

## **GLADSTONE REGULAR CITY COUNCIL MEETING MINUTES of March 10, 2015**

Meeting was called to order at 7:40 pm.

### **ROLL CALL:**

The following city officials answered roll call: Councilor Nelson; Councilor Mersereau; Councilor Johnson; Councilor Sieckmann; Councilor McMahon; Councilor Reisner; and Mayor Jacobellis

### **ABSENT:**

None

### **STAFF:**

Shane Abma, City Attorney; Pete Boyce, City Administrator; Stan Monte, Fire Chief; Scott Tabor, Public Works Supervisor; Jeff Jolley, Police Lieutenant; and Irene Green, Library Director

### **PLEDGE OF ALLEGIANCE:**

Led by Mayor Jacobellis

### **BUSINESS FROM THE AUDIENCE:**

Jerry Herrmann, River Resource Museum. Jerry introduced Former Senator Vern Duncan, was asked by the current legislature to speak on their behalf. Senator Duncan stated he was a part of this project from the very beginning and has been watching it for many years. He gave some background and highlights of the program saying there have been 1,000 young people have been involved with the program, there have been many learning activities, and volunteer opportunities, and he feels it has helped them become good citizens.

Former Senator Vern Duncan read a letter from former Senator and current Representative Bill Kennemer regarding the possible lease termination with the Earth Crusaders on the "water intake site" on the Oregon City site of the Clackamas River. He wants council to consider the many positive effects this program has had on hundreds if not thousands of lives in Gladstone, surrounding areas and indeed Clackamas County. He understands Mr. Herrmann has provided liability insurance and carried stewardship of the area. The program has provided 40 grants for youth and community beautification. They created the first youth and tourism corps, created numerous tourism and history programs, enhanced natural wildlife habitat and protected our natural resources.

Former Senator Vern Duncan Read a letter from State Representative Brent Barton, District 40. He highlighted the positive impacts of the Earth Crusaders program. Over the last 20 years it has connected 100's of area youth with civic improvement projects throughout Gladstone, West Linn, Oregon City and Milwaukie. Thousands of youth and community volunteers have worked out of the municipal pump station. They have done debris and litter removal from the rivers and educational tours for the general public.

Jerry Herrmann introduced Dan, Jacob, Cody, Juan and Jerry Miller who are the first youth and tourism corps in Oregon. There are 10 of them who have been trained to be tour guides. They are training the young people in the program to be tour guides, in hospitality and to be interpreters on tour busses and cruise vessels. They also work out at the River Resource Museum doing landscaping and did work in your city this weekend.

Jerry Herrmann introduced Kent Ziegler, a developer who wanted to speak. Kent Ziegler lives in Clackamas County and is the President of the Oregon City Business Alliance. He is here on his own behalf and says he met Jerry Herrmann in the mid 1980's when he was doing projects in Lake Oswego and he was so impressed with Jerry's ability to connect, not only with the community but with people who had issues and how they were able to resolve those issues. He feels Jerry has a unique ability to build bridges, to be able to look at an opportunity and fully capitalize it by engaging people. He states it's rare to find an individual who is so willing to give so much of himself, his time and his talents, to not only engage the youth but also the many citizens, organizing Earth Day for 15 years, and so much more. Kent asked the council to ask themselves how they could replace such a valuable resource not just for Gladstone but for the whole region. Jerry has not only been an amazing steward of the land he has to work with but he has been an example to these youth on how to have respect, learn how to work with others in a positive environment and feels those aren't the people you run across every day. Kent said he was putting his hat back on as the President of the Oregon City Business Alliance and asked that if they chose to terminate the lease, to please contact him prior to its termination so that Kent can engage the City Council and the Mayor Oregon City, since this property is in Oregon City on the Clackamas River, to have Oregon City annex the site to continue all of Jerry's amazing endeavors and efforts to engage the community then it would no longer be an issue the Gladstone City Council would have to deal with as Oregon City assumes that control.

Jerry Herrmann wanted the council to meet the people involved who provide future employment opportunities for the youth that are in the program. He introduced Dennis Corwin, General Manager of the Portland Spirit and said he is a resident of Gladstone. Jerry also told the council that Dennis Corwin's company hires approximately 90 of the youth from Jerry's program a year just to keep the program moving. Dennis Corwin stated that he and Jerry have worked together for years. They have done ecotourism out of his location with passengers and had a combined tour with one of their larger vessels coming out to the Oregon City area for the first time and they took the passengers off the boat onto motor coaches to really tour of the surrounding area. Dennis stated that Jerry's youth program has been instrumental in making this work. They are mentoring and training them to be tour guides and work in the tour and hospitality industry. Dennis said that if he can't employ them, which is his intention, they will get them out there to be employable by many others.

Jerry Herrmann, River Resource Museum said that the cities facility has a problem and needs to be closed, he knows that. Jerry said he has known about it for a year when he and City Administrator Boyce started talking about the issue. John Borden who is a civil engineer out of Oregon Department of Environmental Quality (DEQ) and also the water resource division. His division is actually looking at the permit that actually established that facility. Jerry said that John has a willingness to help the council solve a closure issue and asked him to come forward.

John Borden said he is a private consulting engineer and he lives in West Linn. He stated that he and Jerry go back a long time and Jerry was born one year before he was and that they grew up together on the same street for 69 years. John stated that Jerry had asked him to look at the Ranney collector and he hasn't looked at this in depth, but he was around when it was built, he was around when it became contaminated from the landfill, he was around when the water rights were transferred upstream and Gladstone now gets its water from quasi municipal entity. He said that now the question has become does something need to be done or is there a liability that may prompt the necessity to close that facility. He doesn't know the answers to all of the questions but does know some of them and can comment on them. He is not going to comment on them now but says he will be helping and working with Jerry on this and that as complex as the issue seems, it may be quite simple. He said it could be as simple as taking the pumps out, filling the lateral lines that go out to the underground area with concrete, capping them off, and maybe as a last resort filling the column with concrete. He also said "I suspect that that action, not very costly, could possibly terminate your liability in these areas". He said he's not willing to stake his reputation on it but his guess is that it's probably that simple. He said if he could be of any help in that regard he would do it.

Jerry Herrmann, River Resource Museum introduced Jerry Schmidt, Lead Administrative Pastor at New Hope Community Church which is a large church in the area. Youth and others you have seen participate in work at New Hope. They also participated in the river tours in the past and some of the bus tours that these folks are trained to participate in. Jerry Herrmann requested that Jerry Schmidt to come forward. Jerry Schmidt said he has known Jerry Herrmann for 20 years or so and he has also been a resident of Gladstone for 42 years. Jerry states that Jerry Herrmann has engaged some of the youth in his program to do some of the tours for them as a church. New Hope has had wonderful bus and river tours using the Portland spirit company as well. He said it has been delightful to see the passion Jerry Herrmann has for these young people and see them become all that they can be as he pours his life into them. The youth programs all signify the value he places on young people today and as a part of the property he does that on and apart from that he feels is certainly worth giving it every consideration that the council can in terms of the issue that is at hand.

Jerry Herrmann, River Resource Museum introduced his insurance agent Rod Willett who is a commercial insurance agent for Farmers Insurance. Rod has been involved with all of the projects Jerry has been involved in over the years. Rod Willett said he has been a resident in Gladstone for 25 years. Rod stated that he is there to assure the council that there have been no liability claims with Earth Crusaders and said that if the council has any concerns they are welcome to contact him and he can address those concerns and raise the limits to make sure the Earth Crusaders are covered for whatever the council feels they may be liable for. He also said he had sent a letter last week stating there had been no claims, except for the tree that fell on Jerry's car.

Jerry Herrmann, River Resource Museum said they had no more people there to speak and they didn't want to take up any more of the council's time unless they had questions for him. There were no questions.

## CONSENT AGENDA:

Consent Agenda items:

1. Approval of January 27, 2015 Adjourned Meeting, January 30 & 31, 2015 Council Retreat, and February 10, 2015 Minutes
2. Approval of Project List
3. Approval for a Full On-Premises Liquor License – High Rocks Restaurant and Lounge
4. Approval of National Campaign of Senior Center Meals on Wheels Program
5. Payment of February Claims

*Councilor McMahon requested Item 4 be removed from the Consent Agenda. Councilor Sieckmann made a motion that they approve items 1, 2, 3 & 5. Councilor Nelson seconded. Motion passed unanimously.*

Mayor Jacobellis asked about item 4. Councilor McMahon said that he had spoken to Rhonda Bremmeyer, Senior Center Director earlier and wanted it pulled so it would give Rhonda and some of her coworkers had the opportunity to speak to the council.

