

LEBANON CITY COUNCIL
MINUTES
June 8, 2016

Council Present: Mayor Paul Aziz and Councilors Jason Bolen, Bob Elliott, Floyd Fisher, Robert Furlow and Rebecca Grizzle

Staff Present: City Attorney Tré Kennedy, City Manager Gary Marks, City Clerk Linda Kaser, Police Chief Frank Stevenson, Finance Director Dean Baugh and Engineering Services Director Ron Whitlatch

CALL TO ORDER: Mayor Aziz called the Regular Session of the Lebanon City Council to order at 6:00 p.m. in the Santiam Travel Station Board Room.

ROLL CALL: Roll call was taken with Councilor Rieskamp being absent.

APPROVAL OF CITY COUNCIL MINUTES

Councilor Grizzle moved, Councilor Elliott seconded, to approve the May 11, 2016 Regular Session and May 25, 2016 Noon Session Minutes as presented. The motion passed unanimously.

CONSENT CALENDAR

AGENDA: City of Lebanon Council Agenda – June 8, 2016
APPOINTMENTS: Bike & Pedestrian Advisory Board – Jim Ruef (reappointment)
Library Advisory Board – JonLee Joseph & Jim Ruef (appointments),
Delvin King (reappointment)
Senior & Disabled Services Advisory Committee – Angie Kutsch
(reappointment)
BOARD MINUTES: Planning Commission – April 20, 2016
LIQUOR LICENSE: Ma's Restaurant, On-Premises Sales, 2416 S. Santiam Hwy.

Councilor Elliott moved, Councilor Bolen seconded, to approve the Consent Calendar as presented. The motion passed unanimously.

PUBLIC COMMENTS

Adam Kirkpatrick, 40455 Hilltop Drive, Lebanon dentist, stated that his research has shown that fluoridation is extremely valuable and well-established. Many of the proposed negative effects are based on studies that question its safety because the studies open the door to the idea. It is common to include a vagueness to conclusions because of the nature of the research and to show that more research is needed. The association does not mean there is a negative effect. Because of this vagueness, someone could use a study to support his or her claims. Even with all of his specialized schooling, he sometimes has difficulty interpreting the information so he looks to professionals to make these public health decisions. His recommendation is that the City continues to ensure that the water is fluoridated because he wants this community to stay healthy. He made himself available to anyone who has questions.

Wyatt King, 224 2nd Street, Lebanon, distributed information and spoke on behalf of his mother, who feels very strongly that fluoridation of the City's water was very beneficial to her children; she would also like her grandchildren to have healthy teeth. He recommends that people speak with Dr. Kirkpatrick and other experts in the field and do what is best for the community.

Councilor Grizzle explained that the Council already decided to continue to fluoridate the water. She understands there is an anti-fluoride campaign to put this on the ballot and she wondered if an education committee would present the other side of this debate. Mr. King stated that he and his mother would be very willing to help with a counter effort, if needed.

Dr. Kirkpatrick added that he would love to help because he believes very strongly in this. Because bringing public health issues to the public is complicated and because of the drama associated with it, he thinks it would be wise for the Council to make this decision and continue doing what the City is doing. Councilor Grizzle confirmed that this is what the Council has done but the people have a right to put this on the ballot.

Nathan Tolman, 21 Cascade Drive, Lebanon dentist, stated that he also feels that fluoridation has been a great benefit in preventing tooth decay. As he provides dental services around the world, he has found that fluoridation would greatly benefit those civilizations that have a high sugar intake since it is the cause of quite a bit of rampant decay. Much of the information on fluoride's negative effects is misconstrued; worthy studies have shown this not to be true, so it would be wise to consider keeping fluoride in our water supply.

PUBLIC HEARING(S)

1) Revised City Fees Schedule

Mayor Aziz opened the Public Hearing at 6:20 p.m. and asked for the staff report.

