

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

#### **I CALL TO ORDER**

The City Council meeting was called to order by Mayor Melanie Widmer at 7:00 p.m. on Tuesday, December 13, 2011 in the Madras City Hall Council Chambers located at 71 S.E. "D" Street.

#### **CITY COUNCIL MEMBERS IN ATTENDANCE WERE:**

Mayor Melanie Widmer, and Councilors Royce Embanks Jr., Richard Ladeby, Jon Young, Jennifer Flowers, Tom Brown, and Kevin O'Meara.

#### **CITY STAFF MEMBERS IN ATTENDANCE WERE:**

City Administrator, Mike Morgan; City Attorney, Jeremy Green, with the firm of Bryant, Lovlien and Jarvis PC; Assistant City Administrator / Public Works Director, Gus Burrell; Police Chief, Tom Adams; Community Development Director, Nick Snead; Finance Director, Kathy Snyder; Accounting Technician, Julie Johnson; Golf Course Superintendent / Parks Supervisor, Jonathan Burchell, and City Recorder, Karen J. Coleman.

#### **VISITORS IN ATTENDANCE WERE:**

Rob Tremper, CPA, CVA, Dickey and Tremper LLP; Holly Gill, News Editor with the Madras Pioneer; Mr. and Mrs. Pete Lopez, Cleveland Street, and another gentleman that did not sign the Visitor's Attendance Sheet.

#### **II PLEDGE OF ALLEGIANCE AND PRAYER**

Mayor Widmer asked Councilor Embanks to lead the pledge of allegiance to the flag of the United States of America, which he did. She then led the prayer.

#### **III CONSENT AGENDA**

All matters listed within the Consent Agenda have been distributed to each member of the Madras City Council for reading and study, are considered to be routine, and will be enacted by one motion of the Council with no separate discussions. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by request.

- A. Approval of Vouchers
- B. Approval of Minutes From the November 1, 2011  
Special City Council Meeting
- C. Approval of Minutes From the November 8, 2011  
City Council Meeting

**OFFICIAL MINUTES**  
**CITY COUNCIL, CITY OF MADRAS**  
**DECEMBER 13, 2011**

- D. Approval of Minutes From the November 9, 2011  
Special City Council Meeting
- E. Approval of Minutes From the November 29, 2011  
Special City Council Meeting
- F. Approval of Minutes From the November 29, 2011  
City Council Work Session
- G. Council Authorization to Pay City's Share of COLES / CODE  
Operating Expenses and Liability Insurance
- H. Approval of Services Agreement for Transit Services 2011 - 2013  
Central Oregon Intergovernmental Council
- I. Approval of New Liquor License Applications
  - El Mercadito Latino  
Location: 47 S.E. Fifth Street
  - Pepe's Mexican Restaurant  
Location: 221 S.E. 5<sup>TH</sup> Street
- J. Approval of Contract Change Order No. 1 - Taurus Power and Controls, Inc.  
Addition of Analog Output Module to Hach SC200 Controller and  
Contract Time Extension to February 10, 2012  
North Wastewater Treatment Plant Energy Efficiency Improvement Project
- K. Approval of Contract Change Order No. 1 - Culver Electric  
Contract Time Extension to February 3, 2012  
Central Oregon Community College Trail Extension Project
- L. Approval of Contract Change Order No. 1 - Pacific Asphalt Surface Sealing  
Adjustments in Additional 5,540 Lineal Feet of Crack Sealing  
Contract Time Extension to December 5, 2011  
Crack Sealing at Various Locations Around the City
- M. Ratification of Contract Change Order No. 9 - Jack Robinson and Sons  
Asphalt Patch and Contract Time Extension to December 14, 2011  
Heavy Aircraft Taxiway and Runway Restriping (AIP Project #3-41-0035-007)  
and NAVAID Improvements (Connect Oregon III No. 26910)  
(Also Referred to as Airport Operational Safety Improvement Project)

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

- N. Approval of Contract Amendment No. 1 - ACE Consultants, Inc. Contract Time Extension to February 10, 2012 North Wastewater Treatment Plant Energy Efficiency Project
- O. Authorization to Install Two "Bus Stop Ahead" Signs on Belmont Lane at the Cedar Hill Street Bus Stop
- P. Approval of Post Construction Improvements and Construction Services Contract - Havnier Construction, LLC Madras Heavy Aircraft and Engine Maintenance Facility - Repairs to Main Hangar Bay Doors and Flashing System

Mayor Widmer asked if there would be any changes or additions to the City Council meeting agenda.

City Administrator Morgan explained that he will be asking the City Council, under Section XIII, Police Station / City Hall Project - Update, to consider scheduling a special meeting of the Council.

**A MOTION WAS MADE BY COUNCILOR JENNIFER FLOWERS AND SECONDED BY COUNCILOR TOM BROWN THAT COUNCIL APPROVE THE CONSENT AGENDA. THE MOTION PASSED UNANIMOUSLY, 6/0.**

#### **IV VISITOR COMMENTS**

Mayor Widmer provided those in attendance with an opportunity to present comments at this time.

There were no comments offered.

#### **V ANNUAL AUDIT PRESENTATION**

Rob Tremper came forward and introduced himself to the Council. He mentioned that he is a partner in Dickey and Tremper out of Pendleton, and that they have been performing the City's audit for a number of years now. This is actually the final year in their contract.

He said that as part of Government Auditing Standards and performing audits, they get to get audited as well. As part of this process, they have to deliver to the City the results of their audit. He told the Council that he is happy to report that they did receive what they call "peer review results". There are basically three levels of ratings that they can

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

have. It is either going to be passed, passed with deficiencies, or fail. He said that it is pretty rare to get a passed with no letter of comments any more, but again their firm ended up with a passed with no letter of comments. He explained that he just wanted to bring this up to the Council to make sure that they are aware that they have a really strong internal control system, and that he wanted them to know that they are getting a pretty quality audit.

He mentioned that he wanted to thank City Administrator Morgan for all of the help that he has given them over the past few years. He said that he has been in the room when he has had a lot of discussions and he is one of the most impressive City Administrators that he has run across. He told the Council that he thinks that they are losing a good Administrator, and that it has been nice working with him.

He explained that they obviously had some difficulties in this year's audit with the Finance Director leaving in May 2011 to go back to California. This caused a few delays in the actual timing of the field work and such, but his staff and the City's staff put in a lot of extra hours, especially in these last couple of weeks, to try to make sure that the audit would be ready for City Administrator Morgan's final meeting.

He referred to a letter that had been attached with the report and said that this is a normal closing process with the audit and is a follow-up to a letter that the Council would have received sometime in July 2011. The letter asked a lot of questions (e.g. Council concerns and related party transactions, as well as covered five or six different areas that they, as auditors, need to cover with Council in the planning process of the audit). This letter is a follow-up to the earlier letter. He said that both letters from the Council level should be taken very seriously. He told the Council that they do use the letters that they send back to them and follow-up on anything that they put in there. This is an important part of the process.

The main items to cover in the report is that the financial statements, although they helped prepare them and file them, are officially the responsibility of management and management is responsible for the selection of appropriate accounting policies. The significant accounting policies are described in the notes of the financial statements.

He advised Council that this year they had a change in accounting policies. This has to do with governmental accounting statements for #54, which really changed the fund balance reporting and fund type definitions. Another important piece is that they didn't find any transactions entered into by the government that lacked authoritative guidance or consensus.

