

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

Tuesday, June 22, 2004

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

Mayor Thalhofer called the meeting to order at 7:01pm.

PRESENT: Mayor Thalhofer, Councilor Ripma, Councilor Gorsek, Councilor Thomas, Councilor Kight, Councilor Kyle, and Councilor Daoust.

ABSENT: None.

STAFF: John Anderson, City Administrator; Jim Galloway, Public Works Director; Rich Faith, Community Development Director; Dave Nelson, Chief of Police; Kathy Leader, Finance Director; Marnie Allen, City Attorney; and Debbie Stickney, City Recorder.

GUESTS: See Attached List.

Mayor Thalhofer asked are there any agenda updates?

John Anderson, City Administrator replied we have none.

2. CONSENT AGENDA:

2.1 Accept Minutes: May 4, 2004 Work Session

2.2 Resolution: A Resolution providing for budget transfers and making appropriation changes for Fiscal Year 2003-04.

2.3 Resolution: A Resolution authorizing the Mayor to sign a POTW Discharge Agreement with Tube Specialties.

2.4 Resolution: A Resolution recognizing the completion of the public improvements associated with the Burlingame East Subdivision and accepting them into the City's Fixed Asset System.

2.5 Resolution: A Resolution recognizing the completion of the public improvements associated with the West Columbia Sewage Pump Station Upgrade and accepting them into the City's Fixed Asset System.

Mayor Thalhofer read the consent agenda.

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

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

None.

4. PUBLIC HEARING / ORDINANCE (Introduced 5/25/04): An Ordinance clarifying the remedies and fees for industrial and categorical users of the sanitary sewer system and amending Chapter 12.07 of the Troutdale Municipal Code.

Mayor Thalhofer read the ordinance title and opened the public hearing at 7:05pm.

Jim Galloway, Public Works Director stated this ordinance is intended to implement the agreement in principle that the Council reached with Tube Specialties back on April 27th. As you may recall at that time we informed you that DEQ and EPA had determined that Tube Specialties, which is one of our Troutdale businesses, was a categorical user under the federal regulations and would require Tube Specialties to either disconnect from our sewer system or for the City to develop a formal pretreatment program. That agreement in principle said that Tube Specialties would continue to discharge, we would develop a pretreatment program, Tube Specialties would reimburse us for the cost of developing that program as well as share in the cost for the annual maintenance and implementation of that program. Working with the City Attorney we reviewed our existing pretreatment ordinance, which is Chapter 12.07 of the Municipal Code, and we found three areas that could stand some improvement. Those are to amend Section 12.07.470 to clarify that the City could choose which of the enforcement actions that it could take in case of a violation. Secondly, we added Section 12.07.515 to provide a process to terminate sanitary sewer service mirroring the provisions that we have in Chapter 12.03 for terminating water service. The third change would be to amend Section 12.07.600 to clarify the fees that would apply in the pretreatment program. During the first reading of this ordinance on May 25th representatives from Tube Specialties appeared before you and raised some concerns regarding Section 12.07.600 regarding the fees. As a result of that we did make some changes that we think accommodates their concerns. Specifically we changed the language so that rather than saying estimated or anticipated costs, it would be actual costs. We also deleted a provision which said they would have to reimburse us for drafting ordinances, resolutions, policies and procedures. Copies of this report were provided to Tube Specialties on the 9th of June and we have had no response from them. At this point staff does recommend adoption of the proposed ordinance.

Councilor Thomas asked does Section 12.07.515 apply to everyone?

Jim Galloway replied no, this shows up in Chapter 12.07, which is the chapter for the pretreatment program so it only applies to the industrial customer.

Councilor Kight stated as I understand it this particular litigation is specific to Tube Specialties.

Jim Galloway replied at this time they are the only industrial user in the city that falls under this federal category, that is correct.

Councilor Kight asked and you are sure, as sure as you can be, that all costs will be absorbed by Tube Specialties, except for the drafting of the ordinances?

Jim Galloway replied all the costs of developing the program, yes. There are two types of costs, developing the program and then the annual implementation and maintenance costs throughout the life of the program. The development costs will be 100% cost recovery, the annual maintenance costs is a cost sharing agreement that you developed orally with Tube Specialties at the April meeting.

Councilor Kight stated so clearly there won't be any costs to our taxpayers.

Jim Galloway replied not for the development of the program.

Councilor Kight asked does this meet all of the criteria of DEQ?

Jim Galloway replied it does not meet all of the criteria that we will eventually have to comply with. We have a date early in December of this year to do a complete rewrite. This was a stopgap measure to try to get us into reasonable compliance by the July 1st deadline that we have.

Councilor Kight asked as far as staff time involved with the rewrite, which you said was specific to this industry, Tube Specialties, there is no remuneration?

Jim Galloway replied that is correct.

Councilor Kight stated so they are just paying for the hard costs for the program itself. How much estimated time do you think that staff is going to put in specific to this industry?

Jim Galloway replied I don't have a real good feel at this time. My guess would be that we are probably talking about 20% to 30% of a full-time employee.

Councilor Kight asked what does that equate to in dollars?

Jim Galloway replied approximately \$25,000.

Councilor Kight asked so on the City's side it will be \$25,000 for a part-time employee specific to Tube Specialties, right?