4. Approval of National Campaign of Senior Center Meals on Wheels Program:

Rhonda Bremmeyer, Senior Center Director introduced their transportation coordinator Shirley Scrivner and her center assistant Jamie Southworth. Rhonda Bremmeyer said she would be speaking on behalf of Debbie Ferren the nutrition coordinator who caught whatever is taking Mayor Jacobellis' voice away and was unable to be there to speak to the council.

Debbie Ferren has been in charge of the nutrition program for over 20 years. Some of you are aware that we have two different meal programs at the center, we have a congregate lunch that serves three days a week and meals on wheels that is a five day a week program with frozen meals on the weekend that use our services. Debbie wanted to share how our nutrition program has helped develop socialization skills for some seniors who live in their own homes and are unable to get out, and how it benefits them to eat a nutritious meal with us, and how important it is to their mental stability to get out of the house and not be isolated. Some of the seniors say that the senior center is a second home for them. Debbie also says that for their meals on wheels seniors, the person who delivers the meals may be the only person the senior sees all day long. The center has some wonderful drivers and one who has been delivering meals for over 20 years. In fact that driver used to deliver when the programs was delivered out of Oregon City years ago and when the program moved to Gladstone, the driver moved with the program. When Rhonda Bremmeyer goes and does home visits she regularly gets high praise from the seniors for the drivers who deliver the food and they really enjoy their visits. The nutrition program allows many seniors to remain in their homes and it saves the government a lot of money by not having to pay for care facilities.

Shirley Scrivner is the transportation coordinator for the center. She shared how she drives the "TRAM" to go and pick up senior on the days they have the congregate program and how important those programs are. Many of the seniors don't cook and the

one meal they get at or from the center the only hot and nutritious meal they get every day.

Jamie Southworth is the center's office assistant and educated the council on the March for Meals event. It is a national campaign by the Meals on Wheels Association and it is an awareness campaign to promote and educate the community about the program as well as recruit volunteers. It also gives them an opportunity to raise funds to run the program. They have donation jars in several restaurants and stores in the area. Donations can also be made at the US Bank on a debit or credit card. They also do a Burgerville benefit night and that will be Thursday, March 19<sup>th</sup> from 5 pm to 8 pm, and Burgerville will give the program a percentage of their sales during that time. Jamie has also given the council an invitation to drive a route delivering the meals, as well as to at least to eat at Burgerville and if they have an hour to come down and volunteer to hold a sign, a donation bucket or help promote the program.

Rhonda Bremmeyer, Senior Center Director read a little history on the program because it was sent by the Meals on Wheels headquarters. On March 22, 1972 President Richard Nixon signed into law a measure that amended the Older Americans Act of 1965 and established the national nutrition program for seniors 60 years or older. Meals on Wheels established the national March for Meals campaign in 2002 to recognize the historic month the importance of older American's act the nutrition program, both congregate and home delivered and raise awareness and escalating problem of senior hunger in America. The 2015 observance of March for Meals campaign provides an opportunity to support the Meals on Wheels program country through donations, volunteering and raising awareness about senior hunger and isolation. Our nutrition program in Gladstone has served our community for over 30 years.

*Councilor Reisner made a motion to approve Item 4 of the Consent Agenda. Councilor Nelson seconded. The motion passed unanimously.*

#### **Correspondence:**

6. Letter from Clackamas River Water Providers

7. Letter from Ildiko Nelson – Business License

8. Letter from Chris Binder – Seventh Day Adventists (SDA):

Councilor Johnson stated he had sent City Administrator Boyce an email asking if the city had sent a donation to the Seventh Day Adventist church but he hadn't received an answer. City Administrator Boyce said that the city did not but that the Fire Department Association, which they may have associated with the city, did. Councilor Johnson asked where those funds originated. City Administrator Boyce said the Fire Department does the collection and the toy drive, the Fire Department Association, which is separate from the city fire department, made the donation from that. Councilor Johnson stated that the city made a donation in there somewhere. City Administrator Boyce said the city made a \$500 donation to the toy drive. Councilor McMahan said they could easily say that went

to the over 100 families that they donated toys and food baskets to in the city. He said that they also get a lot of their toy and cash donations at Kmart last year and Target this year so some of the funds are comingled but would say the \$500 that the city donated definitely stayed in the city and the money that the fire department received for the food bank went up to the food bank at the SDA camp. Councilor Johnson said he feels the council needs to be very careful with separation of church and state and would like to discuss it at a later date.

## REGULAR AGENDA:

### 8.1 Update – Rinearson Pond Project – John Runyon:

Was not discussed

### 9. Ordinance 1455 - An Ordinance Amending Chapter 2.04 of the Gladstone Municipal Code To Change The Meeting Time For City Council Meetings:

City Administrator Boyce explained that the resident expert is not in attendance so he will read it by title. He said that the first step is to read it by title and then he would request a motion for approval of the first reading.

Councilor Reisner asked if it was necessary to have an ordinance saying when they meet. City Attorney Abma the charter mandates that you meet once a month doesn't say when or where. The city code apparently says that that it shall be on the second Tuesday, at 7:30 pm at City Hall. So in some fashion it has to be changed, so either you remove that completely and not have it in the code, which I wouldn't recommend, most cities have it in their code somewhere, so what we are doing here is amending the code. His recommended language is "council finds an emergency exists and therefore this ordinance takes effect immediately" and that is required by charter if that is going to take effect immediately.

*Councilor Nelson made a motion to approve the first reading of Chapter 2.04. Councilor McMahan seconded the motion. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahan- yes, Councilor Reisner- no, Mayor Jacobellis - yes.*

City Attorney Abma told Mayor Jacobellis that someone needs to make a motion to change section 3 if the intent is to have it take effect immediately which he believed was the intent. Currently section is not listed as an emergency ordinance which means it would take effect in 30 days so a motion needs to be made to remove that sentence so it would take effect for the next meeting in two weeks.

*Councilor Reisner made a motion to change section 3 to council finds an emergency exists and therefore this ordinance takes effect immediately. Councilor Nelson seconded the motion.*

Councilor Sieckmann requested they discuss it before taking a vote. He asked about the title of "adjourn meeting" and asked if that was in their code. City Attorney Abma said that it is not in the charter or cities code. The word adjourn is used in state statute for corporations who are required to have an annual meeting so if they are not able to complete their business in one meeting because it is too long so they have an adjourn meeting to finish the rest of the business which is different than a separate meeting. Council has been moving towards that having two distinct meetings with separate agenda items. Gladstone has used that term for many years and it's not a proper term, it's just what they have used.

Councilor Sieckmann doesn't feel that making the amendment to call the time change an "emergency" isn't appropriate, it doesn't rise to that level and would rather just wait it out and start the change next month.

Mayor Jacobellis said that was ok and they would move on. City Attorney Abma said that a motion had been made and seconded to change section 3 so to continue they need to take the vote and vote no to remove it if that is what the council wants.

Councilor Reisner asked about paragraph one where City Attorney Abma struck out the city "should" and added "will". City Attorney Abma said that was just extra verbiage and it was just a grammatical change. Councilor Reisner feels it should remain "should" in case of an earthquake or emergency and the building was damages, etc.

Councilor Mersereau said he disagreed with "emergency" comment. He asked if people came tonight because they thought it started at 6:30. Councilor Reisner answered yes. Councilor Mersereau asked why that was. Councilor Reisner said they had advertised it for that time. Councilor Mersereau feels that based on that it could be considered an emergency and they should make it happen.

Mayor Jacobellis requested they take the vote and if it passes it starts right away and if not they wait till next month.

*City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - no, Councilor McMahon- no, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed, it will take effect immediately.*

City Attorney Abma stated that someone needs to make a motion for the second reading by title before they can move on.

City Administrator Boyce read the ordinance by title. Ordinance 1455 - An Ordinance Amending Chapter 2.04 of the Gladstone Municipal Code To Change The Meeting Time For City Council Meetings.

*Councilor Nelson made a motion to approve the second reading of Chapter 2.04. Councilor McMahon seconded the motion. City Administrator Boyce poled the council*

*and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed unanimously.*

10. Transportation System Plan/Street Master Plan – Sewer Master Plan:

City Administrator Boyce stated that the council had asked for additional research to be done and that the city attorney has that for them.