Another part of an audit is that imbedded in the statements there is going to be estimates. The biggest estimate as the City goes is probably depreciation. How long are the roads going to last? You are just kind of writing those off over their useful life. Estimates are also made on the "Other Post Employment Benefit" liability. He said that a couple of years ago he tried to explain this, and it is difficult to even explain to his staff. This is definitely an estimate that you have actuaries come in and calculate for you.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

He explained that they have corrected and uncorrected misstatements during the audits. He said that they are required to list any material adjustments that were posted from audit procedures. They also attach a list from uncorrected misstatements (e.g. adjustments that could have been made but weren't). The only one on that list is the difference between Miscellaneous Accounts Receivable and cash. There was a problem on the City's end on the way that the Miscellaneous Accounts Receivable module was working. It is going to be a lot easier to clear it during the current year than with an adjustment because it is kind of an embedded module that would be difficult to fix. The City is going to fix that this year.

He mentioned that there were adjustments that had to be made to deferred revenues which would be either revenues that were unearned at the end of the year, or just weren't received within the City's 30 day measurable and available period. There were some adjustments in accounts receivable and adjustments to the Urban Renewal facade loans receivable. There were also some for accounts payable and accrued payroll liabilities. Most of these are going to be making more adjustments and making sure we have a good cutoff at the end of the year as to what expenses belong in 2011 and what expenses belong in 2012; not really as to whether the money went in or out.

He told the Council that there are also some normal adjustments that they do from the budgetary basis of accounting to the full accrual. He said that Finance Director Snyder had at least informed them that a lot of these adjustments were needed, started the process, and in some instances had the information summarized. He advised Council that he believes that since Finance Director Snyder was new she didn't want to post some of these without checking with them first, but there were also quite a few adjustments found by the audit as well.

He explained that they are required to report any disagreements with management. Fortunately they didn't have any of those disagreements.

They didn't issue a separate management letter, but there were what they term as significant deficiencies and material weaknesses in internal control that they found during the audit which for the most part are from those journal entries that were posted. Those are summarized in the last five pages of the financial statement themselves. For the most part these were accrual type adjustments. He said that he believes that it was a matter of the change in staff at the end of the year and getting use to the way that things are run at the City and use to governmental accounting and Oregon Budget Law. He mentioned that they always offer to be a resource if there are any questions during the year.

He told the Council that should any of them have questions after going through the report in a little more detail they are welcome to give them a call.

He referred to page 4 and said that there is really a major shift in the way that some of the governmental funds are reported because of the new governmental accounting

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

standards (Statement 54). He pointed out that the first column is now titled the "Combined General Fund". He mentioned that the Council had a resolution that came through in October, 2011 that describes some of this and outlines who is allowed to assign resources and such. Under this statement (GASB 54), they redefine what is allowed to be a special revenue fund. A special revenue fund qualified under general accepted accounting principles would have to have what they call special revenue. He told the Council that it would have to have revenue that is either restricted for a specific purpose or revenue that, they as a board have said that this is going to be committed for a specific purpose.

He said that there were two funds that really didn't have revenues that met those criteria. This included the Parks Fund and the Industrial Site Fund. For this current year, this "Combined General Fund" actually consists of funds that the City budgeted for as the General Fund, Parks Fund, and Industrial Site Fund, so this is a big shift. The other shift from that change in accounting is the fund balance section. He told the Council that they will see that there are four categories, but there are actually five in the statement. It is necessary to determine whether the monies left over are restricted, committed, assigned, or unassigned. In the level of restriction it really drops down in that order. Assigned is really one that is set by management or can be set by management, and unassigned is what is allowed to be spent by government that really needs to be done. Usually only the General Fund has this unassigned piece.

There are budgetary and details for each of the individual funds at the back of the report. He then reviewed the various funds and fund balances. He referred to the Wastewater Fund and noted that there is a significant amount that is restricted for system development. This, in the City's case, is the fund balance remaining of the Wastewater Systems Development Charges that are going to be used for developing the system at some point in time. He mentioned that there is about \$400,000 that is restricted for Debt Service. This is set by the bond and loan agreements that are out there.

He explained that since the City in the current year started repayment on the Department of Environmental Quality loan, that \$409,000 is going to be a larger number next year. He said that he believes that there is a reserve requirement on the DEQ loan of \$110,000 or \$120,000 once you enter repayment on the loan. This amount is going to be closer to \$530,000 next year. This leaves the last category of unrestricted net assets for the Wastewater Fund which is a deficit at this point in time. He mentioned that it was a deficit last year as well. This is something that the City probably needs to keep an eye on. With the loan reserve going up, this is going to look like a further deficit next year unless something changes in the revenues and expenses of the Wastewater Fund.

The Wastewater Fund had about a \$730,000 decrease in net assets during the year, which approximately \$480,000 of this is depreciation, so it is writing off, over time, the amount the City has invested in the wastewater system. A big portion of that to, is that we funded some of the Internal Services Funds pretty heavily out of that Wastewater Fund. He told the Council that he checked in next year's budget. Those payments to the Internal Services Funds are decreasing quite a bit for next year. The Wastewater

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

Fund has about \$200,000 of budgetary fund balance remaining and that was a loss for the current year. The internal expenses have been reduced for next year, but the fund is getting down a little bit fund balance wise.

He referred to page 25 and said that they are reporting four funds with deficit fund balances. He said that three of these are carryovers from the prior year. Really all of these funds are systems development or improvement type funds that the City has been proactive in continuing to develop areas. In his opinion, the City will be in a really good position when this recession finally ends, but to do that we have kind of spent some monies that weren't quite available yet. Most of these have declined from the year before. The only new one is the Street Construction Fund.

He referred to page 89, Statement of Expenditures of Federal Funds, and explained that this year the City spent over \$524,000 in federal expenditures. At that level there were two programs that had to be considered as major programs that had a special audit on those programs themselves. As he mentioned earlier, there were several accrual adjustments that were done. One of the accrual adjustments hit one of these programs, but other than whether we recorded the revenue in this year or next year, in going through both of those major programs, that was really the only issue they came across, which is really positive with some of the grant compliance and other issues that we have had in the past. In his opinion, this area has gotten a lot better. The City is definitely watching that area.

There was a problem in June in the City bank account to where the bank account was covered, but the account was not being monitored close enough and went into a deficit position. He said that he thinks that this was about the time that former Finance Director Foltz had left. This was just something that fell through the cracks at that point, but it was significant enough that they had to list it in the letter.

He told the Council that they have changed the way that auditing standards require them to report on these things. What they might have had to report four years ago, might have ended up in a management letter as a mere suggestion; something that would be helpful in the future. They are now tied into categories of significant deficiencies and material weaknesses by standards and what ends up in the reports.

He explained that they discussed all of these with management and it sounds like they have a good plan of action on most of these things. It sounds like Finance Director Snyder is watching the bank account pretty close at this point. As to general internal controls, they had a lot of suggestions in last year's audit. Many of those controls were already in the process of getting implemented before former Finance Director Foltz left. He told the Council that they are recommending that they continue on with those.

