

CANBY CITY COUNCIL  
REGULAR MEETING  
OCTOBER 16, 1991

Mayor Shawn P. Carroll presiding. Council members present: Scott Taylor, Keith Stiglbauer, Maureen Miltenberger, Terry Prince, Robert Smith and Walter Daniels.

Also present: Administrator Michael Jordan, City Attorney John Kelley, City Recorder Marilyn Perrett, Police Chief Jerry Giger, Aquatics Director Scott Nelson, Public Works Director Rusty Klem, Library Director Beth Saul, Barbara Guild, Dorothy McCormick, Becci Davis, Betsy Ross, Dave Dalley, Don Bear, Kurt Schrader, Ray Bartlett and Pat Curran.

Mayor Carroll called the regular session to order at 7:30 p.m., followed by the flag salute and meditation.

Roll call of the Council showed a quorum to be present.

Mayor Carroll, at this time, announced a new addition to Scott Nelson's family, a daughter, Katy.

**MINUTES OF PREVIOUS SESSION:** \*\*Councilman Daniels moved to approve as distributed the minutes of regular session, October 2, 1991. Motion seconded by Councilman Smith and approved 6-0.

**CITIZEN INPUT ON NON-AGENDA ITEMS:** None presented.

**PROCLAMATION:** Red Ribbon Week - Mayor Carroll proclaimed the week of October 19 through 27, 1991, as Red Ribbon Week in Canby and urged all citizens to proudly wear the red ribbons proclaiming they were "drug free". Becci Davis, President of the Canby Prevention Team, with the help of Betsy Ross, handed out red ribbons to everyone. Mrs. Davis also encouraged citizens to sign up on the "Drug Free American" sheets that will be displayed at City Hall and in many businesses.

**PUBLIC HEARING -** Monthly Sewer Service Rate Increase - Mayor Carroll reviewed the hearing process with the audience. Mayor Carroll asked how many citizens wished to speak on this issue. Only one, Don Bear, expressed a desire to address the Council.

Mayor Carroll opened the hearing at 7:38 p.m.

Staff - Administrator Jordan introduced Ray Bartlett, who has prepared our rate analysis and Pat Curran, the design engineer for the update of the sewer facility.

Rusty Klem explained that the rate increase for the monthly sewer service is necessary to create a revenue record to make the bond sale more attractive. The increase is needed to service the debt that will be incurred from the proposed bond sale necessary to upgrade the sewer plant facility. Mr. Klem noted that this process was started in 1988 with the adoption of the Capital Improvement Program. The bond sale will not exceed \$4.1 million. Mr. Klem introduced Mr. Curran, who will review the proposed plant improvements which should go out for bids next April or May. Mr. Klem informed the Council that after Mr. Curran, Ray Bartlett will speak to the Council about the rate analysis and financial forecast that he had prepared.

Pat Curran addressed the Council, using an architectural drawing of the existing sewer plant facility and proposed improvements. Mr. Curran said there are essentially three

challenges: 1) to improve the liability and operability of the existing plant by pre-conditioning the wastewater; 2) to get better solids separation and a new clarifier will need to be built to accomplish this process; and 3) relating to the production of sludge and the disposition and management of that sludge, which is the key ingredient, specifically due to EPA requirements.

Mr. Curran said that the previous Brown and Caldwell engineering report suggested two large sludge lagoons in two stages, and the Curran-McLeod report shows only one, if necessary. He went on to say, that essentially they plan to take the elements that are currently undersized, wornout or inoperable, and upgrade them to fit into the overall picture. Mr. Curran said that managing the sludge is a continuing challenge and at this time they are trying to avoid the large sludge lagoons and that is why they may end up with only one. However, they hope to use chemical treatment, which will be lime treatment. He added that by using a lime stabilization to the sludge, it also provides a more useful product for agriculture uses. They will be constructing new headworks and a new pumping station, which will add considerably more capacity. The new secondary clarifier is a major structure that will be larger than the existing clarifier. Mr. Curran noted that the lime stabilization process is somewhat costly, therefore, some costs that were previously targeted for sludge digesters, will be traded for the lime stabilization process. He also added that about a half a million dollars was associated with the proposed large sludge lagoons and that amount of money is more than enough to utilize for the lime stabilization process.