Jim Galloway replied that is correct but when you say City involvement, again if it is a development cost, even if it is work being performed by a City employee that would be part of the reimbursement from Tube Specialties.

Councilor Kight stated so we are going to recover that cost?

Jim Galloway replied we are going to recover costs other than development of the ordinance. That is one of the things that they objected to and there appeared to be some concern or consensus among Councilors that it may be a valid concern so we deleted that requirement.

Councilor Kight stated just so we are clear, the approximate \$25,000 that you have identified is going to be recovered through costs that will be absorbed by Tube Specialties.

Jim Galloway replied that is correct. To further clarify, the very rough figure for the total development cost, which would be reimbursed by Tube Specialties, had been estimated as high as \$100,000.

Councilor Daoust asked come December when we have to meet DEQ's requirements, will that entail additional costs to Tube Specialties and additional staff time?

Jim Galloway replied the mere fact that we are going to update the entire Pretreatment Chapter of the Municipal Code, I don't think in itself will generate additional costs for Tube Specialties. That is primarily making sure that we've used the same definitions that the Federal Government has and that we have the same general terms and conditions. I don't think that will trigger any additional costs for Tube Specialties. Over the next couple of years in developing the program, that is certainly going to trigger quite a number of costs. Probably the largest cost will be in establishing the local limits, which require quite a bit of sampling, testing, and analyzing. This is where we will have to rely quite heavily on outside consultants to perform these tasks.

Councilor Daoust asked are these requirements that every city must do?

Jim Galloway replied if they have a categorical discharger.

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 7:15pm.

MOTION: Councilor Kight moved to adopt the ordinance clarifying the remedies and fees for industrial and categorical users of the sanitary sewer system and amending Chapter 12.07 of the Troutdale Municipal Code. Seconded by Councilor Daoust.

Councilor Kight stated this is a problem that is specific to this industry and I think that staff has done an excellent job in working with our local industry to address this.

Councilor Ripma stated I support this motion. I think Tube Specialties is an excellent long-time citizen of Troutdale and they are really being very generous but to the extent

that there is special consideration for them, which I think there is some here, I think they absolutely deserve it.

Councilor Thomas stated it seems like a good idea to do this. Even though Tube Specialties is paying for it, it also is a benefit to the City for other industries that might fall into the same situation.

Mayor Thalhofer stated Tube Specialties is a very good corporate citizen here in Troutdale and we appreciate them working with us on this issue.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Kight – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 7-0.

- 5. PUBLIC HEARING / RESOLUTIONS:** A public hearing on the following resolutions:
- 5.1 A Resolution certifying the City of Troutdale eligibility to receive State Shared Revenues.
 - 5.2 A Resolution declaring the City of Troutdale's election to receive State Shared Revenues.
 - 5.3 A Resolution adopting the City of Troutdale's Fiscal Year 2004-05 Annual Budget and making appropriations.
 - 5.4 A Resolution imposing and categorizing Ad Valorem Taxes for Fiscal Year 2004-05.

Mayor Thalhofer read the resolution titles and opened the public hearing at 7:17pm.

Kathy Leader, Finance Director stated the State of Oregon requires local governments to hold two public hearings on the uses of state shared revenues. The first hearing talks about the possible uses of those funds, which was held at the March 20, 2004 Budget Committee meeting. The second public hearing is tonight where we talk about the proposed uses of those funds. The state shared uses are distributed to the local jurisdictions based on a per-capita rate. The estimates are provided by the League of Oregon Cities. Exhibit A to my staff report shows our estimates of those state shared revenues. Under Item A, shared revenues, the first item is the liquor tax and we are estimating that we will receive about \$127,720; cigarette tax at \$27,170; and general revenue sharing of \$80,000. Those first three items we have proposed to use those for general government purposes. Item #4, 9-1-1 emergency system telephone tax, we are estimating revenue at about \$74,932. Those funds are required to be used for emergency services. This year we budgeted to pay the BOEC \$282,000 to provide service to the City. For the gasoline tax 99% of the tax can be used for street repair and maintenance. We are estimating to receive revenues of about \$668,352. 1% of the gas tax is designated for bicycle path and trails and we have budgeted \$6,751 in revenue for that particular item. Local governments are required to do two resolutions related to the state shared revenues, one is certifying that you do provide at least four services listed by the state to be eligible for those revenues and the second resolution is electing to receive those revenues.

Councilor Kight asked has the liquor and cigarette tax gone up or down?

Kathy Leader replied this year all state revenues have gone up, even the gas tax which has consistently been going down the last few years.

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

None.

MOTION: Councilor Daoust moved to adopt Items 5.1 and 5.2, a Resolution certifying the City of Troutdale eligibility to receive State Shared Revenues and a Resolution declaring the City of Troutdale's election to receive State Shared Revenues. Seconded by Councilor Kight.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhoffer – Yes; Councilor Kight – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 7 – 0.

Mayor Thalhoffer asked Jim Jensen, Budget Committee Chair to present agenda item #5.3.