There is a limited staff in the Finance Department, especially with some of the cutbacks that have happened, but there is a need to segregate the duties and implement review processes wherever possible. There is always a cost to benefit versus how many controls end up in place. As an auditor, they are always going to suggest the best

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

scenario that they can see. There are some areas where they can be expanded. He emphasized that cross training of duties is definitely another great piece you can go through, especially when you have these changes in staff, as this can help when somebody else is gone.

There were definitely some difficulties, but he thinks that staff really dug in and stepped into a situation where they had to dig themselves out a little bit. He said that he is expecting next year's audit, if they are back, to go much better. He mentioned that he has enjoyed working with Finance Director Snyder these last couple of weeks.

Councilor O'Meara asked the auditor and City Attorney if they were aware that the City of Portland is having a problem with their water fund being challenged. They are having some kind of a lawsuit over it. The allegation is that funds are being used for things other than for the water where they are supposed to be used. He wanted to know if we have something that is crosschecked to make sure that we are not in the same situation.

City Administrator Morgan requested clarification as to whether this was their Water Fund or their Systems Development Charge Fund.

Councilor O'Meara explained that the headline indicated that the water bills are going for things that are not water related.

Councilor Embanks told City Administrator Morgan that they built a house to demonstrate how to save water, but it cost approximately \$125,000 just for the structure of the house, and everything that went in it was more. There are some other questions on questionable expenses within the City Water Board that were not directly related to treatment of water or the water system.

City Administrator Morgan advised Council that when he came here he examined the City's financial practices and how it was assigning costs to the various funds and he instituted a series of fund segregations to insure that money was properly spent. He said that he is confident that any examination of our funds would find that they have been appropriately spent; there is just no question in his mind.

Rob Tremper indicated that they do see more segregation, especially with the Systems Development Charges as there are legal restrictions on what those funds can be spent for.

City Administrator Morgan told the Council that what this audit reinforces is that at some point in time the City has to make a commitment to create an accounting position in the Finance Department. He said that they will see in the management comments that he suggests a timeline and methodology to get there that would be implemented next year. He mentioned that we tried to do this and had actually started it just before the recession. Instead people were laid off.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

There is \$60,000,000 in assets discussed here and a lot of cash flow, and there is just too much work for the number of people we have. When we have one person leave we do not have enough resources in the way of trained personnel to fall back on. It is very imperative that over the next two to three years the City make a commitment to hire that accounting position and put it in there. He said that the plan he discussed with staff today could result in that position being in place by the fourth quarter of FY2014. In his opinion, this is about as fast as it is prudent to move. He told the Council that they may change their mind when they are in the budget process and move it forward more quickly than that.

#### VI PUBLIC HEARING

A. PROPOSED ANNEXATION OF PROPERTIES WITHIN  
THE NORTH UNIT SUBDIVISION  
COMMUNITY DEVELOPMENT DEPARTMENT FILE #AX-11-1  
PROPERTIES PROPOSED TO BE ANNEXED - JEFFERSON  
COUNTY ASSESSOR'S MAP #11-13-1BB, TAX LOTS #100, #101, #300,  
#301, #302, #303, #304, #305, #306, #400, #401, #402, #500, #5400,  
#5500, #5800, #5900, #6000, #6100, AND #6600  
CITY OF MADRAS IS THE APPLICANT

1) Open Public Hearing

The Public Hearing was opened at 7:29 p.m.

2) Mayor Reads Hearing Disclosure Statement, if requested, or

The Mayor was not asked to read the 'Hearing Disclosure Statement' as the statement had been placed on the City Council meeting agenda and copies of the agenda were made available to the public.

- Mayor Widmer asked Council members to disclose any potential or existing conflicts of interest or ex parte contact at this time.

There were no disclosures made.

- She then asked the Council members if they would be abstaining from participation in the Public Hearing.

No City Council members indicated that they would be abstaining from participation in the hearing.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

- She provided those in attendance with an opportunity to present challenges as to City Council impartiality.

There were no challenges presented.

#### 3) Staff Report

Community Development Director Snead explained that he is bringing a proposal forward from the Planning Commission. It is a proposal to annex several properties. He advised Council that he had provided them with a thick staff report because he personally feels that it is his obligation to give them as much information as possible for the basis of their decision. The "Burden of Proof" is approximately 20 pages long. He referred to Exhibit "A" and the map.

He held up the map and mentioned that the proposal is to annex the property in pink (e.g. the properties listed on the meeting agenda and in the public notice). The blue area of the map indicates the existing city limits. The reason the City is proposing to annex these properties is that these property owners, prior to this land use action, have signed "Consent to Annexation" forms. He mentioned that a copy of the "Consent to Annexation" forms have been included in the packets. These are legally binding consents that transfer in perpetuity with the property. For example, if one person owned a piece of property, signed the consent, and later sold the property, that consent to annex the property still remains valid.

He reiterated that the City is only proposing to annex the property to which we have signed and valid consents to annexation. He referred to the map and noted that we are including some right-of-way in the proposed annexation.

Community Development Director Snead advised Council that he was at the last Planning Commission meeting where this was considered, but there were no property owners or interested parties that identified a concern. He reminded the Council that they were given a copy of the recommended Findings and Decisions document. It his determination and recommendation that the City has met the City of Madras requirements for annexation, as well as the State or Oregon requirements as stated in the staff report.

He told the Council that his parting comments to them will be that there are two specific actions that need to be taken if they so choose. These actions are listed as Items No. 11 and 12 on the agenda. He indicated that page two of his staff report contains his recommendations for each of these actions. To be clear, what he is recommending is that the City Council vote to

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

dispense with submitting the question of annexation to the electors, meaning that the Council will not submit this question of annexation to the electors, and will make this decision themselves as the ordinance allows.

He mentioned that his second and final recommendation is that the City Council approve the proposed annexation.

He offered to answer any questions that the Council might have at this time.

Mayor Widmer wanted to know if all of the Consents to Annexation were the result of the City extending city sewer to the properties.

Asst. City Adm. / PW Director Burri said "yes".

Community Development Director Snead explained that as he understands it, the City has made investments to extend the sewer lines and so generally speaking when we've worked with property owners, one of the most cost effective ways that they can hookup to our sewer system is to sign a "Consent to Annexation" form, otherwise they would pay a much higher rate.

Councilor O'Meara mentioned that in doing what we are doing here isn't it a foregone conclusion that everything inside will eventually be annexed.

City Administrator Morgan indicated that this was correct. He told Council that there are a few of the properties in the middle that have signed consents. He said that he thinks that we are just doing the perimeters now.

Councilor O'Meara wanted to know why we are doing this in a two stage process.

City Administrator Morgan explained that this is the way that island annexations are now done. You have to have annexed territories surrounding the island composing about 85% of the total boundary and as you can see we will have 100% of the total boundary. We can then complete the annexation of both those properties that have signed consents and those that haven't inside the island. He told the Council that this is about a three year process so once these annexations are consummated over the next couple of months action on the island annexation will be completed, but it won't take affect for three years. This is like a three year grace period even after you go through the process.

Community Development Director Snead mentioned that if we could legally annex the entire area in one action we would, but frankly we don't meet the legal requirements, so we have to do this in a two step process.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

#### 4) Applicant Comments - City of Madras is the Applicant

#### 5) Proponent Testimony

Mayor Widmer provided individuals that are in favor of the proposed annexation with an opportunity to present comments at this time.

Mrs. Lopez requested the definition of an island annexation.