City Manager Marks presented proposed changes to the City Fees Schedule. Staff annually reviews these fees to ensure that services provided are supported by those fees so they do not have to be subsidized with general tax dollars. He called out the changes as outlined in the packets.

Mayor Aziz asked for public comments.

Joseph Holt, 1620 S. 2nd Street, Lebanon, spoke about the tall weeds and grass abatement fee change, specifically the striking out of "if not abated within 7 days." He brought up situations where it may be difficult to mow within a certain timeframe. He asked Council why the seven-day abatement period was cut and requested that it be reinstated or modified.

Mayor Aziz closed the Public Hearing at 6:26 p.m.

Marks clarified that there is no requirement that a lawn must be mowed every seven days. He explained that once receiving notice, the resident has seven days. Police Chief Stevenson stated that he is not sure why this portion was struck out. He explained that tall weeds and grass abatement enforcement is complaint-based. The Code Enforcement Officer works with the property owner to get them in compliance. There is no fee if done within the seven-day period. If nothing is done, it becomes a fire hazard and the City has to take action for the community's safety; the fee would then be imposed.

City Attorney Kennedy stated that this might have been struck out because it was redundant in the City ordinance.

Stevenson confirmed for Councilor Furlow that, in certain situations, it could go beyond seven days without being imposed a fine; it is on a case-by-case basis. Kennedy added that this applies to most of the code enforcement issues; this is something to fall back on, in case there is no compliance.

Regarding replacement of a meter box, Councilor Furlow asked how the City differentiates between normal wear-and-tear and vandalism. Marks stated that he has never seen a case where a lid became non-functional from wear-and-tear since they are cast iron. Finance Director Baugh stated that damage is usually from someone driving a car on the lid. Many of these fees are for cases where a property owner or contractor request to move or install meter boxes.

Kennedy read the title of RESOLUTION NO. 2016-13. **Councilor Elliott moved, Councilor Furlow seconded, to APPROVE RESOLUTION NO. 2016-13, A RESOLUTION AMENDING FEES AND CHARGES FOR CITY SERVICES AND REPEALING EXHIBIT A "FEE SCHEDULE" OF RESOLUTION NO. 2016-3. The motion passed unanimously.**

2) State Revenue Sharing

Mayor Aziz opened the Public Hearing at 6:33 p.m.

Finance Director Baugh explained the process and requested approval of a resolution, which certifies that the City is eligible to receive revenue sharing funds, and approval of an ordinance, which states that the City elects to receive those funds. The approved budget for 2016-17 has budgeted revenue of \$160,000 in the General Fund. Marks added that these funds are put into the General Fund to fund City services.

Hearing no public comments, Mayor Aziz closed the Public Hearing at 6:35 p.m.

Kennedy read the title of RESOLUTION NO. 2016-14. **Councilor Furlow moved, Councilor Bolen seconded, to APPROVE RESOLUTION NO. 2016-14, A RESOLUTION CERTIFYING THE CITY OF LEBANON PROVIDES MUNICIPAL SERVICES FOR ELIGIBILITY IN RECEIVING STATE SHARED REVENUE PAYMENTS. The motion passed unanimously.**

Kennedy read the title of ORDINANCE BILL NO. 2016-12, ORDINANCE NO. 2881. **Councilor Fisher moved, Councilor Bolen seconded, to APPROVE ORDINANCE BILL NO. 2016-12, ORDINANCE NO. 2881, A BILL FOR AN ORDINANCE DECLARING THE CITY OF LEBANON'S ELECTION TO RECEIVE STATE REVENUES. The motion passed unanimously.**

3) Adoption of FY 16/17 Approved Budget

Mayor Aziz opened the Public Hearing at 6:37 p.m.

Marks stated that the FY 2016/17 City budget of \$66,057,436 is what was approved by the Budget Committee. The \$26.7 million increase seems drastic but it is due to the expectation of building a water treatment plant (about \$24.55 million) this coming fiscal year.