Jim Jensen, Budget Committee Chair stated I have the pleasure of presenting to the Council the recommendation that you adopt the budget as the Committee has proposed for the Fiscal Year 2004-05. In making that recommendation I do want to specifically recognize the outstanding work by the staff, particularly by our new City Administrator, John Anderson. Without his guidance as well as the leadership of the Mayor and others on the Council, with the tough issues that were going on and some sensitive programs that were being looked at for possible cuts, I really think had it been just about any of the other city administrators that I have worked with we would not have been quite as successful as we were. The budget does support pretty much every program that you as Council, as well as the citizens, feel are necessary for this City. With the constraints that are on the City one of the things that Mr. Anderson has recommended that we will be doing is taking a look at just about everything because I think down the road in the future there are going to have to be some changes made. I would like to recommend to the Council that you do adopt the budget as approved by the Budget Committee.

Kathy Leader stated I would like to review the changes that are being proposed from the approved budget to what we are looking at tonight. Included in Exhibit B of my staff report I have listed out all of the changes in the approved budget. The changes net an increase of \$14,990 in the total requirements. (Kathy Leader reviewed the changes outlined in Exhibit B of her staff report. A copy is included in the packet.)

Councilor Kight stated during the budget meetings there was money added back into different departments, specifically the police department.

Kathy Leader stated at the point of the approved budget we did add back some items that were originally proposed for elimination.

MOTION: Councilor Thomas moved to adopt the Resolution adopting the City of Troutdale's Fiscal Year 2004-05 Annual Budget and making appropriations. Seconded by Councilor Kight.

Councilor Thomas stated the budget makes sense.

Councilor Kight stated the City of Troutdale has been very frugal. Unlike other municipalities, we don't have any secret pots of money that we can shift back and forth to do backfilling when we are looking to balance the budget. I think overall, the Staff, the Council and the Budget Committee did an excellent job with the resources that are available.

Councilor Gorsek stated staff did a great job and I support the motion.

Councilor Daoust stated I really appreciated the Staff's work to put a list forward to the Budget Committee that we could work from. I know that it was not an easy thing to do. I also recognize the fact that next year it is going to be a lot more difficult to create a list of areas that we would think about decreasing in the budget. I have faith that Staff can work with us again next year.

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

None.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Kight – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 7 – 0.

Kathy Leader, Finance Director stated Item 5.4 is a resolution that imposes Ad Valorem tax and categorizes that between the general fund levy and the debt service levy. The resolution before you would levy the full permanent rate for the City of Troutdale at \$3.7652 per \$1,000. The debt service is levied at a full amount for the sewer treatment plant of \$565,075 in the next fiscal year.

Councilor Kight asked what is the current rate that we levied?

Kathy Leader replied we levied the full rate in Fiscal Year 2003-04.

MOTION: Councilor Gorsek moved to adopt Item #5.4, A Resolution imposing and categorizing Ad Valorem Taxes for Fiscal Year 2004-05. Seconded by Councilor Ripma.

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 7:45pm.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Kight – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 7 – 0.

6. DELIBERATION AND DECISION: A deliberation and decision on fire service options beginning July 1, 2005.

John Anderson, City Administrator stated this is a topic dealing with the contract with the City of Gresham for fire service and the possibility of annexation to Fire District 10. The Gresham City Council has voted 4 to 3 to annex to Fire District 10 and they have selected a target date of November of this year. There are two potential target dates in this proposal before you, either placing annexation with Gresham on the ballot to annex to Fire District 10 in November or in March of next year. These options were developed in a meeting with the Three Mayors, Administrators, Chief Nelson and Chief Johnson from Fairview. The other two smaller cities have already had an opportunity to look at these options. They have elected to go with Option #6, which is annexing to Fire District 10 but placing it on the ballot in March of next year. The two options that we are bringing forward specifically are Option #2, there were originally six options that our work group came up with. Option #2 is that all three cities join Gresham in asking voters to annex to Fire District 10 in November 2004 and also that we would negotiate a three-year phase in agreement with Gresham or Fire District #10 to continue fire services until we have an opportunity to have the vote. In my staff report I have listed some pros and cons for both of these options. Option #6 is the option to wait and see what the outcome of Gresham's election is this November. If it is successful then our three cities would place on the ballot in March of 2005 a similar annexation measure. Again, we would approach Gresham or Fire District 10 for a three-year phase in agreement. Fairview and Wood Village have already voted on this. Fairview's Council approved Option #6 and Wood Village approved Option #6 with a minor language change. Basically they were not yet ready to make a firm commitment to place the measure on the March 2005 ballot if Gresham voted in favor of it this year. Wood Village also said they wanted to continue to explore forming our own fire department. The fiscal impact would be the cost of the election. Based on our total number of registered voters, these are averages for the City on the low end, it would be approximately \$5,180 for the November election and would run higher for the March election at approximately \$7,400. This doesn't include any time spent by Staff or Council. Staff's recommendation is coming from the three Mayors and City Administrators meeting that we had and at the time we all agreed to support Option #6, which was to wait and see

how the election turns out in Gresham and if it is successful place it on the March 2005 ballot. The Mayor, at that time, had disagreed with that preferring Option #2 because he felt there was a stronger chance for approval if all four cities were going to the voters at the same time. Since that recommendation on the part of the Mayors and Administrators we had some additional opportunity to investigate whether we could place a measure on the ballot that is conditional. If we went with Option #2, which is going in November, it was our feeling that we had to make it conditional upon a successful yes vote in Gresham. Legal Counsel was able to study that and I believe you received either an email or a fax on that. It is legally possible to have a conditional ballot measure, it just creates some potential problems if there are challenges. I attended the Fire District 10 meeting last night and had the opportunity to ask if they had any strong preference as to whether or not the three cities should go out in November with Gresham or wait until March. I think most of them indicated that either was fine; there might have been a slight preference for the March ballot under the keep it simple principle and to make sure that we aren't making it difficult for citizens to understand exactly what is going on.