City Attorney Abma stated that City Attorney Doughman, the public contracting expert had provided a memo for the council with those answers. City Attorney Abma the law changed in 2011 and for certain professional services of certain professions such as architects, engineers, the legislature requires cities to go through a qualification based selection, which means you have to first see who is qualified to provide the service and only then can you discuss pricing and that's if it's more than \$100,000. That is why it is a two-step process. He asked for questions.

Councilor Mersereau said he looked up the house bill 3316 and read the entire thing and didn't see anything where it said \$100,000 to \$250,000. City Attorney Abma said it is possible that it had already become a statute but he would have to look at it to tell.

Councilor McMahon asked if, as a capital project, it would be the same process for the Library or if it would be different since the library will be actually building something. City Attorney Abma said it wouldn't apply to the library, it only applies to very specific professional services. But he also said that it would depend on who they were hiring and specifically for what. Councilor McMahon asked even if the project amount was over the \$100,000 amount. City Attorney Abma said that even if you were hiring an architect to do the plans for the project it wouldn't apply because that would still be a contractor as opposed to personal services.

Councilor Johnson asked if the city had previously hired somebody through that process, they used them and negotiated with them, would they still have to go through that process again or can they use the professional services provider directly. It is the consultant who recently did the water and storm water master plans. City Attorney Abma stated that if the work they did for the city was the same type of work they may not have to, but just because the city has used a contractor or consultant in the past doesn't automatically qualify them so they don't have to go through the two-step process. He said it really depends on the work request, if the work request was the same they wouldn't have to. Councilor Johnson said it seems like water and storm water is similar to sewer. City Attorney Abma said it does seem similar and he would look into that for them if they would like to use them again.

Councilor Reisner for confirmation on page 10-7, paragraph 3, if they were asking for four or seven paper originals. City Administrator Boyce answered seven paper originals and four CD/DVD copies. Councilor Reisner said that it states "four (7) paper originals". City Administrator Boyce thanked him for catching that.

Councilor Reisner said that in the sewer master plan request for proposals, it talks about progress reports and billings being paid for the previous months work and he asked if when they receive those reports and bills if someone on staff could actually look at those and tell if in fact the work billed had actually been completed. City Administrator Boyce stated that in the past the progress report have been given to the public works director and from time to time he had been included on that, and the city doesn't have an engineer on staff. He said that to the extent that they are processing the master plans and the development of those, they do have some knowledge of what's going on and what's happening, however if he is asking if someone with engineering knowledge is reviewing those the answer is they have not, but it could be contracted out if council wishes.

Councilor Reisner asked if council would be seeing the contract once they had selected the consultant. City Administrator Boyce said yes, once they went through the scoring process and selected the consultant, then a contract would be negotiated and brought back to council to either approve or reject that contract or modify it.

Councilor Mersereau asked about project schedule on page 10-10 and the dates are already in the past. City Administrator Boyce stated that the schedule needed to be modified for the new solicitation, but this proposal had already been advertised with no success so this still has the original dates on it.

City Administrator Boyce stated that what he needs from the council tonight is approval to re-advertise it and he will modify those dates for the new timeline.

Councilor Sieckmann stated that he believed, from previous conversations with the city attorney, that one of those doesn't qualify as a qualified base selection. City Attorney Abma said that City Attorney Doughman said that for the transportation one, they would not have to go through the qualified base selection if they don't want to because it does not involve the national environment act.

City Administrator Boyce stated that he is working on alternate language to add to that solicitation so they will accept and take into account bids for the project. Councilor Nelson asked if wants them to approve the solicitation even with the dates not being correct. City Administrator Boyce said he would like some latitude with the dates but would really like to get it going as soon as possible. He believes that with the change of the dates he can see it going out no later than Monday. Councilor Sieckmann said that the dates or the same on the second one and asked if City Administrator Boyce would like to approve them both with said changes. City Administrator Boyce answered yes.

Councilor Reisner asked if the completion dates on those would remain the same. City Administrator Boyce said he would still like to shoot for the same dates but will have to discuss it with the consultant selected to see if they are able to meet those dates. He also reminded the council that they had asked for future contracts to have liquidated damages included in those contracts so they will be sensitive to those dates.

*Councilor Nelson made a motion to re-advertise. Councilor Sieckmann seconded. The motion passed unanimously.*

11. Police Station Seismic Upgrade Grant:

City Administrator Boyce reminded the council that they had been awarded a \$316,000 grant to seismically upgrade the police department but the grant can only be used on the current building, not on new construction. The current plan for the city is to prepare a ballot measure to be voted on in November of 2015, with council approval. Those in charge of giving the grants have said that if the city has not used any of the grant funds by the election date the city can opt out of the grant without a penalty. If in fact the city goes ahead with the grant at that time, the granting agency requires that the police continue using that structure for 10 years following completion. City Administrator Boyce is recommending the city accepts the grant, signs the contract with the granting agency and to have the council revisit this after the November elections, or if the council decides not to go forward with the ballot measure they can revisit it at that time.

City Administrator Boyce said there is preliminary work that will need to be completed prior to the November date to make sure they can complete the work within the time period required. The work must be completed within 24 months of signing the agreement. He stated that they will need to advertise for some professional services and go through the bidding process, as previously discussed, prior to the November date. The cost to the city is pretty limited, its staff time, some advertising and some legal review. He suggests that they proceed with that and they can actually decide after the elections whether or not to go ahead and contract the services to proceed or not to accept the proposals at that time.

Councilor Mersereau asked what the cost would be to the city by the November date. City Administrator Boyce said it would be a several hours of staff time, one to two hours of legal time, and advertisements and what media is chosen. Councilor Mersereau asked if it would be less than \$1,000. The answer was yes.

Mayor Jacobellis asked if those costs would be incurred around September as opposed to the near future. City Administrator Boyce said they would start advertising in September. Mayor Jacobellis clarified that no money would need to be spend until September. The answer was correct.

Councilor Reisner asked the value of the police station. City Administrator Boyce said they did an appraisal on the two buildings combined, technically it is one building, city hall and the police station, and it was approximately \$350,000 as is. Councilor Reisner states that he doesn't feel that putting that money into the building, whether it's taxpayers money, government money or otherwise. The building needs to be replaced even if the ballot measure is voted down. He said he can't support it.

Councilor Sieckmann said that it at least gives them a second option if it's voted down. He said he feels they should go ahead with the ground work and they don't have to make any decisions until November.

Councilor Mersereau said he supports what Councilor Sieckmann said. He said that they had looked at buying other buildings and they may be able to use the grant money on those buildings. He also agrees with Councilor Reisner whole heartedly, the building needs to be replaced. He feels that spending \$1,000 instead of losing \$350,000 is a good investment.

*Councilor Nelson made a motion to accept the grant. Councilor McMahon seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- no, Mayor Jacobellis - yes. The motion passed.*

12. Approval of the Gladstone Public Library's Policy Manual:

Irene Green, Library Director stated that she had Katie Lewis with her who will address one of the changes the council wanted to be made in the manual. The director stated the biggest change is in the behavior policy. She said that City Attorney Abma suggested the change be made in the policy manual as opposed to an ordinance because it is much easier to change.

Irene Green said that Councilor Sieckmann, Councilor Johnson and Councilor Reisner had all given input on this. This is also why Katie Lewis is here, the first change is on page 12-2, 3.2.3 Powers and Duties. Some of the council members wanted the fifth paragraph, "Recommend to the City Council prospective board members based upon review of a standard application form and possible personal interview as Board vacancies occur", removed to keep it consistent with other committees in the city. However we have some concerns with the library board so that is why Katie is here to voice her concerns.

Katie Lewis, Library Board member and Treasurer. She stated that they are concerned with that and that they have been in a state of flux and they act as a screener for applicants because, some applicants haven't shown up for their interview so their application has been removed from consideration. They want someone who has the best interests of our city and the patrons of the library in mind and without a personal agenda. They feel they should have that oversight and if an applicant doesn't show up for their interview then how are they to know if they will show up and participate in the board meetings. If you miss three board meetings you are off the board. So that is why they feel it is important for them to interview or screen them first and be able to recommend their choice to the council. She felt like it was a fair process for the board to be able to pre-interview the applicants, the council gets all of the applications for their review and selection, but they feel they should have the opportunity to prescreen the applicants.