Estimates at this time are very rough since everything is not in place. The final design will be in the early Spring, at which time a final estimate will be available. Mr. Curran noted that they had constructed similar facilities in Estacada a year ago and in Sheridan they had constructed some large ponds. A construction figure of \$3.1 million is the best estimate at this time. Mr. Curran said that his firm does not do "monster projects", but since they are more familiar with the smaller communities they have a better feel for the proper technologies for these types of projects.

Councilman Prince asked if lime stabilization will affect the odor problem and does it differ from our current method.

Mr. Curran said the odors from the plant are related to the digestion and headworks facilities as emanation points, and by process of adjustment most of the odors will be controlled. About \$290,000 to \$250,000 has been set aside for odor control which will include enclosing the headworks to trap the air and treat it. He added that the current lime stabilization process is a little "crude", however, they are planning to sophisticate this process.

Councilman Prince again referred to the odor problem, specifically to the time we start moving sludge, he asked if this process would take care of that problem.

Mr. Curran said yes, saying that once sludge is lime stabilized it creates less odor problems. In addition, there will be changes made to the aerobic digester to help control the odor problems.

Councilman Daniels asked how long this plant will last before another expansion is necessary.

Mr. Curran said the report has been predicated on population. Beyond this stage one, the first minor changes would occur at 12,000 population. Major changes occur at 17,000 population. The design within this capability, will be for 2 million gallons a day. Currently, we have averaged about 850,000 gallons a day.

Rusty Klem introduced Ray Bartlett to discuss the rate analysis.

Mr. Bartlett indicated that the rate increases are the means to pay for the facility improvements. He said that the operation and maintenance costs are forecasted out and the improved plant should reduce these costs. For example, pumps now wear out at frequent intervals and are built and replaced. In assuming that those costs remain the same, the reserve can build. Chemicals, utilities and personnel will increase at a rate of about 4 1/2%, except labor will increase at about 2 1/2% faster. These type of items are built into the rate forecasts.

The other major increase in costs is financing. Mr. Bartlett said they are assuming the City will finance the capital improvement for about \$3.6 million dollars, with approximately \$200,000 for financing debt service associated with the bond issue, based on a 25 year bond issued at 7 1/2% interest. The City will not start paying on the bond for three years, which gives the City time to phase in the necessary rate increases to build up the cash reserve to make the payments. Because this will be a revenue bond, a debt service reserve of approximately \$365,000 will need to be set in reserve, this roughly equals one year's debt service and is intended to be used the 25th year of the bond issue. This is a security to the bond holders. The other security is a debt coverage ratio and in our case is 1.25. This means that after all operation and maintenance costs are paid, we have collected enough revenues to pay off the debt service at 125%, which forces us into a savings program. The savings can be used for emergencies, capital repairs, or capital expansion if growth occurs faster than forecasted. The interest earned on this money has also been calculated into the figures which serves to keep the rates lower than they would otherwise be.

As each year goes by, we can reassess the financial position of the plant and operations and adjusts can be made. Mr. Bartlett suggested the first rate increase be December, 1991, and further recommended the next three increases be implemented in July, of each year, rather than December as the proposed resolution states. All of this information is based on a March 1, 1992, issuance of revenue bonds. If, in fact, the second rate increase is not until December of the next year, he encourages us to review the financial situation as we went along to make sure we are on target financially.