Mayor Widmer referred to the proposed map and explained that the blue area is already in the City limits and the pink area is the area being proposed for annexation. The white area inside will be an island as it will basically be surrounded by the city limits, so over time that area will be annexed into the City.

Mrs. Lopez told Mayor Widmer that she and her husband would very much like that. She said that her other question was what do you mean by tax lots.

Mayor Widmer explained that each of the squares indicated on the map is a tax lot.

Mrs. Lopez pointed to areas on the map and indicated that some of the tax lots near her home are vacant. She said that her son lives on one of the tax lots and asked why some of the tax lots are white and others are gray.

Community Development Director Snead mentioned that the map she has in front of her is the map that was sent to surrounding property owners that are located within 250 ft. of the properties being proposed for annexation. He explained that this notice is a requirement which allows individuals that may be affected by a proposed development or land use action to attend and offer comments.

He noted that just because her son's property is not within the 250 ft. area, does not mean that he will not be annexed in the future.

Mrs. Lopez told the Council that with no sewer right now, they really need this.

She wanted to know if they would receive more notices when the City decides to annex everything.

Community Development Director Snead assured her that they would.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

Councilor O'Meara asked if the City has plans of how the sewer is going in, or if and when the sewer is going in when we annex these lots.

City Administrator Morgan advised Councilor O'Meara that we have sewer all of the way up Seventh Street to Oak Street and all of the way between U.S. Highway 97 and U.S. Highway 26 on Jefferson Street. He said that if he remembers correctly, Asst. City Adm. / PW Director Burril was going to work with the Housing Works to take sewer down Cleveland.

Asst. City Adm. / PW Director Burril explained that the sewer main that goes up Seventh Street can serve to the west, but there are properties that are lower than the main to the east and there is a low spot to the east between Seventh Street and what would have been Eighth Street, so we kind of have to work with Canyon's East and extend the line across their property and into Cleveland from that side to get gravity flow without pumping.

Councilor O'Meara said that basically we have it preliminarily mapped out.

Asst. City Adm. / PW Director Burril told Councilor O'Meara that he thinks that we have a way there, except he does not believe that we currently have an easement across a flag lot, so there is some easement acquisition to cross and get into the Cleveland Street public right-of-way. He said that he needs to be clear that we have a plan, but we do not necessarily have a clear right-of-way through there.

Councilor O'Meara asked if they have a time line.

Asst. City Adm. / PW Director Burril explained that usually these actions happen with one, two, or three interested property owners on a block. It is very expensive for one property owner to try to do this even if we are trying to cost share in some way, which is generally the case. This is usually within a neighborhood plan where there is a certain amount of dollars available.

Community Development Director Snead said that he anticipated that the sewer question would come up, so Exhibit "F" shows the Jefferson Street area sewer that was constructed. This provides a general idea of where the sewer is located.

#### 6) Opponent Testimony

Mayor Widmer provided those in attendance with an opportunity to present comments in opposition to the annexation at this time.

OFFICIAL MINUTES  
CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

There were no comments offered.

7) **Neutral Comments**

Mayor Widmer provided those in attendance with an opportunity to present neutral comments at this time.

There were no comments offered.

8) **Rebuttal - Applicant**

Rebuttal was not necessary.

9) **Close Public Hearing**

The Public Hearing was closed at 7:44 p.m.

10) **Council Deliberations**

Council offered no additional questions or comments.

11) **Council Votes to Either Dispense with Submitting the Question of Annexation to the Electors, or to Submit the Question of Annexation to the Electors**

Mayor Widmer said that the question is whether the Council wants to dispense with submitting the question of annexation to the electors.

**A MOTION WAS MADE BY COUNCILOR ROYCE EMBANKS AND SECONDED BY COUNCILOR TOM BROWN THAT COUNCIL VOTE TO DISPENSE WITH SUBMITTING THE QUESTION OF ANNEXATION TO THE ELECTORS. THE MOTION PASSED UNANIMOUSLY, 6/0.**

12) **Council Takes Formal Action to Either Approve or Deny the Application**

**A MOTION WAS MADE BY COUNCILOR ROYCE EMBANKS AND SECONDED BY COUNCILOR TOM BROWN THAT THE COUNCIL APPROVE THE ANNEXATION AS PROPOSED, AND INSTRUCT STAFF**

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

TO PREPARE THE APPROPRIATE ORDINANCE FOR CITY COUNCIL APPROVAL AT A LATER DATE. THE MOTION PASSED UNANIMOUSLY, 6/0.

VII ORDINANCE NO. 840

An ordinance amending Section 2.5 of City of Madras Ordinance No. 532 [an ordinance relating to solid waste management in the City of Madras, Oregon, including without limitation, granting to Oliver Orcutt, and Janelle X. Orcutt, dba Madras Sanitary Service, a franchise to collect, transport and transfer solid wastes over and upon city streets and first option to dispose of or recover materials or energy from solid wastes generated or produced in the City.....].

Mayor Widmer declared a conflict of interest and turned the meeting over to Council President, Royce Embanks, at this time.

Councilor Young said that he also has a conflict of interest.

Council President Embanks read the following statement into the record:

Each Council member was provided with a copy of the proposed ordinance, three copies of the ordinance were made available for public inspection in the office of the custodian of city records, and notice of its availability was given by written notice posted at the City Hall, the U.S. Post Office, and the Jefferson County Clerk's Office at least one (1) week prior to the reading.

City Administrator Morgan explained that the City has franchise agreements with a variety of businesses including Madras Sanitary Service and receives payments from them based on their franchise rate, either monthly or quarterly, depending on the unique circumstances of each business. What we noticed with the Madras Sanitary Service is that they always make their payment, we don't have any issues there, and the numbers always balance, but never has it ever happened in thirty (30) days.

Why do we have a thirty (30) day requirement when we know the business cannot make it happen in thirty (30) days? He said that he visited with Madras Sanitary on this and explained that we do like to get the payment within sixty (60) days because on accrual accounting we close the books after sixty (60) days at the end of the fiscal year, and they agreed that this is something that they could reasonably make happen.

What staff is suggesting is that we simply amend the ordinance from thirty (30) days to sixty (60) days. He said that nothing else changes.

Councilor Ladeby wanted to know if there were other franchises that contained the same stipulation of thirty (30) days.

**OFFICIAL MINUTES**

**CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011**

City Administrator Morgan told Councilor Ladeby that there have been none that has come to his attention. Someone like Pacific Power has so much sophistication and computers, that they punch the numbers out pretty fast. He said that he believes that Crestview Cable Communications pays on a quarterly basis.

This will also address audit concerns. When the auditors look at this and it says that it is due in thirty (30) days, they want to know why it was received in forty-five (45) days.

**A MOTION WAS MADE BY COUNCILOR KEVIN O'MEARA AND SECONDED BY COUNCILOR RICHARD LADEBY THAT ORDINANCE NO. 840 BE READ BY TITLE ONLY. THE MOTION PASSED, 5/0, WITH COUNCILORS O'MEARA, FLOWERS, BROWN, EMBANKS, AND LADEBY VOTING IN FAVOR OF THE MOTION, AND COUNCILOR YOUNG ABSTAINING FROM VOTING ON THE ISSUE.**

City Attorney Green read Ordinance No. 840 by title only at this time.