Councilor McMahon asked what the difference was between the library board and the public library foundation. City Administrator Boyce answered stating that they are two separate entities and while the library foundation helps to support the Gladstone library they are not part of the city and are a standalone entity.

Councilor Sieckmann stated he was one of the ones who brought that up and one of his reasons was consistency throughout the city. He believes the library board does a very good job and he can see merit in it. He continued with, one of the other board and commissions they have is the planning commission and they actually have quasi-judicial authority, which means they are the judge and jury over law. They don't even do formal interviews or recommendations for those people and they are the second highest commission in the city. He has no problem with getting recommendations and feels it is wonderful for them to make recommendations but as far as policy, he feels they need to be consistent. He said that if the council decided that all boards and commissions interview all of the applicants and made recommendations he wouldn't be opposed to it. However he feels that if any board or commission did it, it would be more important for the planning commission to do that. He feels they really need to be consistent or there needs to be a really good reason for them to be inconsistent.

Katie Lewis, Library Board said that perhaps it might be in the best interest of the other boards to take into consideration that they should be screening their applicants as well. She also said that when you start removing and changing bylaws, and these are their bylaws, they were voted on by the council. She feels that if council starts removing bylaws to suit their needs, there may be no end and everything could go out the window. She feels they need to stand their ground and asks the council to look at the other committees and boards and suggests they prescreen their applicants too. It's a way for them to have a voice as well.

Councilor McMahan asked what other bylaws they are talking about. Katie Lewis stated it's in the bylaws of the City of Gladstone and asked if they had a copy of the bylaws. They didn't so she gave her copy to Councilor McMahan and Councilor Sieckmann.

Councilor Johnson said that their goal was to pass that tonight, it has been going on for some time and said that if there is a need for more discussion maybe they should get the library advisory board together with the council to discuss it in more detail.

Rhonda Bremmeyer, Senior Center Director stated that when they have an opening for a board member the applications go straight to the city, she never even sees the applications. When a board member is selected and added to her board, she is surprised and has no idea who they are because they have never been involved with the senior center. She feels that would be great for her and her board to be able to get the applications and be able to screen them as well.

City Attorney Abma wanted to make it clear that council has final authority on selecting board members.

Mayor Jacobellis said they really do need to talk about this because when you prescreen you find those of like mind. We have heard comments that we keep packing the boards with the same people because those are the people who get recommended.

Irene Green, Library Director said that they give recommendations but the council has the ultimate authority to choose and the council gets all of the applications. Councilor Sieckmann asked for clarification on "all of the applications", he thought they had said there were some they don't get. Katie Lewis stated that the only ones they don't get are those that don't show up for their interviews.

City Administrator Boyce said he believes that the last few times the council was provided with all of the applications. He feels that council should have all of them regardless of whether or not they showed up because they are the ones who make the decision. An application may be noted saying they didn't show up for the interview but council should still get all of them.

Mayor Jacobellis asked what the other changes are.

Irene Green, Library Director said the next changes are on 12-35 and that is the behavior section. Councilor Johnson pointed out a typo where it said age 8 but should be age 10.

Irene Green said there are changes on page 12-44, Councilor Sieckmann suggested "the library recognizes the following holidays" changes to "the library will be closed the following days and such others as proclaimed by the Gladstone City Council", which allow some flexibility in cases when city hall may close early or if council decided to change any of the hours.

Irene Green said Councilor Sieckmann asked why the standards for the Oregon public library were in there and she said she just put them in there for the council's reference, not for them to vote on.

Irene Green said those were the changes.

Councilor Reisner asked for clarification on something the auditor had said at the previous meeting, he thought they had said they didn't audit the library books. City Administrator Boyce said they had gotten the bank statements but they didn't do a full audit. Councilor Reisner asked if there was going to be an audit on the libraries books as well, as is stated on page 12-12 section 3.2.2 second sentence of second paragraph.

Mayor Jacobellis asked if they have a written exclusion form. Irene Green answered no, and stated that this is the policy and they will be looking at procedures after this. Mayor Jacobellis asked if they have talked to the police department to see how it will work if they were to get a call and need their services. Irene Green she said they have not, that will follow the policy.

Mayor Jacobellis asked how they needed to proceed. Councilor Sieckmann said he would like to make a motion. City Attorney Abma said there options are to approve it as drafted with no changes or to accept the policy with whatever changes you want. He said it sounds like number one seems to be the only one that has controversy.

Councilor Johnson feels it should go through the library board one more time in its entirety before it comes to council.

Councilor Sieckmann feels it is a policy decision they are making to make this match the other boards. As was said numbers two, three and four aren't a problem so it's really only number one that is the hang up. He stated he could make a motion and call for a vote on whether or not they include number one in the edits, or not if that is what the council wants.

Councilor Johnson asked what Irene Green, Library Director Preferences were. Irene Green, Library Director she said she would love to have council adopt the policy except section three, library structure and organization. Then they can go over the whole and insert it later. Because that wouldn't affect their daily operations. They are finding out they really need this, staff is looking for something.

Councilor Mersereau asked if they were to enact it tonight, how difficult it would be to go in and change that one thing. City Attorney Abma stated that they would need to put it on the agenda for that one item, then they would vote on.

Mayor Jacobellis said that would give them time to look into that and see if they want to bring everyone else up to the library's speed or the library down to match the other ones. He called for a motion to adopt the whole thing except section three.

City Attorney Abma suggested they make a motion and vote to accept two, three, and four. Then they will talk about 1 shortly.

*Councilor Sieckmann made a motion to approve the Gladstone Public Library's Policy Manual with the edits of number two, three and four of the document. Councilor Johnson seconded. The motion passed unanimously.*

*Councilor Sieckmann made a motion to remove paragraph 5 of section 3.2.3 of the Gladstone Public Library's Policy Manual as recommended by the library board. Councilor Nelson seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- no, Councilor Reisner- no, Mayor Jacobellis - no. The motion passed with a vote of four to three, it will be removed.*

Councilor Mersereau told Irene Green, Library Director and her crew did a great job on it, it was a lot of work and they worked very diligently on it.

13. Discussion – Water System High Pressure Zone:

Stan Monte, Fire Chief the stated that this issue could have been done as correspondence but he feels it should be open for discussion. The water system in the upper end of Gladstone, as outlined in this report, it functions today and they will use it if they have to. Their hope is with the new council and the approval with the sewer and water plan and

things are coming together, and they also understand the city's economic status but they want the council to understand that the system up there has serious issues.

Councilor McMahon asked for clarification and said when they had spoken his understanding was that it wasn't "high pressure" per se.

Scott Tabor, Public Works Supervisor answered saying it is the highest elevation in the city and it is in the high pressure system. In 2012 they had two back to back water main breaks. Before that in 2010 and 2011, while the fire department flowing hydrants there were multiple breaks in that area.

Scott Tabor, Public Works has worked with Mike Funk, Fire Marshal and he has reduced the pressure up there by six pounds since 2012 and it's not the system that's bad, it's the piping. They have an exorbitant amount of asbestos, concrete piping in that area. It's installed poorly, behind curbing, with other utilities that they must be aware of. When they are flowing the hydrants the pump station is pumping much harder because it is putting out a lot more water, as well as pumping enough water to make sure the homes in the area have plenty of water when needed. When the hydrants are shut down a lag is created but the pump station is still pumping furiously to provide enough water it creates so much pressure that those pipes burst or delaminate and look like a paper towel roll that has come unraveled.

Scott Tabor is telling the council that in the first picture it shows trees growing on top of their main lines. He states that prior to 2012 they had to remove three forty foot pine trees that were growing over that. Much of this piping is inaccessible because it goes between houses. There is pipe on Devonshire that runs between houses and then runs parallel behind houses as well as on Shadow Court and other areas in town. It's very poor installation and it should be out in the street, there are things they need to do. These issues were addressed in the water master plan.

Scott Tabor, Public Works stated that they need to look at replacing that piping and the good news is that they can put it in the street and not have to disturb the other piping. The reason that is good news is because once you disturb that piping and bring it above ground, it becomes hazardous waste. He said they wanted the council to realize the seriousness and urgency of replacing all of that pipe in the city and starting in that area.

Councilor McMahon said that the hydrant flows aren't as big of a deal but wants to know if a house fire were to occur, do they anticipate the same problems or do they even know. Scott Tabor, Public Works said they don't know but they really hope there are no house fires in those areas to have to use those hydrants.