The rate increases are made on the assumptions that we do not collect any SDC money and have no additional growth in the City. These are probably too conservative. If SDC's do come in at a fast rate, the rate increase could be less frequently and smaller because they can be used for debt service. Mr. Bartlett reviewed the reimbursement fee and development fee as set forth in SDC's. The reimbursement fee is based on the value of existing excess capacity in the sewer system. He explained there is a fine line between what is, and what is not, excess capacity. In our case, some components are taxed beyond there capacity, and some that are considered excess. For instance, the headworks could take care of about twice as much as it currently carries. Mr. Bartlett considers the two a "wash" and recommends we do not use a reimbursement fee at all. The improvement fee is based on the improvements that were explained tonight and this includes costs of financing. The cost per equivalent dwelling unit is about \$1,360 per unit, or on the basis of water meter size, a 3/4 inch meter to a residential or commercial use. Mr. Bartlett recommends remaining at the current \$1,200 per equivalent residential unit until the bids actually come in, then it can be recalculated. When it is recalculated, he suggested it be done as a reimbursement fee so it can be spent on more things other than what improvement fees can be spent on. The other SDC recommendation he made is to base it on the meter size, as opposed to equivalent residential unit. The reason for this recommendation is that for non-residential uses, it is difficult to figure how many equivalent residential units we have and also, equivalency can change over time. Meter size is more sensitive to the uses. Also, the Canby Utility Board uses this method to collect SDC's for water.

Councilman Prince asked if he recommended we pursue non-rated bonds.

Mr. Bartlett said they worked with bond counsel on this issue, and suggested that as the

time of issuance of bonds approaches we re-evaluate the rates to be sure we want to stay with a non-rated bond, as opposed to a rated bond.

Rusty Klem reviewed the entire process:

- in 1983 we had many plant upsets and we couldn't meet our permit requirement.
- in 1985, EPA put a compliance order on the City due to our poor pretreatment program.
- in 1986, we added more air to our program to assist in meeting compliance.
- in 1987, we were told we had to handle our sludge better. We started that process with additional approved sites, got it out quicker, longer detention time and considered lime stabilization.
- in 1988, we adopted the Capital Improvement Plan which laid out the facility plan, design and construction for upgrade of the plant.
- in 1989, we asked for fee proposals for engineers to prepare the facility plan, we selected Brown and Caldwell and have since shifted to Curran-McLeod, to better meet DEQ's requirements.
- in 1991, the facilities plan was produced and is being amended by Curran-McLeod. Also, they are starting to design the next plant upgrade.
- in 1991 and into 1992, is the proposed adjustment of the rates.
- in 1991 and 1992, the treatment plant will be designed and continue on through the bond sale.
- in 1992, early summer, specifications will be sent out for bids and construction will start as soon as possible after that process.

Councilman Taylor asked if we would re-evaluate as we proceed to see if we are on target and can adjust up or down if necessary. He was told this was correct.

Proponents - Mayor Carroll asked if anyone else wished to address the Council, none were voiced.

Opponents - Don Bear, 1630 N. Maple, said he was not necessarily an opponent to the plant and that it is close to capacity. Mr. Bear implied there was "arrogance" in treating the public in this matter of obtaining revenue bonds, which do not require a vote, rather than GO bonds. He maintained the proposed rates were "cut and dried" and this hearing was only a formality. Mr. Bear implied that Mr. Kelley, Mr. Jordan and Mr. Klem do not always tell the true facts to the Council.

At this time, Mayor Carroll requested that Mr. Bear keep his remarks to matters of the public hearing.

Mr. Bear suggested that GO bonds would be a better avenue to pursue.

Mr. Bear implied that 2 or 3 years ago, \$500,000 was transferred from the Sewer Fund to the Motor Pool. He asked how the Motor Pool Fund worked.

Mr. Klem informed him that everyone who uses the Motor Pool has, in the past, donated to this fund. However, the most recent budget made the Motor Pool a General Fund item.

Administrator Jordan also said that all vehicles are purchased from the Motor Pool. For example, if the Police Department is planning on purchasing two cars in a fiscal year, they contribute that amount of money from their department to the Motor Pool. Mr. Jordan referred to Mr. Bear's accusation about a \$500,000 transfer, saying that 2 or 3 years ago there was an interfund loan from the Motor Pool to the Sewer Reserve Fund to place on deposit, money for the Rinkes condemnation. Mr. Jordan noted that the amount in question was not the large amount of money Mr. Bear suggested, but rather \$150,000 from the Motor Pool Fund to the Sewer Fund.