Councilor Gorsek asked if we wait until the March election, would we need to meet the double majority requirement?

John Anderson replied no because it is an annexation.

Councilor Gorsek stated Gresham City Council's vote was 4-3 on this. Do you think that has any bearing on the potential success of the measure when voters see that the Council was divided?

John Anderson stated I will speak generically and Chief Caton may want to comment. I've been involved in a significant number of financial measures that have been put out to the citizens and sometimes there might be one councilor that was quietly opposed, but a near 50/50 split was usually a tough sell. Some jurisdictions have the debate and when the debate is over they will all get on the same page and work hard. I am not familiar with Gresham but they have that potential just like anyone else.

Councilor Gorsek asked Chief Caton, what is your assessment of that.

Riley Caton, Gresham Fire Chief stated to answer your question, it is a great big maybe. Staff in Gresham, after getting direction from Council, has begun the process of moving toward an election. In doing so, we had scheduled for tomorrow, which we decided to delay, a very large meeting of Gresham staff, Councilors, Fire District 10 representatives as well as labor representatives from the city to all be a part of the process of moving towards an election. Having said that, one of the reasons we are delaying the meeting is because we are doing some polling to try and determine what that direction should be and how we should move forward.

Councilor Gorsek stated in terms of this process, essentially it can work either way. We have talked about having contingency plans, should we just wait and see what happens with the Gresham vote or should we be moving forward ourselves?

John Anderson replied in terms of should we move forward ourselves, we will need financing to resolve the fire service issue. One option is if we went out in March and there is a yes vote and we annexed to Fire District 10, that would be a solution. Other solutions are an operating levy or creating our own department and possibly using debt service to handle all of the capital expenses. Both of those options would require double majority. One of the reasons we have talked about having a three-year agreement with Gresham that phases things in, is if in fact they get a no vote in November or if they got a yes vote and we got a no vote in March it gives us some lead time to try one of these other two solutions.

Councilor Ripma asked this three-year contingent agreement with Gresham isn't before us, right?

John Anderson replied correct, it is just a proposal. Tualtin Valley Fire and Rescue has grown and done lots of annexations and this is similar to a tool that they have used, a two, three or four year phase-in with a vote for annexation someplace in there. It is not a new concept, we just haven't worked out any of the details.

Councilor Ripma asked so any decision made tonight would not be addressing that?

John Anderson replied correct, it would just be recommending that we look into it.

Councilor Ripma asked on the question of a vote contingent on Gresham; an approval by our citizens that would approve annexation if Gresham approves the annexation, it looks like we sought legal counsel on that and legal counsel said it could be done but was risky or could be challenged. The State Elections Division has said that they have no opinion on whether a yes question can be contingent upon approval of annexation of another city. Am I reading that wrong?

John Anderson replied you are reading that correctly.

Councilor Ripma stated they said even if there was a challenge they wouldn't take a position, all they say is you may be able to.

Mayor Thalhoffer asked Marnie Allen to elaborate on that.

Marnie Allen, City Attorney stated the Elections Division has stated that they would not take a position or an opinion, on part because there are not any formal Attorney General opinions and no cases and the Statute doesn't specifically address contingent measures. I would view the comment from the Elections Division in a positive light in that if a challenge were filed they won't take a position, meaning if a challenge were filed we won't be trying to argue against the Elections Division saying no we can't do it.

Councilor Ripma stated it seems like a good idea but given these opinions it seems like a high-risk way to go and is not a realistic option.

John Anderson stated it is a technically available option with risks.

Councilor Ripma asked wouldn't there be a catastrophic risk if we ended up in Fire District 10 without Gresham going in, we would be in the same position as Fire District 10 exists now with very high rates and no options?

John Anderson replied that is the way we would go in. Depending on the amount of revenue generated it could be moderated some; I haven't examined that so I can't tell you.

Councilor Ripma asked it is not a staff preferred option that we would annex into Fire District 10 by ourselves without Gresham?

John Anderson replied that is correct. All three cities felt that none of us wanted to go in alone and given the multiple set of combinations it could be Fairview and Troutdale voting not to go in and Wood Village voting to go in. We are trying to keep the three cities actions consistent, so it would be all in or all out.

Councilor Thomas stated in regards to some of our options, we were looking at Options 2 and 6. It seems to me that it might make more sense, maybe from a staff perspective, to wait awhile and actually look at some of the other options that have been discussed such as the volunteer fire department and some other options that really need some further research.

John Anderson replied that is correct.

Councilor Thomas asked is it possible for us to negotiate with District 10 and have the same type of agreement that we have with Gresham?

John Anderson asked do you mean before or after the Gresham vote?

Councilor Thomas stated either way. Lets say that Gresham votes to go to District 10, could we negotiate a deal with them to provide service to us instead of being a part of the district?

