the agreement, I would suggest that we also make the agreement non-exclusive for commercial customers.

MOTION: Councilor Ripma moved to accept the staff's recommendation. Seconded by Councilor Gorsek.

Councilor Ripma stated I am changing my mind because I think we ought to do something. I think the current rates aren't sufficient to meet our obligation to the franchisee and rather than wait I think it is better to accept the staff's recommendation. I didn't favor the 8% and I was willing to go to a target of 10%. My reasoning was and remains that in the exclusive franchise they are entitled to a certain rate of return and that is my justification for saying that we should fall mid-range. The fact that times are hard, it is hard for all of us. Our duty to the citizens is to have a stable relationship with the franchisee.

Councilor Gorsek stated the main thing I see here is that we do have, legally, a 8%-12% range that legally we can be anywhere within that range and I think it is important to stay on the lower end.

Councilor Kight stated I am not going to support this motion and the reason is there seems to be a conflict in the data between Waste Management and Mr. Bell. Waste Management, in this particular case, gave a simple adequate explanation of why there was a difference in the numbers.

Councilor Daoust stated I would like to see us give some direction to staff to work up a franchise amendment that would have standards for rate calculations. It doesn't have to be a fixed rate of return but just what components need to be standardized so we don't have these differences next time. I can make that as a separate amendment after we vote on this.

Councilor Thomas stated I agree with Councilor Daoust. I have some concerns that were brought up from some of my neighbors about customer service. I firmly believe that customer service is a standard for any company that they must live up to. I work for a company that has very high standards with regards to customer service. I think that Waste Management can probably make up the difference between the 8% rate of return and the 10% that they are requesting.

Mayor Thalhoffer stated I support the motion.

VOTE: Councilor Kight – No; Councilor Daoust – Yes; Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – No; Mayor Thalhoffer – Yes.

Motion Passed 4 – 2.

MOTION: Councilor Daoust moved that we direct staff to work up an amendment to the franchise that would include standards for rate calculation. Seconded by Councilor Kight.

Mayor Thalhoffer asked if we amend the contract to add standards for rate calculation, will that open up the contract for reconsideration of other issues?

Marnie Allen replied only to the extent that both parties agree on what it is you are amending in the contract.

Councilor Daoust stated I am not going to get specific and tell staff particulars on what should be amended, I will leave it up to staff and Waste Management. All I know is we had some disagreements in methods of calculation and we spent a lot of time on it. I don't want to spend a lot of time on it the next time we have to go through this if some questions are raised as to the method of calculation. There should be some parameters that we can say would be acceptable to most people that are doing the rate calculation.

Councilor Kight stated this council has a history of fairness of equity with businesses that we work with. Stopping short of saying that hasn't necessarily happened here

tonight, this is a very complex subject. We have seen major disparity in the numbers, which affects Waste Management's bottom line. I want to be fair to this company and I want to have a long relationship with them. Our expectation is that they have room for improvement, but that is true with almost any business. I am sure they are open and receptive to making those improvements hearing some of the criticism that we have heard tonight. Having a performance standard makes a lot of sense.

Councilor Daoust stated I am not calling these performance standards. They are just rate calculation standards. I don't want to come up with performance standards that say they have to pick up so many boxes per hour.

Councilor Kight asked what are you looking for then?

Councilor Daoust replied standards of how to do a rate calculation.

Councilor Kight asked methodology not performance?

Councilor Daoust replied yes.

Councilor Gorsek stated I think this sounds like a wise course of action if Waste Management and the City can both come to a mutual agreement.

Councilor Ripma stated I support the motion however I think we might be a little over optimistic that deciding on a method of calculation is going to shorten the meeting. We could find ourselves arguing about the wrong numbers which form the basis, which is what I think happened here. But I am willing to give it a try.

Councilor Thomas stated I concur with Councilor Daoust. I think that the value of having some standards is auditable by both sides and they know what the target is to begin with. I think it will help foster a better relationship on how we handle these in the future.