Mr. Bear again reiterated his claim of a \$500,000 transfer of funds.

Mr. Jordan welcomed Mr. Bear to come to City Hall and review our budgets and audits.

Mr. Bear questioned how that much money could be in a Motor Pool Reserve.

Mr. Jordan replied that over the years, prior to 1986 when we annexed to the fire district, all departments that used the Motor Pool contributed to that fund and we were collecting large amount of money for fire engines. However, we are out of the fire suppression business since we annexed to the fire district. Also, the Motor Pool at this time is a General Fund line item.

Mr. Bear suggested that anything that amounts to this sum of money should be by a vote of the citizens.

Mayor Carroll asked if there were anyone else wishing to speak. Hearing none, he closed the public hearing at 8:40 p.m.

Councilman Taylor agreed that citizens need to be more involved, however, no one seems to take the time to attend the Council meetings to become informed. He felt that "people" must concur with the way the Council is running the City, otherwise they would be present to discuss the issues.

Mr. Klem pointed out a slight change in the resolution regarding the schools. There is an adjustment to the criteria for charging on enrollment during September, December and March. Mayor Carroll pointed out the difference between High School and Elementary School rates and was informed it was because their water use is much higher due to showers, labs, etc.

**\*\*Councilman Taylor moved to adopt Resolution No. 489, A RESOLUTION PRESCRIBING MONTHLY RATES TO BE CHARGED FOR SANITARY SEWER SERVICE. Seconded by Councilman Prince.**

Councilman Prince suggested changing the dates on the Resolution Addendum to July 1st for each year, from the December dates.

**\*\*Councilman Taylor agreed to amend the motion to change the addendum 1, 2 and 3, as well as page 2 of the resolution, to change the date from December 1 to JULY 1, on the consecutive years. Councilman Prince, second of the motion, agreed to the amendment.**

**\*\*Motion passed unanimously, 6-0.**

**COMMUNICATIONS:** None presented.

**NEW BUSINESS:** Accounts Payable - **\*\*Councilman Prince moved to pay accounts payable in the amount of \$111,696.35. Seconded by Councilman Smith and approved by roll call vote, 6-0.**

Amendment to Minutes of August 21, 1991 - Recorder Perkett informed the Council that the minutes of August 21, 1991, do not reflect any action on Resolution No. 484. She reported that review of the tape indicated the resolution was discussed, passed and ultimately signed by the Mayor.

**\*\*Councilman Taylor moved to amend the minutes of the Council Meeting of August 21, 1991, as outlined below:**

"Administrator Jordan informed the Council that Resolution No. 484 declares the City's intent to sell bonds for the sewer plant project and actually starts the "time clock" on this project. Citizens have up to 60 days from the date of our notice to file a petition with the City to refer the matter to the voters. A total of 5% of the registered voters is needed to file the referendum. Staff recommends passage of the resolution which starts the process and authorizes public notice of our intent to sell bonds. \*\*Councilman Prince moved to adopt Resolution No. 484, A RESOLUTION OF THE CITY OF CANBY, CLACKAMAS COUNTY, OREGON, AUTHORIZING THE ISSUANCE OF SEWER REVENUE BONDS FOR A TOTAL OF NOT TO EXCEED \$4,100,000, AND PROVIDING FOR PUBLICATION OF NOTICE. The motion was seconded by Councilman Smith and approved 4-0. (Note: Councilor's Stiglbauer and Miltenberger were not present, as well as Mayor Carroll.)"

Motion was seconded by Councilman Prince and approved 6-0.