**A MOTION WAS MADE BY COUNCILOR JENNIFER FLOWERS AND SECONDED BY COUNCILOR KEVIN O'MEARA THAT COUNCIL ADOPT ORDINANCE NO. 840 AS [WRITTEN].**

City Recorder Coleman proceeded with the taking of a roll call vote:

Councilor O'Meara . . . . .	Aye
Councilor Brown . . . . .	Aye
Councilor Flowers . . . . .	Aye
Councilor Embanks . . . . .	Aye
Councilor Ladeby . . . . .	Aye

**THE MOTION, CURRENTLY ON THE FLOOR, PASSED 5/0, WITH COUNCILORS O'MEARA, FLOWERS, BROWN, EMBANKS, AND LADEBY VOTING IN FAVOR OF THE MOTION, AND COUNCILOR YOUNG ABSTAINING FROM VOTING ON THE ISSUE.**

Council President Embanks turned the meeting back over to Mayor Widmer at this time.

**VIII PUBLIC CONTRACT REVIEW BOARD**

Mayor Widmer closed the City Council meeting and opened the Public Contract Review Board meeting at 7:51 p.m.

**A. POSSIBLE BID AWARD  
POLICE STATION / CITY HALL PROJECT**

**1) Staff Report**

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

- 2) Comments From the Public
- 3) Council Deliberations
- 4) Council Takes Formal Action

City Administrator Morgan asked that this item be removed from City Council consideration at this time, and reminded the Council that this will be discussed under Section XIII, Police Station / City Hall Project - Update.

B. BID AWARD - DEVCO ENGINEERING, INC.  
SURVEYING, ENGINEERING, DESIGN WORK AND CONSTRUCTION  
SERVICES - WILLOW CREEK CANYON TO MADRAS BIKE & SKATE  
PARK TRAIL CONNECTION PROJECT  
(ALSO REFERED TO AS THE "M" HILL PROJECT)

1) Staff Report

Asst. City Adm. / PW Director Burril told the Council that this is for the Willow Creek Canyon to Madras Bike and Skate Park Trail Connection Project. He said that Council will often hear him call this the "M" Hill Project.

He mentioned that this project is fully funded. The grant funds are all on "Notice to Proceeds". Staff went out and solicited "Requests for Proposal" on engineering services on our design plans and received the following results.

The lowest bidder, DEVCO Engineering, Inc., has been a responsive bidder in the past. They worked on the North Y Trail Connection Project that crossed with the bridge at Third Street and connected to the existing trail near First and Willow Creek, and then to the North Y. What this firm will do is design the 1.3 miles, which includes the trail sections leading up and over the "M" Hill at the top, crosses the Culver Highway, and then goes up Canyon Road to connect to our existing trail section on the North side of Canyon Road.

He advised Council that staff feels comfortable working with this engineering firm and is recommending that they be awarded the contract. He then offered to answer any questions the Council might have.

Councilor O'Meara wanted to know if this is within the project budget.

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

Asst. City Adm. / PW Director Burril assured Councilor O'Meara that he has checked the budget and found that the City can afford to hire them at this rate and still deliver the other elements of the project.

2) Comments From the Public

Mayor Widmer provided those in attendance with an opportunity to present comments at this time.

There were no comments offered.

3) Council Deliberations

Council presented no additional questions or comments.

4) Council Takes Formal Action

A MOTION WAS MADE BY COUNCILOR TOM BROWN AND SECONDED BY COUNCILOR JENNIFER FLOWERS THAT COUNCIL APPROVE THE PROFESSIONAL SERVICES CONTRACT FOR DEVCO ENGINEERING TO PERFORM THE DESIGN SERVICES FOR THE WILLOW CREEK CANYON TO MADRAS BIKE AND SKATE PARK TRAIL CONNECTION PROJECT IN THE AMOUNT OF \$36,600. THE MOTION PASSED UNANIMOUSLY, 6/0.

Mayor Widmer closed the Public Contract Review Board meeting and re-opened the City Council meeting at 7:55 p.m.

IX LOCAL AGENCY AGREEMENT NO. 28175 - OREGON DEPT. OF TRANSPORTATION  
SAFE ROUTES TO SCHOOL PROGRAM INFRASTRUCTURE PROJECT  
BUFF STREET: 10<sup>TH</sup> STREET - McTAGGART ROAD PEDESTRIAN IMPROVEMENTS

Asst. City Adm. / PW Director Burril told the Council that this is good news as it is a Notice of Award to the City of Madras for 10<sup>TH</sup> and Buff Street. This will be a combination of sidewalk infill, curb realignment, and narrowing of the roadway at 10<sup>TH</sup> and Buff Street. The sidewalk is 76 ft. across when it only needs to be 38 ft. in that particular area so it is a long walk for a child to cross. He said that he thinks that this will really help folks when they come up to the intersection to try to see each way. It helps traffic know where they need to be. The road area is really wide right now and

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

leads to a little bit of inconsistency in turn maneuvers and guessing where cars are going to go. It will also help with pedestrian improvements.

This is a combination of elements (e.g. sidewalks, crosswalk improvements, lighting, and storm water improvements, which is an issue up there). He mentioned that staff will work with the Jefferson County School District to do a land swap in there. He said that we actually have some public right-of-way that leads over into the parking lot, so that swap will lead to a storm collection area for the City.

There have been some operational concerns raised by the School District. Their buses that are on McTaggart Road and are coming up to Buff Street and want to turn and go east to the Bus Barn must use the other lane when making their turn. If anybody is coming in the opposite direction, they have to wait and then turn. At busy times this can create a wait. Staff will work with the School District to do some turn improvements in that area, so they will have the ability to turn into their lane even if somebody else is coming. He said that he visited with School Superintendent, Rick Molitor, and they are very excited for this project, and supported it.

He explained that the City was one of just a few in the State to get awarded this round. It is highly competitive. This is proposed at a 100% grant to the City.

He offered to answer any questions the Council might have.

Mayor Widmer wanted to know if these are regular crosswalks.

Asst. City Adm. / PW Director Burril said that they are. The crosswalks are proposed to be narrowed up and fully striped. They are there, they are just very wide. The one crossing Tenth Street is gravel on that side.

Councilor Embanks asked if the lights were just lights that would light up the area; they are not like cautionary lights.

Asst. City Adm. / PW Director Burril told Councilor Embanks that they are light poles like you would see at the "B" and 10<sup>TH</sup> Street intersection.

He advised Council that this is a Federal Grant that goes through the Oregon Department of Transportation. It will be delivered in a similar format to the Fairgrounds Road Project which means that the City will go through the process of selecting a consultant that is on ODOT's list, and working with that consultant. There will be public involvement in developing the plans. It will be bid through ODOT.

He mentioned that in this case, there aren't any planned cost shares, but should we expand the project in any way, we would send our cost shares to ODOT and they would bid it out and deliver it. We would just help with coordination, public involvement, and some inspection.

**OFFICIAL MINUTES**

**CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011**

Councilor Embanks mentioned that this is a 100% grant now, but you could use that to leverage getting some more improvements in that area.

Asst. City Adm. / PW Director Burril indicated that this was correct.

Councilor Young indicated that this design is not set in stone, there is still some room.

Asst. City Adm. / PW Director Burril agreed that there is a little bit of room to further improve it or deal with the unknowns. For example, we could get into it and find that we are over the top of a huge gas main and need to do some modification.

Councilor O'Meara wanted to know how staff came up with the amount.