Overall contingencies are up 31%. The General Fund balance has met the 12% contingency goal. The operating budget is actually down six-tenths of 1%. Levels of service are maintained, but the need for materials and services are somewhat less than the prior year. Capital investment is up 252% due to the water treatment plant; excluding that, all other capital is seeing a 7% increase. Even with this increase, many infrastructure needs will still not be met. Nine strategic action plan items are part of the budget.

Property taxes for the general obligation debt are down \$134,000, which is a savings to the taxpayers, and not to the City, so we will be levying less for payment of this debt (for construction of the Justice Center and Library). Bonds were refinanced last year at a lower interest rate creating that savings.

Responding to Mayor Aziz's question, Marks indicated that total taxpayer savings over the life of the bond is \$8 or \$9 million.

Marks confirmed the increase of 31% contingency throughout the entire budget. For the General Fund, he believes it is actually at 13% or 14%, but the goal was a minimum of 12%. Baugh added that there is also a 2% working contingency.

Marks offered the Council a synopsis budget report, which will also be posted on the City website. Baugh reported that all State requirements were met.

Stevenson confirmed for Councilor Furlow that the budget approved in May included the School District's portion of funding for the School Resource Officer even though it was not confirmed at that time.

There were no public comments and the Hearing was closed at 6:46 p.m.

Baugh stated that staff is requesting a levy of \$5.1364 per \$1000 assessed value, which is the maximum allowed. In addition, the City is requiring the \$1.341 million for payment on the Library/Justice Center bond. He also noted that those amounts shown as X's would be filled in and brought back as an amended resolution at the July Council meeting.

Hearing no public comments, the Hearing was closed at 6:48 p.m.

Kennedy read the title of RESOLUTION NO. 2016-15. **Councilor Grizzle moved, Councilor Elliott seconded, to APPROVE RESOLUTION NO. 2016-15, A RESOLUTION ADOPTING THE CITY OF LEBANON'S BUDGET AND MAKING APPROPRIATIONS FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Kennedy read the title of RESOLUTION NO. 2016-16. **Councilor Grizzle moved, Councilor Elliott seconded, to APPROVE RESOLUTION NO. 2016-16, A RESOLUTION LEVYING TAXES FOR THE CITY OF LEBANON'S BUDGET FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Mayor Aziz temporarily adjourned as the Lebanon City Council and convened as the Urban Renewal Agency Board.

4) Adoption of FY 16/17 NW Lebanon Urban Renewal District Approved Budget

Baugh stated that the NW Lebanon Urban Renewal District budget amount is the same as what was approved by the Budget Committee. The City is asking for the maximum amount of revenue that may be raised by dividing of taxes under State laws.

There were no public comments.

Kennedy read the title of RESOLUTION NO. 2016-17. **Councilor Furlow moved, Councilor Bolen seconded, to APPROVE RESOLUTION NO. 2016-17, A RESOLUTION ADOPTING THE NW LEBANON URBAN RENEWAL DISTRICT BUDGET AND MAKING APPROPRIATIONS FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Kennedy read the title of RESOLUTION NO. 2016-18. **Councilor Furlow moved, Councilor Fisher seconded,**

to APPROVE RESOLUTION NO. 2016-18, A RESOLUTION LEVYING TAXES FOR THE CITY OF LEBANON'S NORTHWEST URBAN RENEWAL DISTRICT BUDGET FOR FISCAL YEAR 2016-17. The motion passed unanimously.

5) Adoption of FY 16/17 North Gateway Urban Renewal District Approved Budget

Baugh stated that the budget amount of \$933,300 is the same as approved by the Budget Committee. The City is asking for the maximum amount of the approved levy.

There were no public comments.