Annual Report from Canby Adult Center - Dorothy McCormick, Center Director, made a few comparisons regarding center activities: last year meals served annually increased by 1,600; unduplicated participants increased by 8%; the services offered by the Center increased by 10%; educational opportunities increased by 25%; recreational and social programs increased by 5%; and operating budget increased by 2 1/2%. Mrs. McCormick felt that most of the increased participation was due to the new position of Program Coordinator. She introduced Barbara Guild who is in that new position. Memorials and donations were down last year, however, their fund raising went over budget. The endowment fund is now at \$73,912. Mrs. McCormick said there are days that they are "maxed out", and therefore will be asking the City within the next three years to consider enhancing the Center when it comes to Community Development Block Grant Funds.

Councilman Taylor noted that he was very impressed with the Center and said that Councilman Daniels often brings reports to the Council regarding their activities.

Mrs. McCormick said on a daily basis they send about 100 meals to the homebound, which she feels is a tremendous service.

Mayor Carroll expressed his thanks, saying they all did "one heck of a good job."

**ORDINANCES & RESOLUTIONS:** Ordinance No. 867 - Administrator Jordan reminded the Council that this ordinance was regarding System Development Charges that was put in place by 1989 legislature and after numerous changes was to be considered for final action. \*\*Councilman Daniels moved to adopt on second reading, Ordinance No. 867, AN ORDINANCE ESTABLISHING SYSTEM DEVELOPMENT CHARGES FOR CAPITAL IMPROVEMENTS FOR WASTEWATER TRANSPORTATION, DRAINAGE, FLOOD CONTROL AND PARKS; SETTING FORTH STANDARDS AND CRITERIA; PROVIDING EXEMPTIONS AND CREDITS; ESTABLISHING AN APPEAL PROCEDURE; AND DECLARING AN EMERGENCY. Motion seconded by Councilman Smith and approved by roll call vote, 6-0.

Resolution No. 488 - Administrator Jordan explained that due to some regulatory and tax issues with the cable television franchise, Larry Cole has requested we change the name from Canby Telephone to North Willamette Telecom. Mr. Kelley noted this was not a transfer to a new cable company, since North Willamette Telecom is a subsidiary of Canby Telephone. \*\*Councilman Smith moved to adopt Resolution No. 488, A RESOLUTION AUTHORIZING THE TRANSFER OF THE COMMUNICATIONS FRANCHISE WITH CANBY TELEPHONE ASSOCIATION TO NORTH WILLAMETTE TELECOM INC. Seconded by Councilman Stiglbauer and approved 6-0.

**UNFINISHED BUSINESS:** None presented.

**OTHER REPORTS OR ANNOUNCEMENTS:** Chief Jerry Giger gave an update of the Police Department activities:

- the department never closes, they are always open.
- bike thefts are up dramatically, it seems to be a sporadic event and they feel someone is coming into town doing this. The average replacement cost is \$175.
- in respect to the Blue Ribbon Law Enforcement Committee, we agree with about 14 of 18 recommendations between the Sheriff's office and independent agencies.
- Jim Scharmota and Ken Pagano reached their 15th anniversary with the City on October 15.
- in regards to the committee that is evaluating the department, they will be reassessing their previous goals and objectives.
- they plan on two surveys, one with a random group of high school students. Brian Howarth is conducting this survey on how they view the Police Department services now and what they feel the need will be in 5 years. Also, an information letter will be sent out listing programs many citizens are not aware of, such as the narcotics officer, Dark House Program, Ride-a-Long Program, etc. along with another survey to about 500 random citizens, asking them what their views are of the department.
- in regards to a Citizen's Committee, they will seek 3 or 4 interested citizens and 4 to 5 Police Department members for this committee. They hope to have one from the Council, one from the Elementary Schools, one from Ackerman School age parents and one from the business community.

Councilman Daniels asked what could be done to protect bikes from being stolen. Chief Giger said most bikes are taken from homes and they need to be out of sight, locked or chained up and take a picture for a record, noting any identifying marks. Mr. Giger said the best type of lock is a horseshoe clamp made out of tungsten, the second best is a cable chain.

Attorney Kelley informed everyone of two recent laws that have been passed. One is the Exceeding Urban Speed law, which will be enforced in posted speed areas other than residential. The second new law is Minor in Possession of Tobacco, which means that anyone under the age of 18 cannot possess tobacco.