Mayor Thalhofer stated I don't think we need a calculation standard. I think once we get the hard data that we will be getting from now on that we are going to be dealing with the same set of facts. I do think that performance standards are necessary.

VOTE: Councilor Kight – Yes; Councilor Daoust – Yes; Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – No.

Motion Passed 5 – 1.

6. PUBLIC HEARING / ORDINANCE (Introduction): An Ordinance amending Chapter 1.04, General Provision, of the Troutdale Municipal Code adding a penalty provision.

Mayor Thalhofer read the ordinance title and opened the public hearing at 10:41pm.

Jim Galloway, Interim City Administrator stated staff has been working for a number of months to update the municipal code. This is the first of several amendments that we will be bringing to you for your consideration. We looked at Chapter 1.04, the General Provisions of the Code and we are proposing a new section that would deal with general penalty provisions for violations of the code. Right now either every particular section of the code that puts a requirement or prohibition would need to have its own penalty provisions. This puts one general provision at the beginning of the code and says unless we specify a different penalty provision in a particular section this is what will apply. This is truly a housekeeping measure to basically avoid duplicating some kind of a penalty provision in every other chapter in the code.

Councilor Thomas stated Councilor Kyle asked me to ask a question on her behalf. The \$1,000 fine, there was a prior discussion on this when we discussed the late payment of utility bills, could this also be applied to that?

Jim Galloway replied no. The language in here says that this would apply only if there are no penalty provisions in the applicable section of the code. For the utility bills, where we built in a penalty provision, that would supersede this.

Mayor Thalhofer asked is there anyone here that would like to speak to us on this issue?

None.

Mayor Thalhofer closed the public hearing at 10:44pm and stated we will have a second public hearing on this issue on February 10th.

7. PUBLIC HEARING / ORDINANCE (Introduction): An Ordinance amending Title 2, Administration and Personnel, of the Troutdale Municipal Code. (Chapters 2.04 City Administrator; 2.06 City Attorney; 2.12 City Treasurer/Recorder; 2.16 Municipal Court; 2.32 Bonds for City Employees; 2.44 Reimbursement of Expenses and 2.60 Criminal History Checks for City Volunteers.)

Mayor Thalhofer read the ordinance title and opened the public hearing at 10:45pm.

Marnie Allen, City Attorney stated this is staff's proposal to update the provisions in Title 2 to make those provisions throughout all of the Chapters in Title 2 consistent with the current city practices.

Marnie Allen reviewed the proposed changes, which are outlined in the staff report contained in the packet.

Marnie Allen stated there are two changes that I would like to propose to the Council and would like to bring back in the ordinance for the second public hearing in two weeks. In Chapter 2.06 under the general responsibility section I had proposed language that reads, "the city attorney would represent the city in all legal matters including but not limited to..." It is not currently the City's practice, nor do I anticipate that you will have a city attorney that

handles all legal matters. You use finance counsel on bond transactions and you may need special outside counsel for significant complex environmental cases and litigation. Right now the City's practice is to use outside counsel for labor and employment. All of that work is done by an outside attorney, and our intent is not to change that. I would like to recommend that the word "all" be stricken from 2.06.020(2). 2.06.020(3) reads, "the city attorney will coordinate and supervise the use of outside legal counsel employed by the city". Currently I am not involved in supervising or coordinating when the City is using outside counsel for labor and employment. Rather than having me get involved in that, in talking with the management team today, the preference is to go ahead and let the management team control and direct the use of outside counsel in those arenas. Those are the two changes that I would like to propose to Chapter 2.06 if that is the desire of the Council.

Councilor Thomas asked Chapter 2.04 Section A, I am wondering if we can add that the council president can step in during the mayor's absence.

Marnie Allen replied I believe that already exists in the council rules section of the code but I will check into that to make sure.

Councilor Thomas asked in Section 2.06.020(3) I am wondering if we should add something in there that the legal office would at least receive copies of legal briefs or somehow it is built into the system to where it doesn't circumvent the legal office of the city.