Kennedy read the title of RESOLUTION NO. 2016-19. **Councilor Furlow moved, Councilor Bolen seconded, to APPROVE RESOLUTION NO. 2016-19, A RESOLUTION ADOPTING THE NORTH GATEWAY URBAN RENEWAL DISTRICT BUDGET AND MAKING APPROPRIATIONS FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Kennedy read the title of RESOLUTION NO. 2016-20. **Councilor Elliott moved, Councilor Fisher seconded, to APPROVE RESOLUTION NO. 2016-20, A RESOLUTION LEVYING TAXES FOR THE CITY OF LEBANON'S NORTH GATEWAY URBAN RENEWAL DISTRICT BUDGET FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

6) Adoption of FY 16/17 Cheadle Lake Urban Renewal District Approved Budget

Baugh stated that the budget amount of \$447,500 is the same as approved by the Budget Committee. The City is asking for the maximum amount of the revenue that may be raised by dividing of taxes under State ordinances.

There were no public comments.

Kennedy read the title of RESOLUTION NO. 2016-21. **Councilor Grizzle moved, Councilor Bolen seconded, to APPROVE RESOLUTION NO. 2016-21, A RESOLUTION ADOPTING THE CHEADLE LAKE URBAN RENEWAL DISTRICT BUDGET AND MAKING APPROPRIATIONS FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Kennedy read the title of RESOLUTION NO. 2016-22. **Councilor Grizzle moved, Councilor Bolen seconded, to APPROVE RESOLUTION NO. 2016-22, A RESOLUTION LEVYING TAXES FOR THE CITY OF LEBANON'S CHEADLE LAKE URBAN RENEWAL DISTRICT BUDGET FOR FISCAL YEAR 2016-17. The motion passed unanimously.**

Mayor Aziz adjourned as the Urban Renewal Agency Board and reconvened as the Lebanon City Council.

REGULAR SESSION

7) Water Treatment Plant Project Contract Award

Engineering Services Director Whitlatch presented for discussion the Water Treatment Plant Project contract. The low bid was roughly \$29 million, which is about \$9 million more than expected. In an effort to reduce costs, staff has been working with Carollo Engineering and Stellar J Construction to value engineer the project to fit the City's funding limits. To date, the overall price has been reduced but not by an adequate amount.

Whitlatch presented pros and cons of options to consider:

Option 1 – Award the contract to Stellar J Construction for the reduced price based on the value engineering process, but the cost is still several million dollars off and figures have not been verified for functionality or quality.

Option 2 – Staff recommends rejecting all bids and redesigning the project to be more in line with the funding package. Because the City owes it to the ratepayers, this would allow more time to look for further cost savings. The belief is that much of the cost is from the building so staff is looking at a more industrial versus nicer structure. Staff can also look at different bid delivery systems but need to evaluate those options. The City is not in jeopardy of losing funding, but there is no guarantee that additional funding will not be needed. This may still be the final cost but he needs to know himself before moving forward. The only risk in rejecting the bids is from inflation and economy; this project may be put back out in January or February.

Councilor Grizzle stated that Option 1 seems terribly irresponsible. Whitlatch confirmed that he feels fairly confident that this can be regrouped in six months because it is not a complete redesign. The bulk of the design is complete but staff needs time to determine the efficiency of what can be built. He would like to have a work session in July to discuss different bid delivery systems and to present a recommendation.

Mayor Aziz stated that it appears that the cost difference is not due to any one big item. He asked how the consultant could be so far off. Whitlatch stated that economy and scale were factors; there have been large increases with different trades (HVAC, electrical). Responding to Mayor Aziz's question, Whitlatch stated that time of the year was potentially a factor but this is a large project. Bids from seven contractors tells him the economy is not that big. Prices have increased so staff needs to go through the value engineering process.

Mayor Aziz agreed with Councilor Grizzle that Option 1 is very irresponsible. The only way this could happen is if there were rate increases, so he does not see any option there. Whitlatch reiterated that this may end up being the price and the only option but he would like the opportunity to look at all available funding options. He discussed a couple of ideas but again stated that many things are still unknown at this point.