Councilor Reisner stated that when they start replacing pipes that they start in that area and asked for clarification on what they want from the council. Scott Tabor answered they would like the council to embrace the policy of replacement of those concrete asbestos pipes and do it in an expedient manor over the next six or seven years. And to follow the plan on, not only the type of piping, but also the sizes recommended as well.

He stated that the hydrants will work but what is unknown is if the system will withstand the pressure.

Councilor Reisner wanted to make sure he understood and said that what they are talking about is laying all of the new piping and abandoning the old pipe and do nothing with it. Scott Tabor, Public Works confirmed that.

Scott Tabor, Public Works stated that when they had to shut that area down in the past because of breakage they had to shut the water off to the entire Sherwood Forest area. After the 2012 brake they were able to install a new valve which would allow them to isolate at least that section of street instead of the entire area, but it also depends on where the break took place. People really don't like you digging up their driveways or trees. His big concern is that if they have do have a big break it will tear up sidewalk, driveways and will very possibly destroy an expensive home that the city will have to replace.

Scott Tabor, Public Works he also told the council that the old pipe is in the same ditch as the high power electrical lines, cable, and phone lines as well. He described his crew laying in the bottom of the ditch to make repairs, they are laying in water, holding on to aluminum tubing which is a great conductor as you are also holding onto a high power electrical line. It's very dangerous.

City Administrator Boyce said that the water fund has built up a reserve so they have funds to start on capital projects. However to do it at the level outlined in the master plan would take a change in rates to accomplish that. He said they could prioritize AC pipe replacement and they do need to focus on that area.

14. Senate Bill 2800:

Bill Kabeiseman, City Attorney for Oregon City is here to talk about Tri-City Service District (TCSO). It was formed in the late 1980's and serves the residents of Gladstone, Oregon City, and West Linn with sewer service. He stated that when you usually think about special districts you think about single entity districts, water district, fire district, sewer district, etc. TCSO is a different beast. It is formed by the county through the voters, and by default, the governing body of the district is the county board of governors. You can have districts that are smaller than the county, a board of commissioners to serve as their governing body, and you can have multiple county service districts within the same county doing different things.

He states that it raises some issues and the biggest issue is representational. That means you can have a governing body that doesn't live within the district that is affected by it. You can also have one governing body that may represent multiple districts with competing interests. He believes the map in the presentation shows the first issue quite well. The red dots indicate where the county board of commissioners live and they are not in the district they govern.

The second issue is the rates, they aren't paying the rates, they're not talking to their neighbors about the rates, and it causes issues. The graph shows the green line which is

inflation set at 3 %. The blue line is the rates TCSD went to the advisory with last August and those were the expected rates for the foreseeable future. Then in December they got the red line which gave them the accelerated rate issue. He talked about how difficult it is to plan a budget, whether as a city or business when the actual rates differ significantly from the projected rates. The numbers are significantly different than presented and projected and they figured something was going on and maybe Tri-City is having some cash issues. They found that TCSD's budget was \$8.7 million a year and cash reserves of about \$7.5 million, about 87% of operating expenses. There may reasons for that but they were striking when looking at those rate increases.

The third issue they found is records mismanagement. Clackamas County Water Environment Services (WES) is a county service district and the county has several service districts but they all contract with the county and WES for management and running the district. WES runs TCSD as well as Clackamas County Service District No.1 (CCSD#1). A couple of years ago the director was fired for mishandling funds and improperly procuring some interests. There has also been four directors in two years and hiring a fifth. There was also an illegal firing of a whistle blower that led to a payout near \$1,000,000 and that money came from ratepayers of TCSD and CCSD#1 and other parts of the county.

Another issue they have is they are essentially taking off one hat and putting on the other as they negotiate a contract with one hat and they approve it with the other so you have signatures for the same people on both sides of the contract and there are many contracts that are done the same way. Oregon City has tried on several occasions to have the issue put on the agenda for the TCSD's advisory committee, who is supposed to be the city's voice for TCSD, and the TCSD's advisory committee refused to put it on the agenda unless they were told by the county board to add it.

He summarized with; board members not residing in the district and not subject to the rates, record of management issues, unstable leadership, one commission signing for multiple districts with competing interests, and a county who is not willing to deal with the issues Oregon City has had over the years.

He stated that with Oregon City being unable to get resolution, they introduced Senate Bill 2800 as their solution. The purpose of the bill is to allow the cities within that service district an opportunity to take over the rights and responsibilities of that service district. In this case it would take concerted action of Gladstone as well as Oregon City and West Linn to all decide they want to do that. It empowers the local representatives to have a voice in the decision. It essentially closes a loophole that allows a county service district to provide urban services mainly to city residences. More importantly it doesn't interrupt any contract. It calls for all contracts, either between CCSD and TCSD to remain in place or contracts between CCSD and union. The day to day workings don't change. This is about governance working at the 30,000 foot level looking at rates, and how do we make our deals with people into the future. It's really about governance at a fundamental level. The structure we base this on is south fork. There is a history of intergovernmental agreement between cities between Oregon City, West Linn and south fork that has

provided water for those cities for decades with a pretty good record. Their goal was to have a model that would allow that to happen. So Oregon City adopted resolution 1504 authorizing and supporting the local utility reform act. He said that the Oregon City Business Alliance as well as the Government and Economic Affairs Committee of the Oregon City Chamber of Commerce have endorsed HB2800. They are asking the council's support of HB2800 and looking at providing the opportunity for the change of the governance of TCSD. We are available to answer any questions you may have. TCSD Manager is here as well as the Public Works Director are also here to answer any questions.

Councilor Reisner asked who actually wrote the bill. Bill Kabeiseman said it was the legislative council. The way it works in Salem is, you get a concept to legislative council and they draft a bill. Oregon City put together a concept and gave it to Representative Brett Barton. Councilor Reisner stated a lawyer did. Bill Kabeiseman answered probably. Councilor Reisner said there is a constitution that says it's supposed to be written in plain language and this isn't. His concern is they need Gladstone's buy in but it says city this and city that but it doesn't say what city, so he feels that Oregon City could do whatever they want. Bill Kabeiseman said there are several different layers to that, and he urges they take their concerns to them because they have drafted legislative bills for years and they are the only ones who can draft a bill for legislation. He also urged them to have the city's attorney take a look at it because he feels it is clear that they can't take any action without the approval of their partner cities of Gladstone and West Linn going along with it.

Councilor Johnson asked Oregon City is asking of Gladstone and what the urgency is. Bill Kabeiseman, City Attorney for Oregon City said they would like Gladstone to support HB2800 and the urgency is that the Oregon Legislature is currently in session and the end date is set for June. Councilor Johnson asked what happens if it waits till next legislative session. Bill Kabeiseman answered it stays the same. Bill Kabeiseman said he thinks the session is very fluid, and as far as who will vote for it, they don't know he doesn't believe they have any firm commitments.

Councilor Sieckmann asked for clarification, HB2800 would allow TCSD the opportunity to change governance. Bill Kabeiseman answered it would give the three cities the opportunity to change the governance of TCSD. Councilor Sieckmann asked, wasn't the governance voted on by the people? Bill Kabeiseman the governance was set by the vote of the people back in 1980. Councilor Sieckmann said so this could be another vote of the people being struck away with a government pen? Bill Kabeiseman answered that is one way to look at it. Councilor Sieckmann asked why this session is so urgent. Bill Kabeiseman answered this stuff isn't new, it's been going on for a while, we voiced our concerns and we want it to change.

Greg Geist, WES Interim Director shared some history and current issues they are dealing with. TCSD was formed in 1980 by voters. It was a response to a building moratorium that was put in place by DEQ because of the failing facilities. Gladstone and Oregon City used to share a facility that was located off highway 99 where the

McDonalds is today. TCSD consolidated three facilities, the one for Gladstone and Oregon City and two for West Linn. The TCSD waste and treatment plant was completed in 1986. They are governed by an advisory committee in the form of the Board of Commissioners with the three city managers as well as the WES director. They have a budget committee that approve the budget that are five members of the public as well as the five member board of commissioners.