John Anderson replied I am presuming that we could do that. It might be a two-step process. For example, if between now and November the three cities have an agreement with Gresham and Gresham votes to annex to Fire District 10 and they sit down and start negotiating that transition period, one of the things they would bringing along with them is the agreements they have with each of the three individual cities that we want to carry forward because that will help potentially bring them into Fire District 10 down the line.

Councilor Thomas stated I guess what I am looking for is a way to give us time to actually do the research on the other options.

John Anderson stated if we continue to spend time researching having our own three city department, we certainly could do that up until the time we file for the March election.

Councilor Kight asked if Gresham is going to their voters to annex to Fire District 10, wouldn't it be redundant on our part to go to the voters and ask for the same thing? In other words assuming the Gresham voters pass the measure to annex into Fire District 10, wouldn't they in turn go to the other three cities and contract with them for that fire service under Fire District 10, is that correct? What is the advantage to the City of Troutdale going out at the same time and getting ahead of the parade until Gresham has made that determination?

John Anderson replied if I understand your question, we would need a revenue source if we contract with Gresham or with Fire District 10. The purpose of annexing is for us to get to that revenue source.

Councilor Kight stated having a separate taxing district as oppose to a contractual agreement that is taken out of the general fund.

John Anderson replied yes, either take it out of the general fund or go ask for a five-year operating levy to supplement the general fund to pay for fire service.

Councilor Kight asked if we didn't do that then what happens next? If we contract out for the service then we are kind of in the same situation we are in now with an \$800,000 shortfall.

John Anderson replied correct, that is why we are looking at the three-year phase in option. What we would be attempting to do is have a three-year ramp up of maybe a 5% increase per year. Why would Gresham look at that, because we would be agreeing to test our voters and see if they want to annex to District 10. If Gresham was successful with their annexation and they carried that three-year agreement forward, if they agreed to it, we would be obligated to place it before the voters. If our voters voted it down then we have three years, from the date the agreement was signed, either to go out for a separate operating levy because annexation didn't work or go and build our own department.

Councilor Kight stated you would have to go to the voters in 2006 in order to deal with the double majority. In the interim you would have that \$800,000 plus increase in the cost of fire services.

John Anderson replied not if we are successful in negotiating with Gresham, it wouldn't jump up significantly. It would increase each year, lets just say at 5% per year. We are paying around \$800,000 now and it increases 5% per year, that would be a \$40,000 increase each year for the next three years. That would be \$120,000 which would put a lot of pressure on our general fund but it is significantly less than the \$700,000 increase next July.

Councilor Kight stated and thus the Mayor's idea of going out to the voters now to annex to Fire District 10 making it contingent on Gresham voters passing the annexation.

John Anderson stated if we needed the additional revenue by next July 1st, whether we had the annexation vote in November or in March it would still give us the money for next July 1st.

Councilor Kight stated but you indicated in your memo that often times voters in mid-year elections tend to have a negative vote.

John Anderson replied that is a possibility...

Councilor Kight stated even if it is revenue neutral.

John Anderson stated that was one of the concerns of the Mayor. He felt that in an election other than November you might have more no voters out so it might be a little tougher to pass.

Councilor Kight asked lets go with that scenario and we put this off until the March election and it doesn't pass, then where does this put us?

John Anderson stated if it didn't pass in March and we didn't put it out again in May or we did and it didn't pass, we would be paying another \$40,000 more, if we were able to get the agreement, for fire service the next year and then we could either try it again in November or work on one of the other alternatives.

Councilor Kight stated but it is contingent upon getting that agreement where we can lock in an increase of no more than \$40,000 per year.

John Anderson replied or whatever that number is, but yes that is correct.

Councilor Kight asked if we went the route of forming our own fire department, in the March election we would have to deal with the double majority, is that correct?

John Anderson replied yes.

Councilor Kight asked wouldn't it put us in a better position fiscally if we went to the voters in November and they passed it?

John Anderson replied yes if they passed it in November.

Councilor Kight asked so what is the downside of going out in November?

John Anderson replied the downside is we feel that we need it to be conditional...

Councilor Kight asked well if you went with that conditional vote in November?

John Anderson stated the downside is that it makes it difficult for the voters to understand and therefore they may vote against it.

Councilor Kyle asked on Exhibit A pages 2 and 3, where it says revenue increase for Troutdale, the new rate for Fire District 10 we have \$2.38. Did I understand you to say that number is based on their proposed budget?

John Anderson replied right, but when I say their, it is the Gresham proposal not the Fire District 10 proposal.

Councilor Kyle asked so we don't know what the cost would be at this time for Fire District 10?

John Anderson replied we don't know exactly what it would be. Perhaps Chief Caton could address this, they have done a lot of research and financial testing and they feel that would be a workable number.

Councilor Daoust stated on the three-year phase in agreement, the only way I see this as needed is if Gresham votes to go to Fire District 10 and if in March our voters say no, then I can see that we would need a three-year agreement. If Gresham voters say yes in November and our voters say yes in March, then the citizens have agreed to a tax rate to cover all of the costs so we don't need a three-year agreement.

John Anderson replied correct. We are looking at the three-year agreement because what you have describes is the best case scenario. What we want is an agreement that will protect us from either a yes vote in Gresham and a no vote in Troutdale, in which case we don't have enough new revenue source or a no vote in Gresham where we probably wouldn't go to the voters in March so we would have to look at another revenue source. This agreement would give us a couple of years of smaller increases, but not the staggering increase, and would give us time to find a solution.