Councilor Elliott commented that he hates to see an eight to ten-month delay but he agrees that Option 2 is best.

Councilor Furlow asked whether discussions about using a different engineering firm (and its associated cost) will be considered if moving forward with Option 2. Whitlatch stated that another firm could look at the overall project and help with value engineering, if the Council would like to go in that direction, but the cost would depend on the extent of that help. Councilor Furlow stated that he is not asking the Council to support this but he would want staff to consider that possibility. Whitlatch stated that he trusts Carollo Engineering. There are things that were missed. The economy has grown. This building type was not necessarily the most economical. He reiterated that many things are unknown at this point.

Councilor Furlow expressed concern about Carollo presenting a project like this, amid being in a tight market, citizen concerns about rates, and available funding. Whitlatch shared that Carollo did build a similar plant that was in the \$13 million to \$15 million range. Until going through the value engineering process, staff will not know the answer to this question. Mayor Aziz and Councilor Furlow expressed their disappointment in the engineering firm's estimate being so far off. Councilor Grizzle stated that she would only feel comfortable using a second firm if, after looking into it further, this was staff's recommendation.

Councilor Fisher agreed with discussing this further at a work session after Whitlatch has time to gather more information.

Councilor Furlow moved, Councilor Elliott, to reject all bids and schedule a work session to discuss options. The motion passed unanimously.

8) Water Treatment Plant Off-Site Utilities Contract Award

Whitlatch presented staff's recommendation to award the New Water Treatment Plant – Off-Site Utilities Project contract to Emery & Sons Construction for \$3,576,527.25, which is well below the engineer's estimate. This project would put all utilities in so it will be ready when the treatment plant is built.

Responding to Councilor Elliott's question, Whitlatch stated that the City has worked with them on many projects, so he is very confident in their abilities.

He confirmed for Councilor Furlow that approving this award would lock in the price. He also confirmed for Mayor Aziz that nothing in this project would affect the value engineering on the Water Treatment Plant project.

Councilor Elliott moved, Councilor Furlow seconded, to award the Water Treatment Plant Off-Site Utilities Contract contract to Emery & Sons Construction. The motion passed unanimously.

9) Water Treatment Plant Special Inspection and Testing Contract Award

Whitlatch recommend rejecting the two bids received until the Water Treatment Plant Project moves forward.

Councilor Furlow moved, Councilor Elliott seconded, to reject all bids. The motion passed unanimously.

10) City of Albany/Lebanon Canal Agreement(s)

Whitlatch provided background on the Albany/Lebanon canal discussions and brought attention to key points in the Water Delivery and General Agreements. No dollar figures changed since Council's last update. Staff's recommendation is that Council approve the resolution authorizing execution of the agreements.

Councilor Grizzle commended staff for their hard work. Whitlatch stated that he enjoyed working with Jeff Blaine and Chris Bailey. Mayor Aziz thanked staff and the City of Albany. Whitlatch noted that the two attorneys finalized the agreements.

Kennedy read the title of RESOLUTION NO. 2016-23. ***Councilor Grizzle moved, Councilor Fisher seconded, to APPROVE RESOLUTION NO. 2016-23, A RESOLUTION AUTHORIZING EXECUTION OF TWO INTERGOVERNMENTAL AGREEMENTS WITH THE CITY OF ALBANY FOR SHARED USE OF THE SANTIAM-ALBANY CANAL. The motion passed unanimously.***

11) Lebanon Downtown Association Contract

Marks stated that one of the focus areas of the Vision is to make downtown the heart of activity and commerce. Under that category, one of the strategic plan action items is to strengthen the Lebanon Downtown Association (LDA) who is following a proven model for downtown revitalization through the Oregon Main Street Program. He requested Council approval of a contract between the City and Partners for Progress, Inc., dba LDA for funding of \$20,000 from the Lebanon Transient Room Tax Fund.