Greg Geist, WES said he was going to go over intergovernmental agreement in greater detail. He showed them the map of the two districts and how they are currently working in cooperation. The black is what they call intertie one. That was a pipeline that went in, he said there were some problems with the clean water act at the Kellogg wastewater treatment plant. The districts worked together to reduced the output at the Kellogg facility, built a new pipeline and TCSD rented them space. That pipeline went in 1999-2000. Also as a part of the intergovernmental agreement, they put in a new pipeline called intertie 2 in 2011 and the next one will be put in in a few years and will be intertie 3. Which will again bring down more of the sewage from CCSD#1 to the Tri-City facility.

Greg Geist, WES showed them "the facility as it is today with two digesters at the top that were built in 1986 and a new facility down in the lower left corner and that is the facility that CCSD purchased and paid for with \$89,000,000. They also at the time, in addition to having paid rent for treatment capacity, bought into that facility to the tune of \$4,000,000. So that was a transfer of funds from CCSD#1 to TCSD."

Greg Geist, WES said he won't get into the rate issue, too much, other than to say, generally those rent payments and the initial buy in helped keep the TCSD rates low for a number of years, artificially though to the point of not covering operating expenses.

In June 2013 they did their most recent master plan however it had some caveats. One of which, the most important one, is based on population estimates they received in 2011. What they found out was that those estimates haven't played out, at least in the near term. They expect it to be fine on a 20 year cycle but right now they are having a little bit better economic times and have had significant, twice as much growth between the districts as they had anticipated.

He started talking about the digesters that were built in 1986 and said they have accepted the growth that's happened since then. There was a conscious decision that was made by WES to extend the life of those by going to, what they call parallel digestion. They typically run those in series and for anyone who has been to the facility, they have redundancy. They have two of everything in case something breaks or requires maintenance they always have to have the redundancy to protect water quality and public health. So a decision was made to run both of those digesters together to increase their capacity. What that did is gave additional solids capacity for some number of years. What they anticipated, based on that 2011 growth curve, was that would get those 10 to 11 years out into the future. What they are finding is that they could run out of capacity in as little as four years. This raises big red flags and they went to their county board of

commissioners. They did a 20 year growth plan, the digesters were in the plan 10 or 11 years out. If they needed to do that much sooner than planned it would have a significant rate impact, so they wanted to get as much information out to as many people as possible to signal what the consequences here might be and then they needed to have a conversation about how to address this issue.

Greg Geist, WES said he didn't mention it, but the industry standard for looking at capacity is 80%, once you hit 80% of capacity of any treatment process you better start looking for what you are going to add. They are 60% overloaded in their original digester configuration, clearly above the standard of when to look at that. There have been no decisions made about rates or what to do with this digestion capacity issue but they went to the board and said they need to take a hard look at this.

Here is what they recommend. Reconvening a regional capacity advisory committee that comes from both districts, it was originally convened in 2008-2009 to look at mutual investments when it comes to capacity between districts. They are meeting with city councils, having multiple meetings with the river health and tri-city advisory committees and are hoping to get recommendations from a whole list of folks by November 2015. That's when they will know what they are going to do.

Greg Geist, WES said the financial health of WES has been questioned in several venues but wanted council to know that they have a rigorous audit process and have actually received awards for the past 15 years.

Councilor Johnson asked if hypothetically, CCSD did not exist and did not come and use our reserve capacity for future growth, which has been euphemistically called excess capacity, where would TCSD be today? Greg Geist, WES said TCSD would have overloaded digesters. Councilor Johnson asked if they would be building more digesters or more plant. Greg Geist, WES said the liquids handling capacity is still there, it's really the solids handling capacity that's limited at this point. He said that when they saw how far over they were, the flow from CCSD accounts for about 20% of the average annual flow that comes to TCSD so they would be overloaded even without CCSD.

Chris Storey, County Council's Office is here to present the county's position. They have a very urgent need from an infrastructure standpoint to avoid violating the clean water act and to protect public health and environment, in order for economic development to occur. Oregon City has raised the issue with governance and response has been the boards agrees with you but they feel that the other issue of avoiding a moratorium and sewage spills in the river are more important and they would like to discuss that first. That has led to frustration on the part of Oregon City and these are the discussions we are having today. They feel that the county and Oregon City have different perspectives and the counties is lets come up with plans to build the infrastructure and then they can discuss the governance.

Chris Storey, County Council's Office stated there is a third way to change county governance for the service district. Right now there is a procedure you can change from a

county service district governance which are ORS451 and under ORS450 you can be your own independently elected, such as Oak Lodge Water Reclamation Facility (WRF). That process is available by election right now.

Chris Storey also said that Oregon City had talked about their proposed model of south fork water board, does not require a statutory change, ORS190 would allow the creation that would allow some sort of partnership between municipalities right now without changing a thing. He said this is a third mechanism you could use to address governance. Their position is two mechanisms is a reasonable way, especially making sure that voters have the opportunity to weigh in.

He continued saying that Oregon City raised concern about some big issues and he will discuss those a little later. First he wanted to talk about questions asked by council, what is the urgency, and why now. He said that proposing a bill of this nature is a fairly radical step. TCSD is not the only service district in the county, there are nine and Gladstone is part of two.

Chris Storey made a statement of his own personal opinion, not the county or boards, just his perception. He noticed a significant change of attitude in the advisory committee meetings in which the district was participating, when Oregon City proposed in a right of way ordinance that applied in their view, to TCSD. And the right of way ordinance then levied a charge on TCSD for the use of certain Oregon City right of ways to reach the plant. That charge is approximately \$200,000 a year. When that issue was discussed at the TCSD advisory committee meeting, Oregon Cities proposal was that the TCSD rate payers collectively would pay that \$200,000. The ultimate recommendation that came out of the advisory committee that came to the board was that a surcharge would be applied just to the rate payers of Oregon City so that Gladstone and West Linn would not have to pay that extra surcharge and the vote was three to one. There were a couple of other debates around policy issues in TCSD and again the vote was three to one. His personal opinion was that Oregon City didn't achieve the policies they desired so they felt that a challenge of governance might be an appropriate path right now.

Chris Storey, County Council's Office stated that they want to note that they don't feel the issues raised are inappropriate or wrong and the county is open to the conversation. Part of the process the county has put forth in the letter is that they would like to have a regional conversation around this issue because the options discussed in HB2800 may be too limiting for what Oregon City would like to have on the table.

He explained that part of the challenge and the reason Greg mentioned the \$89,000,000, and their \$4,000,000 equity buy in, is because when you are talking about managing the plant you're not just talking to Gladstone, West Linn, and Oregon City, you are talking to your partners who are co-owners in the facility. And when you are talking about additional investment you might be better off sharing the load rather than concentrating it on a smaller population. He said that whether that is the policy decision that gets made is up to council and their representatives in the regional group but they didn't want to cut off the possibility of that conversation.

Chris Storey, County Council's Office stated that going forward the board has proven their willingness to have that governance discussion. I'm sure that you are aware that in November the board put a measure on the ballot to change the governance North Clackamas Parks and Recreation District (NCPRD). Several citizens approached the board and said they would like to have a different independent governance from the board, the board agreed and put it on the ballot. It didn't pass, but the board has demonstrated, that if there is a serious interest, they're willing to listen to the citizens. And they feel a vote of the citizens is a better mechanism of making that happen than HB2800. Chris Storey said he read the HB2800 the same way Councilor Reisner did as to say one city could make the decision for everyone else. He asked council to oppose HB2800 and said it goes too far and there are more important, immediate issues they need to be addressed first.

Paul Savas, Clackamas County Commissioner gave some of his background on his memory and involvement in this so council understand where he is coming from. He has been observing the sewer discussions for about 15 years. He served on the Oak Lodge WRF board 2001 and started attending the sanitary meetings when discussions were taking place about the regional needs as far as infrastructure in regards to sewer. I ran for Oak Lodge WRF board 2003 and got engaged at the regional discussions at that time as a representative from Oak Lodge sanitary.

Paul Savas said that, despite what council heard tonight, there is quite a bit of confusion about the facts both at the chamber of commerce meeting earlier in the week and again tonight. He stated that the discussion of governance was brought up and discussed and was settled in 2008, 2009 and the Intergovernmental Agreement (IGA) is an example of that. Followed by the bylaws of the wastewater advisory committee, which you are a member of. He said that Oregon City was one of the cities that were the lead in that discussion and chose what they chose today. The structure currently is exactly what they agreed to. So it's a different council, staff and city, and governance is again an issue. He doesn't disagree that it could be improved. He also said that he had talked so some of the council members about that and the county is willing to have that discussion in a more structured fashion. They've sent letters and correspondence to the city of Oregon City and the council was copied on those and the first meeting for the regional discussion is scheduled for March 25<sup>th</sup>. So the board is ready to go on that.