Asst. City Adm. / PW Director Burril told Councilor O'Meara that they based their estimate on contractor prices for the "B" Street Bicycle and Pedestrian Improvement Project.

Councilor O'Meara asked if they would be paving up McTaggart Road where the sidewalk is going.

Asst. City Adm. / PW Director Burril explained that to lay in a sidewalk there, he thinks that there is a little bit of shoulder widening required to put that bike lane in there.

**A MOTION WAS MADE BY COUNCILOR RICHARD LADEBY AND SECONDED BY COUNCILOR JON YOUNG THAT COUNCIL APPROVE THE MAYOR TO SIGN THE AGREEMENT WITH THE OREGON DEPARTMENT OF TRANSPORTATION SAFE ROUTES TO SCHOOL PROGRAM FOR THE CITY'S 10<sup>TH</sup> STREET - McTAGGART ROAD PEDESTRIAN IMPROVEMENT PROJECT. THE MOTION PASSED UNANIMOUSLY, 6/0.**

Asst. City Adm. / PW Director Burril said that he needs to thank Daryl Smith with the Jefferson County School District for starting our action plan, Sara Puddy, Assistant to the Public Works Director, for getting it updated, and the Action Plan Committee.

**X RESOLUTION NO. 30-2011**

A resolution of support for the Department of Environmental Quality Oregon 319 Non-Point Source Implementation Grant in the amount of \$45,000.00 for design services for the Madras Central Corridor Stormwater Collection and Water Quality Treatment Project.

Asst. City Adm. / PW Director Burril explained that this is a 60% grant / 40% match application. He said that we applied last year for the Central Corridor Stormwater Collection and Water Quality Treatment Project which was meant to help our redevelopment effort and our infill in our downtown. It was meant to help with the Police

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

Station / City Hall, with the future Courthouse, and with U.S. Highway 97 and "J" Street; basically the whole central corridor.

He told the Council that the Oregon Department of Environmental Quality offers grants from time to time. The best one he has seen is the one where we are extending the system up Lee Street and up to the TOPS area, which is 75% Principal Forgiveness. In the last seven years, that was the best one he has seen. He said that in the world of grants for water, stormwater, and wastewater this is actually a fairly good grant.

They offer up to \$100,000. What staff is proposing here tonight is to make application for getting the construction plans ready, so we can more readily define what the phased improvements would be. He told the Council that if we were to try to do this all at once this would cost approximately \$1.5 million dollars or somewhere in that neighborhood. In his opinion, if we can implement this in phases he thinks that we can get there.

This is a proposal to start with step one, which would be to further define what we are going to try to accomplish in there and then they'll help us do that. The School District is working with us as this would be going through the football field area. Once this is in, it will not affect that area from being used again. They have agreed to a land use agreement to let us go underneath. Essentially we are in the public right-of-way down to the City property on First and "B" Street.

He explained that we have gone through an Environmental and Agency Clearance process, meaning that we are cleared for that step so if we had the money today, that permitting step is done. From a Federal perspective that is a big green light for the City. Getting specific plans in place is one more step towards being "Construction Ready". He said that he thinks that this is the right sequence to make us competitive for future funding.

Mayor Widmer wanted to know if we have a commitment from Jefferson County to contribute something to this project.

Asst. City Adm. / PW Director Burril mentioned that Jefferson County is helping fund the segment next to the Police Station / City Hall for the courthouse. Now as they move forward and need further use from their overall site development this would be a very important component to that as we build it out, especially if they are land tight in any way and would need to off-site this water, and not use it for storm collection. This would be very critical to them; very helpful.

**A MOTION WAS MADE BY COUNCILOR JENNIFER FLOWERS AND SECONDED BY COUNCILOR ROYCE EMBANKS THAT COUNCIL APPROVE RESOLUTION NO. 30-2011, AUTHORIZING STAFF TO APPLY FOR THE DEQ OREGON 319 NON-POINT SOURCE IMPLEMENTATION GRANT PROGRAM FOR DESIGN SERVICES FOR THE MADRAS CENTRAL CORRIDOR STORMWATER COLLECTION AND WATER QUALITY TREATMENT PROJECT IN THE AMOUNT OF \$45,000. THE MOTION PASSED UNANIMOUSLY, 6/0.**

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

#### XI MADRAS BIKE AND SKATE PARK CONCRETE REPAIRS

- Approval of Construction Services Contract - L3 Construction
- Authorization to Make Necessary Repairs
- Authorization for Finance Department to Prepare a Resolution to Transfer Funds to Cover Expenses

Golf Course Superintendent / Parks Supervisor Burchell advised Council that what they have before them is a proposal for skate park repairs. He explained that he is not sure of the history of the Skate Park or how it came about. When he moved down here in 2008 he quickly realized that we might have a small problem. He told the Council that we will need to fix this as it is beginning to fall apart. The skate park we have is a tremendous asset to the community and to the kids that use it. We do not want it to fall in disrepair.

There was talk about adding gravel and possibly compacting that entire area, but he was not sure that this would work. He said that he was under the impression, looking at the old architectural plans, that there was landscaping there. He mentioned that there wasn't any, and that he didn't see any sleeves or any way of getting water inside that island, so we would have had to break out the concrete and add irrigation. This is a viable alternative, but along with grass comes maintenance, watering, mowing, and weeding eating.

After conversing with several contractors on-site, they determined that concrete would probably be a better way to go and would last longer. He told the Council that before them are three bids.

Councilor Embanks requested clarification that to fix this, to alleviate the problem, they are going to put kind of a concrete apron along the edges.

Golf Course Superintendent / Parks Supervisor Burchell indicated that this was correct. What they will do is put in four inches of gravel and compact that, and lay four to five inches of concrete over the top of that and basically fan that gap between the Skate Park inner sidewalk and the outer sidewalk that people walk on. He said that the contractor will shotcrete that, put some wire mesh in there, slope that down, and tie that in so it will appear that the entire area is complete.

Mayor Widmer mentioned that the kids will love that as it will provide more skate area.

Golf Course Superintendent / Parks Supervisor Burchell referred to the third picture that was attached to the staff report and said that this picture clearly illustrates how much of the sloughing off they have coming out from underneath the sidewalk. At some point

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

that concrete is going to collapse and cave in, and then they will have more damage to deal with.

He told the Council that they are going to do this weather permitting, if the Council approves, and that he hopes to have this done by March 1, 2012.

Councilor O'Meara wanted to know if the rest of the park was put in with shotcrete.

Golf Course Superintendent / Parks Supervisor Burchell said that he is not sure, but he thinks so as he thinks that this is how they do that. He told Councilor O'Meara that this is what the contractor recommends so it will stay in place.

Asst. City Adm. / PW Director Burril pointed out that some of these slopes are pretty aggressive.

Mayor Widmer noted that she is really glad that we are taking care of this before it becomes a much bigger problem.

Councilor Embanks agreed and said that we do not want this to turn into a liability and turn into a waste of time to start with.

Councilor O'Meara wanted to know where we are getting the money for this.

Asst. City Adm. / PW Director Burril explained that they closed two Public Works staff positions mid-year so there would be some savings there. Staff is asking that the Council authorize the Finance Department to prepare a budget resolution to transfer the funds from the City's Internal Services Fund to the City's Parks Repairs and Maintenance Fund.