Dala Johnson spoke about the Oregon Main Street Program and shared that the LDA is in its first year of the transformation phase of this program. Funds from this contract will enable them to hire a part-time manager for a year, provide a suitable office, and attend mandatory conferences. She also spoke about the projects that the LDA/Main Street Manager will be working with the City on and their plans for the future.

Mayor Aziz asked about the structure of the LDA. Ms. Johnson stated that they have nine board members and follow by-laws.

Councilor Grizzle commented that she is glad that LDA has been a very cohesive downtown group. She liked having the Chamber manage a large part of the tourism dollars because they are accountable and provide an annual report, so she was glad to see that this was included in the LDA contract. Because the contract was written for one year, she asked if this is going to be an annual request. Ms. Johnson stated that the manager will be critical in building funding; their hope is to obtain grants so that they will not have to request funding. If they do, her hope is that it be half that amount.

Councilor Furlow remarked that this leverages a modest amount of money into a tremendous community effort. He commended the group and felt that the Council's support is appropriate.

Councilor Elliott stated that he is fully behind this effort but he is concerned because the previous Partners for Progress' part-time manager did not work out. Ms. Johnson explained that they now have a new board, who is an open book and who is held completely accountable; this is why they rebranded to the LDA. Councilor Grizzle shared her concern that the previous funding had no accountability.

Mayor Aziz felt that the rebranding focuses on downtown and that the Main Street Program is very specific. He is excited to see that this is part of the Vision.

Councilor Elliott stated that downtown is one of his heartfelt projects and offered his help. Mayor Aziz also offered to help.

Councilor Furlow moved, Councilor Bolen seconded, to approve the contract with Partners for Progress dba Lebanon Downtown Association. The motion passed unanimously.

12) City Manager's Report – Marks provided updates:

Employee Wellness – Out of 44 applicants, Samaritan Health awarded the City with its 2016 All-Star Employer Award for Employee Wellness. The award was presented to Mayor Aziz at the Oregon State Beavers baseball game. Marks recognized HR Generalist Debi Shimmin for helping to provide our employees with cutting-edge wellness opportunities.

Blue Zones Meeting – Marks encouraged everyone to attend the meeting tomorrow evening at COMP-Northwest to learn more about this program that advances and promotes general community health and well-being. Other communities have seen remarkable improvements to their overall community health. The City has been selected to consider being a part of the program, which appears to be a great fit with the Vision's healthy community focus.

Recreational Marijuana Tax – Responding to Kennedy's question, *there was Council consensus for Kennedy to explore and present information on a recreational marijuana tax for the November ballot.*

ITEMS FROM COUNCIL – *There were none.*

PUBLIC COMMENTS

Bill Sullivan, PO Box 2506, stated that when he worked around the trades, many contractors would take jobs to keep their crews busy when things were slow [in reference to the Water Treatment Plant bids].

ITEMS FROM PRESS

Mayor Aziz shared that there will be a ceremony honoring former Mayor Scott Simpson on Sunday at 1:00 p.m.

NEXT SCHEDULED COUNCIL MEETING(S)

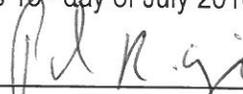
- June 22, 2016 (Noon) *Tentative* Meeting
- July 13, 2016 (6 p.m.) Regular Session

ADJOURNMENT

Mayor Aziz adjourned the meeting at 7:42 p.m.

[Minutes prepared by Linda Kaser & Donna Trippett]

Minutes Approved by the Lebanon City Council on
this 13th day of July 2016.

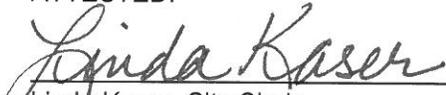


Paul R. Aziz, Mayor

Bob Elliott, Council President



ATTESTED:



Linda Kaser, City Clerk