Councilor Thomas asked you mentioned a five-year operating levy or if we did a shorter operating levy, could that give us the breathing room to evaluate other options?

John Anderson replied certainly. We are looking at the potential for a three-year agreement to give us some breathing room with some increases or we could go out for a three or five year operating levy to fund it while we examine whether or not we are going to do our own fire department or join Gresham if they are successful annexing into Fire District 10.

Riley Caton, Gresham Fire Chief stated from my prospective the most highly respected model, at least in the northwest, is the one that Tualatin Valley Fire and Rescue uses. That model is something that I believe actually gives the Troutdale City Council a little more leverage than you might have felt you had before. The thought of all of the cities going forward in the November election proposing annexation to Fire District 10, at first it was something that we all thought was a great idea but the more I have thought about it the more frightening it becomes. From my prospective it feels more appropriate for Gresham to go first and ask for the annexation with the three cities to follow if Gresham succeeds. I am sure that the Fire District would be amenable to those negotiations that were spoke of or to be interested in annexation by the other cities. One of the reasons there is so much interest is because of the economy of scale when you bring in just Troutdale, not factoring in the other cities, it begins lowering the tax rate that is necessary to operate a good professional fire service. That economy of scale would benefit everybody. The model that we have used is

based on our budget, however, it goes into some of the details of operating on our own. It has been suggested, in looking at our models, that the \$2.38 rate was the rate that would be required just for Gresham to operate in the district. We have run that model with Troutdale in that same district and the rate drops to about \$2.25. Gresham's budget will be \$5 to \$6 million short in fiscal year 2005-06. If we are not successful Gresham can not possibly cut another \$5 to \$6 million out of its budget without impacting public safety, it simply can't be done. If the vote fails there will have to be cutbacks and I can't say how that will impact our contracts with the three cities. The contracts would still be important to us I believe. If we are successful with the annexation vote, Troutdale and the other two cities are important to that process and to that service as well.

Councilor Gorsek stated basically what you are getting at is that the three cities aren't insignificant and we do have an impact and that should be a factor in all of this I would think.

Riley Caton stated I believe that to be true.

Councilor Gorsek asked if Fire District 10 were to become the entity, and lets say Gresham goes to Fire District 10 and we continue to contract, would you envision District 10 considering shuffling around stations or changing operations? Do you see that as a potential under a new entity?

Riley Caton replied as your fire chief, even though I work for the City of Gresham, I have never looked at this as having a boundary. We have been serving a regional service area for over twelve years and in my mind and in the minds of the firefighters there are no boundaries. Having said that the answer to your question is yes, but to ensure the appropriate coverage for all citizens within a district.

Councilor Ripma asked you mentioned the potential fiscal advantages if the three cities join Fire District 10 along with Gresham, operationally, I wondered if you have an opinion on whether the district would operate better with the three cities in the district as well as Gresham or out of the district, or does it make a difference?

Riley Caton stated I think there is most definitely operational advantages in scale. You have more resources working under one entity and those resources as a whole are stronger than they are fractionalized.

Councilor Thomas asked of the proposed rate that you were talking about, the \$2.38 or the \$2.25, would that cover what the existing operating position is? Would that give the fire department room to purchase equipment?

Riley Caton replied yes, however, we had to do a model for comparison for Gresham so that we had a very clear picture of what Gresham was like by itself if we were successful in annexing. That model excludes the three cities, takes away a fire station and removes a number of personnel. The \$2.38 was based on that model, Gresham alone with Fire District 10. Then we took a different look and added back in the fire station in Troutdale. The \$2.38 Gresham alone, is a squeeze by budget, it gets by but it does add money into reserve funds

for both apparatus and facilities but it cuts back on personnel. When you add in Troutdale and the other two cities, Troutdale has the biggest impact of the three cities because its assessed value and size, the rate drops and we do have the ability to do the apparatus replacement and the station upgrades. Would it do absolutely everything? It will be close but its probably not going to be enough to do every absolute thing.

Mayor Thalhoffer asked when is this polling taking place?

Riley Caton replied I believe it is starting in the next few days.

Mayor Thalhoffer asked why do you feel that it is not a good idea for the three cities to go forward in annexation in November with Gresham?

Riley Caton replied my opinion is that it could become more confusing if there are four different entities, five with the District, all speaking to numbers that are different and that would all be in the news. It would seem to me that would be confusing to have all these different numbers being reported on in the news and I think people may just throw their hands up not knowing what is right and vote no.

John Anderson referenced slide 10 on page 2 under Exhibit A (copy included in the packet) to get an idea of the potential complication of the numbers that the Chief is referring to.

Councilor Kight asked the assets that are currently held by the Gresham Fire Department, what would happen if they were absorbed by District 10? Would they be dollar for dollar or would it be \$1? The trucks, buildings, all of the capital assets, how would those be transferred?

Riley Caton replied transfer of assets would fall under the IGA between the District and the City. It becomes a political decision as to what that actual transfer ends up being. My recommendation would be that the assets be transferred straight from the City to the District. The reason being is that...

Councilor Kight stated with no remuneration?

Riley Caton continued, with no remuneration. The reason being is that the citizens that are receiving the benefit of those assets and will continue to receive the benefit from them and have already paid for them.