**A MOTION WAS MADE BY COUNCILOR ROYCE EMBANKS AND SECONDED BY COUNCILOR TOM BROWN THAT THE CITY COUNCIL APPROVE THE CONSTRUCTION SERVICES CONTRACT TO L3 CONSTRUCTION IN THE AMOUNT OF \$7,275 FOR CONCRETE REPAIRS TO THE MADRAS BIKE AND SKATE PARK, AUTHORIZE STAFF TO PROCEED WITH THE REPAIRS ON AN ESTIMATED TOTAL PROJECT COST NOT TO EXCEED \$10,000, AND AUTHORIZE THE CITY FINANCE DEPARTMENT TO CREATE A RESOLUTION TO TRANSFER THE FUNDS FROM THE CITY'S ISF PUBLIC WORKS STAFF FUND TO THE CITY'S PARKS REPAIRS AND MAINTENANCE FUND IN THE AMOUNT OF \$10,000. THE MOTION PASSED UNANIMOUSLY, 6/0.**

## XII AUTHORIZED SIGNATORIES FOR FINANCIAL INSTITUTIONS

Finance Director Snyder told the Council that it is nice to be here with them as Finance Director, and because of that and because of the departure of Mike Morgan as the City Administrator she is bringing a request to them to change the signers in our financial

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

institutions. The City has a checking account with the Bank of the West, and on all of our checks we require two signatures, one staff signature and one Council signature. In addition to the checking account, the City also has a Construction Account that will include the new City Hall funds. She said that the City has an account with Home Federal Bank for the Madras Redevelopment Commission, a Police Fund account at Wells Fargo, the Oregon Treasury Account, and some funds at Bank of New York Mellon.

What staff is asking to do is, as of December 15, 2011, remove Mike Morgan as City Administrator, remove Bruce Foltz (former Finance Director), add Gus Burrell as City Administrator and herself as Finance Director. This allows us to have two staff members. This would be then the Financial Institutions and the accounts where any currency would transfer between organizations.

She said that we also has a Safety Deposit Box at Home Federal Bank. She told the Council that currently Julie Johnson had been an authorized key holder on that account. What staff is requesting is that Julie Johnson be removed and she be added as the Finance Director, and that City Recorder, Karen Coleman, be retained. The purpose of that Safety Deposit Box is to maintain our microfilm records so they are off-site.

She explained that if the Council approves these changes, it will require the minutes from this Council meeting. The minutes will be taken to the financial institutions and at that point they would give us the signature cards. All four signatories would sign on the same card, and the card would be returned to the bank. This leaves us without a signatory and without the ability to sign a check for the period of time between when we get the minutes from the meeting and when we are able to get all of the signatories. She said that she hopes to have this complete by the end of next week.

She told the Council that Accounting Technician Johnson prepared any additional Accounts Payable vouchers that they were concerned about that may come due within this short period of time when we would be without a check signer.

**A MOTION WAS MADE BY COUNCILOR RICHARD LADEBY AND SECONDED BY COUNCILOR JENNIFER FLOWERS THAT COUNCIL AUTHORIZE THE CHANGE IN STAFF ON THE BANK SIGNATURE CARDS STATED ABOVE EFFECTIVE AS OF DECEMBER 15, 2011. THE MOTION PASSED UNANIMOUSLY, 6/0.**

#### **XIII POLICE STATION / CITY HALL PROJECT - UPDATE**

City Administrator Morgan advised Council that today we opened bids at 2:00 p.m. this afternoon here in the Council Chambers. He said that we had seven bids that were submitted. He told the Council that he hesitates to be too specific, though the information is available for the press, on what the numbers are until after the architect and City Attorney completes their review tomorrow to make sure that the applications were legally sufficient.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

He said that clearly two of the bids were within our ability to pay. The lowest bid allows us to build everything that we had planned at the City Hall, the way we planned it. These were good bids. One of the things that enables us to do that is we enjoyed great savings on the furniture side of the equation working with the Department of Corrections, otherwise this would not be the case.

What happens then, after the architects review tomorrow, is that he will get his recommendation to us on the apparent low bidder. The Council has to authorize what is called a "Letter of Concurrence" where the Council concurs with the apparent low bidder that the Architect has identified.

He told the Council that we will need a special meeting for that and we would like to have that special meeting as soon as possible. He suggested that the meeting be held on Friday, December 16, 2011 at 12:00 p.m. He said that staff will have prepared an example of a "Letter of Concurrence". Things happen relatively fast with the Federal Government.

He mentioned that Assistant Administrator / Public Works Director Burrell, the Architect, and Finance Director Snyder have a meeting scheduled with Rural Development staff in Redmond, assuming the Council approves the "Letter of Concurrence", and will take the letter along with a whole bunch of other documentation to that meeting. Rural Development evaluates again, the apparent low bidder, and any modifications that the City has made to our budget (e.g. some numbers are up and some are down, but it is still within the overall goal). We are in hopes of getting Rural Development approval of what appears to be the apparent low bidder within about two weeks.

This would come back to the City Council. He said that staff would like to believe that this would be at the Council's first meeting in January, 2012. The Council would then actually make the bid award at that time and, from that bid award, would follow with the "Notice to Proceed" in pretty rapid succession because at that point in time you would have things pretty well tied up.

He mentioned that this is good news to report. We received lots of bids. The two low bidders were pretty close to each other.

Mayor Widmer wanted to know which Council members would be available to meet on Friday, December 16, 2011, and determined that there would be a quorum available for the meeting.

Councilor O'Meara wanted to know the difference between the high bid and the low bid.

City Administrator Morgan said that bearing in mind that these numbers have not been completely confirmed, including all of the add backs, the low bid was approximately \$4,041,000 and the high bid was about \$900,000 more than that. The local contractors were the lower bidders and the folks from across the mountains and down south were

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

the higher bidders, so this will be a local bid. The two apparent low bidders were CS Construction as the lowest bidder followed by Kirby Nagelhout as the next lowest bidder. He said that we will get everything we want and told the Council that he cannot tell them how many times he was prepared to value engineer, and we are not going to have to value engineer anything.

The consensus of the Council was that a Special City Council meeting be held on Friday, December 16, 2011 at 12:00 p.m. in the Madras City Hall Council Chambers.

#### **XIV BOND COUNSEL CLIENT FILE TRANSFER AUTHORIZATION FROM K & L GATES LLP TO HAWKINS, DELAFIELD, AND WOOD, LLP**

City Administrator Morgan explained that Harvey Rogers is considered the godfather of bond counsels in Oregon, and that Gulgun Mersereau and that staff are the people that we have worked with for all of our Bond Counsel services. He told the Council that he is not sure if this is a consolidation of K & L Gates with Hawkins or if Hawkins is totally new, but clearly in his estimation the best thing for us to do is to make sure that our files follow Harvey Rogers. This change is cost neutral.

He told the Council that before them is the "Client File Transfer Authorization" form. He asked that the Council make a motion approving the "Client File Transfer Authorization" to follow Harvey Rogers to Hawkins, Delafield, and Wood, LLP. Staff will fill this out and e-mail it to them tomorrow.