With how the IGA was done, both parties CCSD#1 and TCSD both negotiated for their position and the Oregon City manager at the time, was quite instrumental in the \$4,000,000 buy in into the plant and that is just one example of where they lobbied. Of course this is a cooperative agreement, the same attorney drafted the agreement but negotiated on both sides. The TCSD advisory committee set the rate, not the board of county commissioners. The board set the rates initially, went to the budget committee and was approved by that. The board has not approved what came out of the advisory committees. The advisory committees are very powerful, you have CCSD and county commissioners don't really live there and TCSD commissions don't live there, and that's why these committees were actually formed. He feels that if Oregon City has governance

issues it should be with all the partners. The fact that county commissioners do not reside in the district is not uncommon in county service districts but the county commissioners are elected by citizens in each of those districts. Special districts like port and urban renewal districts do not require any connection to the service district they serve.

Paul Savas, Clackamas County Commissioner liked how the West Linn city council referred to the board of commissioner for TCSD as more of a board of trustees, and they unanimously showed their opposition to HB2800. They expressed concerns about environmental responsibility, stewardship, clean water, and healthy rivers. He said \$59,000,000 was spent to rehab our plant and that was approved by the voters in 2009. CCSD stepped up and bonded for over \$100,000,000 between TCSD and all of their other buildings.

He stated that the digesters were due to be built in 2003 and that's why the discussion started in 2003 but they were deferred like your water pipes. That got kicked to 2013, the recession hit, and they were put off even longer and now we are flat out of digester capacity. We are facing serious growth requirements in both districts, CCSD#1 and TCSD as well as stricter DEQ requirements in both districts as well.

Paul Savas said in his opinion it is in the best interests of all of their citizens and the environment to work together, and with both districts working together they can provide the lowest possible rates. TCSD has enjoyed the lowest rates in the region and TCSD residents have been well served by the city manager advisory board model. The decision to run those rates in the red, artificially low for all those years was a decision many years ago.

He stated that when he became a county commissioner he attended all of the TCSD meetings, suggested a different representation model, knowing that this rate shock issue would come up. They did raise the rates to get out of the red and into the black and that was accomplished just this fiscal year. I raised those issues because I knew the digesters were due and they were scheduled. He encourages everyone to attend the regional meeting on March 25<sup>th</sup>.

Paul Savas, Clackamas County Commissioner said that what he knew about the director of WES, he was hired in 2005 2006 and he was let go for reasons I can't discuss and that happened this summer not two years ago. They have had a couple of interim directors in the meantime and we are in the closing phases of hiring a replacement director and the current interim director is one of those candidates.

Councilor Reisner asked what the meeting on March 25<sup>th</sup> is about. Paul Savas stated it will be the first regional wastewater advisory board meeting and that will include one seat from Oregon City, one from Gladstone, one from West Linn, Damascus, Milwaukie, Happy Valley, and one from unincorporated.

Councilor Reisner asked how often TCSD advisory committee meet and how many times a year. Paul Savas said usually quarterly, no less than quarterly.

Councilor Sieckmann said he keeps hearing about the \$4,000,000 buy in, I read through the IGA and I'm assuming you are talking about section 2.5 and it lists what comes up close to \$4,000,000 then it specifies the ground lease payment and the ROI payment and the opportunity payment together are the rent for this purpose, it doesn't sound like a buy in.

Chris Storey, County Council's Office said he would be happy to address that. What they did to structure it, because there were concerns from CCSD#1 when this deal was being negotiated and the advisory committee essentially asked, what assurances they had if they spend \$89,000,000 there that they'll be able to own what they're building. It's like do you build a brand new house on someone else's property. So they structured the agreement so that it's a ground lease and they are leasing the property for 25 years. Then they figured in all the infrastructure because the piece of the plant they built is one component but not a whole treatment plant. So you had the headworks, some of the pump works, the outfall, the digesters, so we figured out what the present value of those where and what the use of that share would be and they took that present value and became the return on investment (ROI) basically. TCSD rate payers paid for that infrastructure but it was going to be used by CCSD#1 so they should get their equity so the ground lease component was actually a relatively small portion of it, the ROI is the equity buy in and the opportunity is because TCSD had a plant and CCSD#1 wanted to use it so they paid more than actual cost for the opportunity to make that investment at the plant. Councilor Sieckmann stated so that actually isn't a buy in it's a 25 year rent payment. Chris Storey answered you could phrase it that way. Certainly the calculation for what the ROI was based on the equity position of TCSD for the facility.

Councilor Sieckmann said we're talking about a separate thing needing more capacity and asked what the urgency is? Paul Savas, Clackamas County Commissioner stated that the urgency is the moratorium they may be facing, they have about four years left and will be complete right on time if they start building in the next several months. Councilor Sieckmann asked if he meant a construction moratorium. Chris Storey said yes and continued, you have to realize this was built on a landfill. So we're going to open up a landfill, we're going to drive pilings, it's not like we're building on virgin ground here, it's difficult and very complicated construction here on this project. Councilor Sieckmann asked what effect a moratorium would have on Gladstone. Chris Storey said he knew Councilor Sieckmann was going to ask that question. He replied maybe you couldn't build your city hall, maybe not even your library. He also said he would note that if they don't build the infrastructure wastewater treatment plants have to treat whatever shows up. Their restriction is being able to discharge into the rivers so if it shows up and they can't treat it they will drive up their operating costs because they have to process it somehow, they are going to have to haul it to someone else's digesters, taking it to landfills, all more expensive options. He said there is a possibility of putting off capital for a while but it can show up on the operating side of the house.

Councilor Reisner said earlier in the meeting there was discussion about Gladstone's water pipes that need to be replaced and their stormwater isn't much better either, as they

discussed last year. He asked if there was less water going into the plant it would process easier and have less capacity right? Chris Storey said that there are three different components to capacity and the bottle neck, is where they are tightest on, is solids which is the stuff in the water not the water itself. The liquid side of the house is performing fairly well part of the challenge is low flow toilets so the amount of water has decreased but the amount stuff has not. It is processing the solids, it's the bottleneck they are concerned about. So while there may be real advantages to removing the infiltration and inflow (INI) that you can experience from sewer pipes because of rainwater and older pipes and that could potentially reduce their operating costs, that's not the bottle neck and they wouldn't be there with such urgency with that particular issue. It's the solids handling the conversation.

Councilor Reisner said last June he was at a Clackamas City's association dinner and talked to a couple of cohorts about this and the thought was why don't we get the four entities, Gladstone, Oregon City, West Linn and TCSD, in a room and work it out. Are we beyond that? Chris Storey said he didn't think so, and the hope is that this a blip in the relationship. They've had 30 years in successful service as the utility supporting your city. However the reason they've suggested the regional committee is because after the \$89,000,000 investment the table probably needs to include the representatives from CCSD#1 as well. A note on the advisory committee, you actually have one and one third vote because we wanted to make sure there is equity, so the four from CCSD#1 have the same voting power as the three representatives from TCSD.

Councilor Reisner said that Oregon City brought up that it's pretty much the same representatives for the board and advisory committee so it feels like they have double representation and it stinks.

Chris Storey, County Council's Office said it's awkward and in the IGA that's why the board said you work it out, whatever you mutually propose to us we're going to accept and not change a word. It was essentially shuttle diplomacy, negotiated back and forth. Proposals, counter proposals, how are we going to allocate cost, how are we going to figure it out, the opportunity premium frankly was a proposal that came from the TCSD group that said they should be getting a little something because they're the ones that had the plant and their showing up and asking us for a favor and CCSD#1 didn't like that but they agreed to it because it was a reasonable business term. When the agreement was reached between the two advisory committee's they both recommended to the board an adoption of an IGA they had drafted between the two of them, the board signed it and walked away.