Councilor Kight stated if we went to the voters in November with Gresham, as opposed to contracting with the District, wouldn't that put us in a better position as far as governance and having representatives on the Board that would be from Troutdale. If we are only contracting with the District then we have no voice in their governing body.

Riley Caton stated that is an interesting comment. From one perspective you are right and from another perspective there is a way around that so to speak. First of all the District has areas north, south, east and west already. There are areas that the District serves today

along Blue Lake Park, in southwest Gresham and all of the area between Gresham and the Sandy River. The District also serves Maywood Park. I guess from the prospective could you find representation that represents the interest of the people in East Multnomah County, I think you could because the District has an areas that it serves all around Gresham.

Councilor Kight asked if we had a contractual agreement with District 10, would that eliminate us from being able to serve on the governing board? In other words, would we have to be formally annexed into the District in order to have a voice on the Board?

Riley Caton replied yes.

Councilor Daoust stated Gresham is going to do a budgetary analysis if the annexation vote fails and as part of that analysis I assume you would get into discussions about what the fire contract rates would be for the three cities. Under the uniform tax rate methodology our rate goes up from \$827,000 to \$1.4 million, and increase of \$600,000. When you do your analysis, do you have any insight as to what assumptions would be used? There has to be some assumptions as to what the contract rates would be for the three cities.

Riley Caton replied we haven't really established an internal set of assumptions yet.

Mayor Thalhofer called for a break at 9:10pm and reconvened the meeting at 9:24pm.

Councilor Gorsek stated at first I was thinking that it would be good for all four cities to go forward together but it does seem as though the potential for confusion is there with all of the different numbers being tossed around. Not because people can't understand them, because I think they can, but when you have a lot of numbers out there if someone decides to oppose it, it is very easy to cloud the issue by throwing around numbers and numbers that may not be completely telling the truth or may only relate to one part of the potential district and not the other and I think we should try to avoid that. It is possible that we may still see that if the three cities go out at the same time. The main provider right now is Gresham and it makes sense, since we contract with them, to find out where they are going to go. We still have the option later not to go that way. I am very impressed with the fire service that we currently have and would like to see that service continue and probably under District 10 it would have the ability to be even better. I would support standing by and looking at what happens in November and then going to the voters in the spring. I would support Option 6 especially if Mr. Anderson is right and we are able to get a phase-in agreement. I would recommend waiting to see what direction things go but continue to look at other options.

Councilor Ripma stated at this time I favor the option of joining Fire District 10 if Gresham does. I agree with Councilor Gorsek that it is probably best to wait until Gresham acts. In my opinion it is a fairly simple choice because if we went to the voters in November with Gresham to annex to District 10, and we were successful with our annexation and Gresham voted it down, it would be ruinous. We would join the rump of a district that exists now that has to contract with Gresham but pays the highest rates. I think it is an easy decision that we wait and see what Gresham does. I think we should support Gresham, as individuals anyways; I am supportive of Gresham joining District 10. I think it is the best option and at

this time I think I will be supporting Troutdale joining District 10. Another advantage of waiting is that we can study the other options and I am all for doing that. We got out of District 10 twelve or fourteen years ago and it saved the citizens of Troutdale a lot of money over those years. It was a good decision to get out. Unfortunately that era has come to an end and we absolutely have to figure out some way to provide fire service for our citizens and because of the way state laws are if a city wants to tax itself to provide services it is prohibited from doing so because of caps and various reasons that were passed by state voters, so we are stuck with that. One of the only good options left is these special districts, whether it is good or bad I don't know but we do have a readymade special district right here, District 10, and if Gresham were to join them it would be a real entity and it would be a real good option for us to join that district. I also favor Option 6, which is to wait and see what Gresham voters do.

Councilor Thomas stated I think it is smarter to wait until March. I like a lot of the ideas that the City Administrator has brought up about the possibilities of operating levies or some other ways to help us through contracts and negotiating agreements and actually have a chance to look at this thing without trying to jump right into a decision. I wouldn't want to delay it too long, I would think we would need to have a decision next year at the latest. I think waiting to see what happens with Gresham avoids some possible confusion; I think the Chief was correct in his statements about not getting too many different numbers out there in front of the voters. This will also give us the option to look at some other choices of possibly continuing a contract service like we currently do, a volunteer option or annexing into District 10. At this point I would support Option 6.

Mayor Thalhofer stated the conditional vote is possible, the Elections Division hasn't taken a position so it would be plowing new ground so we have to make a decision whether we want to plow new ground and if so, do we have the resources and time to do that. But it is possible and permissible. My original thoughts, and I continue to give it thought as we discuss the issue tonight, is that a March election scares me because I know from my experience that the March elections and other special elections have a very poor turnout. It runs around 28% to 30%. Often times the no voters prevail in those situations even though it is not a double majority issue and that scares me a lot. November elections usually have around a 70% turnout and I think you have a better chance of passing something. The other thought that I have is that the synergistic of all four cities going together at the same time, campaigning together, pulling together I think would be an advantage for a yes vote in all four cities. The confusion on the part of the people, I am sure there could be confusion but there is the same possibility for confusion in March. There is always the element of confusion when you have such a complicated issue. There is a part of this legal opinion from our City Attorney that bothers me a lot that reads, "If a voters does not want to annex or wants to annex regardless of what Gresham does a no vote is in order. State law does not address the effect of having two interpretations of a no vote." That bothers me. Anytime you can have two interpretations of a no vote you've got problems. That might be just enough to really confuse the voters. So I have given this a lot of thought, but that statement tends to make me back off of my original position, which is to go in November which I think has all kinds of advantages, and put it off until March when the three cities could go to the voters together. I hate doing it this way because I think it will be tougher in March than in November to get this passed.