**A MOTION WAS MADE BY COUNCILOR ROYCE EMBANKS AND SECONDED BY COUNCILOR JON YOUNG THAT COUNCIL AUTHORIZE, BY MOTION FOR CONSENT, THE CLIENT FILE TRANSFER AUTHORIZATION FROM K & L GATES, LLP TO HAWKINS, DELAFIELD, AND WOOD, LLP. THE MOTION PASSED UNANIMOUSLY, 6/0.**

#### **XV TERMINATION OF EMPLOYMENT AGREEMENT**

City Administrator Morgan said that he has never had an agreement that terminates before, but City Attorney Green pointed out to him that this would be appropriate in this case. He explained that he has, working with the City Attorney, written his termination. He told the Council that he thinks that he understands the principal. It is important to have a milestone where you extinguish the appropriate sections of the current employment agreement, and that is what this is effectively doing.

As per his conversation with Council at their Special City Council meeting and Work Session he specified that should the Council request his assistance, his post tenure services would be at a cost to the City. He indicated that this is included in the termination agreement and is consistent with the conversation he had with Council at that time.

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

A MOTION WAS MADE BY COUNCILOR RICHARD LADEBY AND SECONDED BY COUNCILOR KEVIN O'MEARA THAT COUNCIL APPROVE THE TERMINATION OF EMPLOYMENT AGREEMENT, AND AUTHORIZE THE MAYOR TO SIGN. THE MOTION PASSED UNANIMOUSLY, 6/0.

XVI ADDITIONAL COMMENTS, ANNOUNCEMENTS, AND DEPARTMENT REPORTS

▶ POLICE DEPARTMENT REPORT

Police Chief Adams thanked the Council for the Employee Appreciation dinner. He mentioned that Sergeant Dennis Schneider has retired. He said that he will miss City Administrator Morgan.

▶ COMMUNITY DEVELOPMENT DEPARTMENT REPORT

TRANSPORTATION PLANNING RULE / TRIP 97

Community Development Director Snead reported that last week he finished his last hearing in the Dalles on the Transportation Planning Rule. This was a formal hearing before the Department of Land Conservation and Development where they got the rules changed. He said that it has been kind of interesting as the Rule Making Advisory Committee was composed of 23 people with lots of different interests (e.g. cities, counties, retail industry, etc.). The Department of Land Conservation and Development staff indicated that there wasn't a unanimous consensus, so there were different options.

There were a lot of people who testified in support of this. He told the Council that he thinks that they achieved some of what they wanted.

He said that he wants to thank the Council for allowing him to go there. He estimated that his attendance has cost the City approximately \$10,000 just to go to these hearings over the last 18 months. He noted that the City invested \$10,000 with no certain decision. He indicated that we don't always hit the objective, but he can assure the Council that people know who the City of Madras is, and they listen now. We have a voice at the table.

While he does not think that we achieved the specific outcomes that we wanted, he is now transferring a lot of his effort into TRIP 97 for which again, Madras with Bend, Redmond, and La Pine will be working on this planning project that everyone in the State is really looking at.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

He told the Council that they had the Governor's Transportation Policy Advisor asking to be part of this and they told them no because they want this to be a Central Oregon Project. They want to make a decision. They do not want Salem in effect telling them what they want. There are a lot of people who are very interested in this project because of the progressive ideas they are thinking about.

They will be conducting interviews on Thursday, December 15, 2011, of two firms that responded to the RFP. They will award the project very soon.

He explained that this is related to the Transportation Planning Rule, the Gary Walker property, and how the City had a problem there, tried to address state law, and is now taking action into their own hands for a collaborative very innovative plan that will allow us not only to address the issues of Gary Walker's property, but will collectively help us determine how we can take a leadership role for our own economic development objectives.

In January 2012 the Council will have a work session and he is proposing to have this project on that agenda. He told the Council that he will brief them as the project progresses.

#### ► PUBLIC WORKS DEPARTMENT REPORT

##### PLAN REVIEWS - MT. VIEW HOSPITAL / O'REILLY AUTO PARTS

Asst. City Adm. / PW Director Burril reported that there are a couple of active plan reviews going on right now. The Mt. View Hospital expansion is one, so staff is trying to expedite that for them. They have some needs of extra water for fire suppression. The City has done some things in the past to try to be ready for them, but there are still some things that have to occur to get that pressure to them and not knock the rest of the neighborhood out. Staff is walking through that process with them.

O'Reilly Auto Parts is an active plan review. From everything we can see they intend to move forward as well.

##### UPCOMING MEETINGS

Asst. City Adm. / PW Director Burril told the Council that there are a couple of different meetings tomorrow. Community Development Director Snead is going to go to one and he is going to go to the other.

## OFFICIAL MINUTES

### CITY COUNCIL, CITY OF MADRAS DECEMBER 13, 2011

The Governor's Regional Solutions Team is meeting tomorrow in Prineville for our region and they are trying to track things on a regional level that they were trying to implement in the city or county. If we are partially funded, but not fully funded, they want to know about that. They can make sure that we are connected to that team.

The Jefferson County Economic Development Team meets tomorrow. He said that they want to focus on some of the visions and goals we are looking at.

#### ▶ **CITY ATTORNEY REPORT**

City Attorney Green said that, on behalf of Bryant, Lovlien and Jarvis PC, he just wants to express their thanks and appreciation for having the opportunity to work with City Administrator Morgan. He told the Council that City Administrator Morgan has been an exceptional City Manager and that it has been great.

Secondly the Woodworth transaction closed last week. He said that this was quite an endeavor, but they got it done.

#### ▶ **CITY ADMINISTRATOR COMMENTS**

City Administrator Morgan mentioned that he reflects back about seven and a half years ago and the agendas were a lot shorter. It seemed like, when you look back prior to that time, we talked about the same things over and over again. We didn't get it done in one meeting. He said that he thinks that this came to an end.

December was the slow time of year and there was not much was going on, but that isn't the case anymore. Madras has changed.

He complimented Finance Director Snyder as she went through a very stressful week. This is a tough time of year for Finance Directors, but for the first time in four years we got our audit before January 1<sup>st</sup> and we didn't have to ask for an extension from the Secretary of State.

He thanked the Council for letting him serve. He told the Council that it has been really fun representing this community. Folks don't always agree with him, but that is to be expected.

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS  
DECEMBER 13, 2011

He thanked staff for putting up with his quirks, and said that he thinks that he is better for having had them work with him over these years.

▶ CITY COUNCIL COMMENTS

Councilor Embanks mentioned that when he started on Council in 2003 prior to City Administrator Morgan being hired, he didn't know much of anything about being a City Councilman. In his opinion, City Administrator Morgan has done a tremendous education process through the years for all of us that have been on Council. His wise and sage advice has certainly helped Council understand the issues.

He thanked City Administrator Morgan for the way he crafted the recommendations by staff, which were always clear and concise, and said that there wasn't really very many ambiguities. He told City Administrator Morgan that when things got heated, his example to everyone (e.g. staff and Council) on how he handled things within the meetings was a real lesson on how to handle themselves in difficult situations.

Mayor Widmer told City Administrator Morgan that it has been wonderful. She pointed out that he has been such a great mentor. She said that she tried to nail down the thing that she appreciated most about him and she thinks that it was the way that he always believed 100% in Madras. She never heard him speak a negative word about it. He always thought the best of this community. She mentioned that the City will miss him.

XVII ADJOURN

The City Council meeting was adjourned at 8:39 p.m.

15/  
Karen J. Coleman, City Recorder

15/  
Melanie Widmer, Mayor