Councilor Reisner asked if the members of the different cities within CCSD#1 have an advisory committee just like they do. Chris Storey answered yes, it's called the river health advisory board. They actually send elected representatives for the most part. And as far as the regional group they'd like you to know it's not a new thing and it shouldn't be too scary, it was convened recently. He said they may remember when the Blue Herron mill shut down there was a lagoon associated with it. DEQ had been putting new regulations on TCSD on the new plant that would have impaired our ability to continue

discharging it in the summer because of temperature discharges and they were anticipating an \$80,000,000 to \$130,000,000 project to try and not have hot water, while people would still have hot showers. The opportunity came up of buying the lagoon and the clean water act permit associated with Blue Herron and that project looked to save us \$60,000 to \$100,000,000. That proposal was not decided by the board, that proposal was brought to the regional committee and asked if the two districts would like to invest in this project together for the opportunity to avoid future investment. It was unanimously agreed and recommended that would be the course, so then the board approved that action and gave instruction to staff to execute.

Paul Savas, Clackamas County Commissioner he feels that the good side or Oregon City bringing this up is this conversation is due. He agrees that they all need to talk about it, he also agrees that they need to improve it, it's a matter of how and it needs to be done in a way that involves all of the partners. The one thing that has been talked about and they can go into it another time but the plant was built in the 1980's and it's nearing rehabilitation time, so in the next 10 to 15 years or so they will need to be making investments into that. Investments similar to what Oak Lodge did and CCSD#1 did with their \$89,000,000 membrane expansion there. The regulations are also changing and becoming stricter so a number of improvements will also need to be made as well. The other benefit of working with the other district is that if there is joint usage of that plant there is also joint responsibility in investing as well, in maintenance, upgrades and new construction. So just bear that in mind.

We are also partners in an ORS190 with Oak Lodge water and north Clackamas county water commission, you have a vote and you are represented. He recommends the ORS190 model of governance as the least complicated and has the right solution for all of the partners in TCSD. He urges the council to oppose HB2800.

Greg Geist, WES Interim Director clarified the earlier question of urgency relating to the digesters. When they put it together, it could be a suite of projects that could cost over \$50,000,000 and it would take a minimum of three years to put together and get online. So with capacity being gone in four years and it's a project that will take three years to complete, that is my sense of urgency. So part of what they did was proposed and the board of county commissioners supported, gathering more information on what we ultimately want to do is now proceed with a request for proposal (RFP) for the design for those, so if they need to build them as soon as possible, and that is the will, and that is the outcome, they have that critical path to make sure they don't run into a real capacity problem.

Kevin Johnson 6970 Winfield Court, Gladstone read a statement regarding HB2800. His thoughts are this is too big and complex to be thrown into a vote tonight with so little information. This bill was written by Oregon City and them alone with no input from Gladstone or West Linn or any of its TCSD partners. Is this a continuation with their ongoing battle with Clackamas County? If the bill was written by Brett Barton he should have contacted the partners. Do they want Gladstone and West Linn to pay for something that is mostly their fault? He would like to know how much of their sewer seed money

goes into the plant for future expansion and not just the pipes in their city. Make no mistake Gladstone ratepayers will be paying to enhance the TCSD capacity problem that we had very little to do with creating. TCSD was created by a vote of the citizens, then changing the structure to require a vote of the same people. But as they often do, the state thinks they know better than we do. You should say no to HB2800 until you have all the information and fully understand it.

John Lewis, Public Works Director for Oregon City they recognize that there are two issues and the issue they want to focus on is the governance piece and they recognize it's a difficult issue and the timing is such. He said their concern for timing is because they are concern is for some of the recommendations for capital improvements that are coming out and the timing of those. Right now TCSD and WES don't have a lot of debt and it seems like the right timing for that conversation before you jump into a real problem we can't resolve after you've gotten there. Even if council isn't ready to support HB2800 they do want your support in keeping the conversation open. He recommends that if you haven't been to an advisory board meeting, you should try or at least watch it on video. For three small cities in that environment it's a challenge, try getting your city manager to have much influence there, you get beat up there, it's not a healthy environment there at all with agencies like Oregon City who yes is the largest city and has had the most growth in the region, or at least in TCSD. Being in that position, especially when you are getting misinformation, and he will tell you having attended those meetings, the past director for that development really made it difficult to get information, it's like being spoon fed with the information to get you to the conclusion they want you to.

Yes Oregon City has been frustrated and they think the other partners have been frustrated as well but they aren't willing to go to this place, they have other pans in the fire with the county. Keep in mind how this organization is run under the counties full umbrella and there are some inequities there. You read the agreement that was signed in 2008, he doesn't feel Oregon City was there but as you read the agreement, you have to think, who was looking out for TCSD at the time of signing that agreement. They understand if they don't support the bill but they do ask for their support in keeping this conversation alive, and open and stay objective.

Mayor Jacobellis asked if any of the council feel there is need for further conversation.

Councilor Johnson feels like he walked into a vicious dog fight and does feel the need for more discussion. He feels like he doesn't know what he doesn't know and if they are forced to vote there tonight he would vote no because he doesn't have enough information to truly make an informed decision. He represents the people of Gladstone looks out for their interests and he feels he needs to understand things much better before he votes for something new.

Mayor Jacobellis stated that what he is hearing from Oregon City is: 1. Council doesn't vote, they do nothing and let it run its course, 2. Council votes on HB2800 and either supports or opposes it, and 3. Have City Administrator Boyce, at council's direction,

write a letter to Oregon City asking them to pull back HB2800 and give council a chance to start working through the process. Because this is a new city council, there is stuff to discuss, there is a meeting coming up March 25<sup>th</sup>, council sends representatives there, have more discussion and get more education and then if it does look like it's going down that road they and they get down the road and doesn't look like they are getting anywhere then they can reintroduce the bill. He asked for additional options from council.

Councilor Sieckmann said what he can see is a couple of really strong reasons not to support HB2800, the questions he raised earlier. However he does see some governance issues. The county wearing two hats when signing a contract or agreement. And CCSD#1 is probably getting larger than TCSO is in population. One of the issues that concerns him is different forms of governance and the meeting on March 25<sup>th</sup>, and it's going to be six or seven different cities. Right now Gladstone is a partial owner in TCSO but at this meeting on the 25<sup>th</sup>, there will be six cities there and so instead of Gladstone's vote being one in three, it will be one in six. It sounds like there are two or three advisory committees that talk to the board of commissioners all affecting TCSO and Gladstone is only one third of one of those committees. He feels Gladstone's vote keeps getting diluted every day. Although he doesn't support HB2800 he does want the county commissioners, in the near future, after council has had some time to get some of their other housework done, to sit down with them and their partners in Oregon City, West Linn and come up with a governance that will support our ownership in TCSO as well as be good partners with CCSD#1. That is where he stands.

Councilor Reisner said he was with Councilor Sieckmann. He said he has been trying to get the four entities together since last summer. He doesn't like the way HB2800 is written.

Mayor Jacobellis he stated that what he is hearing is that council doesn't support HB2800 but they do want to have a meeting and discussion with all partners about governance. He asked what council would we like to do with HB2800, do we ask Oregon City to rescind it and it sits on a shelf?

Councilor Sieckmann said he doesn't feel they should ask them to rescind it, council wasn't asked for input on writing it, he feels they need to oppose it. He said that if they can't have discussion with the county and can't come to an agreement on governance or if another governance is needed, then we can pull HB2800 off the shelf, it will be out there somewhere and he will definitely keep his copy of it.

City Administrator Boyce said that for the record Oregon City did reach out to him and the Mayor for their input before it was written and talked to them about putting forward a bill and they let them know that they did have a new council and there would have to be an education about it and they were concerned about the timeline. He wanted to make sure that was clear.

Councilor Mersereau said he opposes the bill.

*Councilor McMahon made a motion that City Administrator Boyce draft a letter with council's opposition to HB2800 but that they do want to continue the conversation with all of the partners, Oregon City, West Linn, TCSD, and CCSD#1, to discuss governance. Councilor Reisner seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed unanimously.*

**BUSINESS FROM THE COUNCIL**

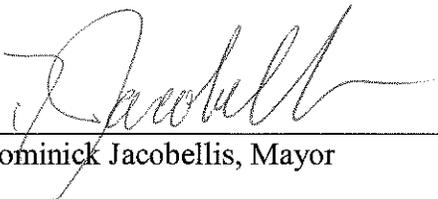
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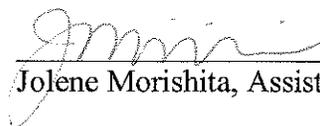
**ADJOURN**

Meeting was adjourned at 10:22 pm.

Approved by the Mayor this 28 day of April, 2015.

ATTEST:

  
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Dominick Jacobellis, Mayor

  
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Jolene Morishita, Assistant City Administrator