Councilor Kight stated there is no really easy quick fix answer to this. However, after giving this some deliberation I think the best position for Troutdale to be in is if we defer it and wait until Gresham makes a decision. I think that puts us in a better position in two ways. One is for the contractual portion of it because ultimately, as the Chief indicated, if they want their rate to come down they need Troutdale and the other two cities. If they abuse that and see that as leverage on their part because there is no other option for Troutdale, then we are left with the option of forming our own fire department. It would make more sense if we all worked cooperatively together and were successful in forming a district and we have, as part of that district, representation as part of the governance of that district. It is important for the three cities, as part of the decisions that are going to be made, to protect the tax rate and to protect the integrity and clarity to the voters so that we don't have escalating costs within that department driven by Gresham and their expansion to the south of the City of Gresham. That is one of the areas I am concerned about. There are a lot of unknowns here. I think as the Mayor pointed out, if we went out in November I think the voters would be confused, it is confusing to us and we have been discussing this for the last six months. If we are confused, as well as the other councils, and we know how close the vote was in Gresham, if the voters don't understand it generally they vote no. I am a little concerned about going out in March, I am not sure that is going to work. The Mayor is right, you do tend to get the negative votes in the off years so that puts us out until the general election in 2006. I think the best negotiating position right now is to see what happens with Gresham and see if they are able to sell it to their voters. The wild card is if they vote no and then they have a huge shortfall, then we will all have to work close together to come up with a solution.

Councilor Kyle stated Gresham has provided us with excellent service for many years and I am sure that if we annex to Fire District 10 we will still receive excellent service. If Gresham doesn't annex to Fire District 10, our staff has provided us with a lot of other options to consider. When I look at the tax increase for annexing to District 10 it is going to be a hard sell to our citizens so we are all going to have to work hard on educating the public. As to a contingent ballot measure, I don't really want Troutdale to be the test case. I am going to support Option 6.

Councilor Daoust stated I am also going to support Option 6. I noticed that we dropped for now, the idea of our own fire department; there is probably too much homework needed to get into that right now. There is no harm in waiting even if we go past the March vote. I take notice when statements are made like, the Fire District 10 Board thought that it was a good idea for us to wait. The fact that Riley Caton believes that it is best for us to wait. We don't have Fairview and Wood Village favoring going to the voters in November anyways so we aren't going to get any synergistic effect in November anyway. It would be nice to keep the three cities actions consistent so in the future that would be a nice goal to strive for. I think that Fire District 10's Board would definitely have an interest in pursuing us later. I was speaking to Riley Caton during the break and the model of the Tualatin Valley Fire District is put forward as a good model and Riley was saying that even years later West Linn just now voted to join Tualatin Valley. He was also saying that there was an 86% yes vote in West Linn and part of the package was they received a 5-year lower rate versus the maximum rate.

So there is room to move here if we look at Tualatin Valley as a model, not everyone has to jump into the boat at the same time.

MOTION: Councilor Gorsek moved to accept Option #6. Seconded by Councilor Thomas.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Kight – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 7 – 0.

7. STAFF COMMUNICATIONS

John Anderson informed the Council that the City hired a new Civil Engineer I, Olaf Sweetman.

John Anderson provided Council with a copy of a memo regarding expenditure limitations for the first quarter of FY 2004-05.

8. COUNCIL CONCERNS AND INITIATIVES:

Mayor Thalhofer stated we have a work session scheduled to follow this meeting but due to the late hour I am suggesting that we reschedule it.

Council agreed.

Councilor Ripma stated on Sunday, June 26th from 1pm – 4pm the Troutdale Historical Society opens its long-awaited Lewis and Clark Exhibit in the Barn next to the Harlow House.

Councilor Thomas stated the FCC will have a couple of members at the Convention Center this Thursday to talk about media consolidation and other issues. It will be a town forum and a great opportunity to listen and ask questions if you are concerned about the way that the television consolidation and the media is going.

Councilor Kight stated the City has a new DARE police vehicle. It is a very attractive police car with a very creative paint job. This is all done by donations and there were a number of private donators.

Councilor Kight stated I had previously brought up the issue of a house on E. Columbia River Highway that was in very bad condition. It had probably been at least two years since the grass had been cut and any pruning had been done. This property has now been cleaned up and I want to thank the Community Development Department for taking care of this problem.

Councilor Gorsek stated this last weekend there was a drowning at Lewis and Clark State Park, which is just across the river from us and just down stream from where we have our lifeguards. It is a very sad thing when anyone drowns out there but it also underscores how important that lifeguard service is. It is a very cold and dangerous river. Our wishes go out to the family of that victim.

9. ADJOURNMENT:

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

Meeting adjourned at 10:10pm.

Paul Thalhofer, Mayor

Approved September 14, 2004

ATTEST:

Debbie Stickney, City Recorder