Mayor Thalhoffer asked are you saying that the executive team members should appoint additional legal counsel?

Marnie Allen replied I am saying that the practice has been, in certain arenas, that department managers have selected and decided on their own when to engage the services of outside legal counsel.

Mayor Thalhoffer asked without any consultation with the city attorney?

Jim Galloway replied I think this predates having an in-house city attorney. I think the best way to explain this is to give a specific example. We have traditionally utilized someone other than Preston, Gates and Ellis for labor issues. So, for instance the practice right now is if a personnel issue came up that our human resources manager was unsure of and felt she needed to check with legal counsel she would contact the labor attorney that we have a working relationship with. There was some concern that the way Section 2.06.020(3) was originally written it might preclude, if enforced to the letter, that before they can do that they would need to consult with Marnie and get her permission before they could make that phone call. There was concern about time lag and the efficiency of doing that. That is the reason that there is some concern about the way that this is written.

Councilor Thomas stated I understand what you are saying, but I am not sure that I agree totally. I am thinking that we have a legal office and they should at least be involved somewhere in the process, otherwise what is the point.

Marnie Allen asked do you want Exhibit B of the ordinance to come back to you to include the language in 2.06.020(3) or not?

Mayor Thalhofler stated I think that the city attorney should be involved in every hiring of an attorney. I think having the department managers doing it, even when it was Preston, Gates and Ellis, without first consulting with them was not a good procedure. I think since we have a city attorney in-house that department heads should consult with the city attorney before they go forward with hiring any other attorneys.

Council directed staff to bring the ordinance back deleting the word "all" in Section 2.06.020(2) and deleting the words "and supervise" in Section 2.06.020(3).

Jim Galloway stated for clarification, I don't think there was too much of an issue of actually going out and hiring someone. I think the question was if we have an ongoing relationship with a labor attorney, did the language as written mean that before the personnel office could call an attorney and ask how to handle an employee problem that they would first have to bring Marnie into the loop? With the limited hours and days that she works it could mean having to wait three or four days before the personnel office could make that phone call.

Mayor Thalhofler stated I am saying yes, that should still be coordinated. Surely we can contact Marnie to ask her questions on her days off.

Councilor Kight asked are you available on your off-days?

Marnie Allen replied yes.

Mayor Thalhofler closed the public hearing at 11:03pm and stated this is the first hearing of this ordinance, a second hearing will be held at the February 10, 2004 Council Meeting.

8. COUNCIL CONCERNS AND INITIATIVES:

Councilor Kight stated that he went out with Officer Tim Fujii and identified 35 streetlights that were out on the arterial roads in Troutdale, and some in Gresham, and I notified PGE. Recently we have had discussions regarding forming a fire district. I discussed this briefly with Councilor Ripma and we feel that it may be to our advantage to look at outside fire service providers that can stay within the parameters that we are currently paying. Maybe look at Tualatin Valley, Clackamas or Boring as opposed to forming another layer of government.

Councilor Ripma stated I was thinking that we should just gather information. My concern is that the people that are doing the 4 cities study are really just studying fire districts and before we make a decision in our city, we at least need to look at the possibility of other options. I spoke with Jim Galloway today and it might be worth staff just inquiring informally if there is any interest.

Mayor Thalhofers stated we ought to look at all options before we do anything.

Jim Galloway stated it sounds like there is a majority of you that want us to at least inquire among other fire service providers to see if they would be interested in contracting service with the City of Troutdale. Your previous direction was to get more information on the fire study. I have sent a letter to Gresham and had a call today and I am meeting with the Fire Chief on Thursday.

Councilor Thomas stated I agree with the fire study. I would like to have a work session after all this information is gathered.

9. ADJOURNMENT:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Kight. Motion passed unanimously.

Meeting adjourned at 11:08pm.

Paul Thalhofers, Mayor

Approved March 23, 2004

ATTEST:

Debbie Stickney, City Recorder