Chief Giger informed the Council that 90 less deaths have occurred in Oregon from January to October since the new seat belt law has been initiated.

Beth Saul informed the Council that Officer Kroeplin is having Seat Belt classes at the library and Sgt. Pagano is having a class for women on self-protection. Also, high school students will be painting faces for Halloween at the library.

Scott Nelson told the Council that the Swim Center will close at 6:00 p.m. on Halloween. Alos, he has hired Eric Laitinen as Aquatics Supervisor. Mr. Nelson said that swim lessons have been discontinued for the afternoons to allow time for three high school swim teams, as well as the U.S. Swimming Club. Evening lessons are continuing, but are full through December.

**ACTION REVIEW:** 1. Implement Ordinance 867, regarding SDC's and bringing back resolutions with fees.

2. Implementing new sewer rates by Resolution No. 489.
3. Implement Resolution No. 489, establishing new sewer rates.
4. Change Cable TV franchisee name by Resolution No. 488.

**\*\*Councilman Taylor moved to go into Executive Session under ORS 192.660 (1)(e), to negotiate real property; (1)(h), regarding pending litigation; and (1)(i), regarding**

evaluation of a public employee. Motion seconded by Councilman Prince and approved 6-0.

Mayor Carroll recessed the regular session at 9:27 p.m. to go into Executive Session in the Police Department Conference Room.

The regular meeting was reconvened at 10:18 p.m. and immediately adjourned.

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EXECUTIVE SESSION  
OCTOBER 16, 1991

Present: Mayor Carroll, Administrator Jordan, Attorney Kelley, Councilor's Stiglbauer, Miltenberger, Taylor, Prince, Smith and Daniels.

Mayor Carroll opened the session at 9:38 p.m., in the Police Department Conference Room.


ORS 192.660 (1)(h) - The Council first received an update on the Rinkes vs. City of Canby case.

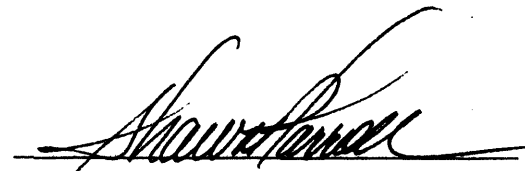
The Council discussed the litigation case of Boland & Jeans vs. the City of Canby.

The Council discussed the litigation case at LUBA level of the Elementary School District proposed building site.

The final pending litigation case discussed was regarding former Police Officer Tim Skipper.

Mayor Carroll adjourned the session at 10:17 p.m.

  
Marilyn K. Perikett  
City Recorder

  
Shawn P. Carroll  
Mayor



## PROCLAMATION

WHEREAS, The National RED RIBBON CAMPAIGN will be celebrated October 19 - 27, 1991, and President George Bush and Mrs. Bush are honorary chairs of the community focus on DRUG-FREE CHOICES; and

WHEREAS, Oregon Federation of Parents for Drug Free Youth is coordinating the grass roots community effort in a united effort with the National Federation of Parents; and

WHEREAS, Schools, business, law enforcement, religious organizations, government agencies, and individuals will demonstrate their commitment to healthy, drug-free choices by wearing red ribbons during this week-long campaign; and

WHEREAS, the City of Canby does hereby support October 19 - 27, 1991 as RED RIBBON WEEK, and encourages our citizens to participate<sup>4</sup> in drug awareness activities, making a visible statement that we are strongly committed to healthy lives.

NOW, THEREFORE, I, Shawn P. Carroll, by virtue of the authority vested in me as Mayor of the City of Canby, Oregon, do hereby proclaim October 19 - 27, 1991, as

### **RED RIBBON WEEK**

and encourage all citizens of Canby to pledge, **DRUG FREE AND PROUD.**

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Canby to be affixed this 16th day of October in the year of our Lord One Thousand Nine Hundred and Ninety-One.

Shawn P. Carroll, Mayor

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