## City of Hood River

 **City Council Work Session**

 **April 13, 2020**

Council: Mayor Kate McBride, Mark Zanmiller, Megan Saunders, Tim Counihan, Jessica Metta, Erick Haynie, Gladys Rivera

Staff: City Manager Rachael Fuller, City Attorney Dan Kearns, URA Attorney Deborah Phillips, Finance Director/ACM Will Norris, Planning Director Dustin Nilsen, Fire Chief Leonard Damian, Police Chief Neal Holste, Interim Public Works Director Wade Seaborn, City Engineer Stoner Bell, City Recorder Jennifer Gray, IT Manager Bill Bohn, GIS Analyst Jonathan Skloven-Gill

Absent:

**I CALL TO ORDER** – Cell Phone Reminder – 6:00 p.m.

Mayor McBride stated there is procedure in place for the public who want to join the Council meeting by audio and there is also a procedure in place for the public who want to give comments in writing. If anyone who is listening to this meeting that has not received all the information, it can be found on the City’s website. This meeting will also be recorded and posted on the City’s website.

There is a full Council in attendance, this evening.

**II BUSINESS FROM THE AUDIENCE**

III PRESENTATIONS

1. Extension of the Local State of Emergency Declared Because of the COVID-19 Pandemic, R. Fuller

Fuller stated this is an update only. As City Manager, Fuller has extended the State of Emergency to at least April 30, 2020. The Statewide emergency and the Governors Executive Order does not have a time limit, but it is likely to remain through the end of April. All restrictions that have been put in place through the emergency declaration and otherwise remain in place. This is an update only. No Council action required.

**WORK SESSION**

**IV OPEN WORK SESSION** – 6:40 p.m.

**V AGENDA ADDITIONS OR CORRECTIONS**

**VI DISCUSSION ITEMS**

1. City Budget Committee Interviews, W. Norris

The Budget Committee is a local government’s fiscal planning advisory body. The governing body of each local government must establish a budget committee (ORS 294.414) in order to enact a budget. The Budget Committee is composed of the governing body (City Council) and an equal number of electors appointed by the governing body. Appointive members of the budget committee are appointed for three-year terms. An elector is a qualified voter who, for example, has the right to vote for a ballot measure submitted by the local government.

The City of Hood River Budget Committee currently has three vacancies. The City advertised the vacancies in the Hood River News, on the City website, and used social media to inform the public about the need to fill the vacancies.

The City received six applications. All six applicant’s eligibility to serve were verified by the Hood River County Elections office. Each candidate’s application is attached to this staff report in the meeting packet. It is expected that all FY2020-21 Budget Committee meetings will need to be held virtually to maintain compliance with the Oregon Governor’s Executive Order 20-12 titled, “Stay Home, Save Lives”.

Council interviewed each of the listed candidates below. One applicant withdrew her application after the packet was distributed.

Carolyn Smale

Daniel Kaler

Rudolf Kellner

Samantha Jeray – withdrew her application.

Tim Decker

Gary Reed

Council interviewed the five applicants in order listed below. Each applicant was asked the same three questions. 1. Please tell us a little about yourself and reasons why you want to be on the Budget Committee. 2. Hood River is a close community, friends and family may strongly offer advice on certain subjects and at times it may conflict with the financial direction that the City must go. How do you deal with these circumstances, knowing your decision may be unpopular? 3. Are you able to commit to the time needed to attend Budget Committee meetings and spend time with the Staff to familiarize yourself with the budget and Budget Committee?

Council voted for their top three candidates. The voting spreadsheet was added to the record.

 **Motion:** I move to appoint Rudy Kellner and Gary Reed to the Budget Committee with terms ending June 30,2022 and Tim Decker to the Budget Committee for a term ending June 30, 2020 to the consent agenda.

 First: Metta

 **Second:** Counihan

 **Discussion:** None

 **Vote:** Motion passed (roll called)

Ayes:  McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays:  None

             Abstentions:  None

             Excused:  None

1. Waterfront Stormwater Line Replacement Financing Work Session, W. Norris, W. Seaborn, S. Bell

Norris stated Seaborn and Bell are in attendance tonight, as well as Urban Renewal Agency Attorney Deborah Phillips who has been working on this issue. This item is mostly about funding mix and Seaborn will take the lead on design contract award.

The last time this was before Council was on August 12, 2019 where City Council received a briefing presentation on the stormwater line collapse in at least one section of the Waterfront District. There was discussion about creating a Local Improvement District to fund a portion of what is expected to be a $4.5 million project. At that time, City Council approved moving forward with an investigation of a LID, per Hood River Municipal Code 13.60 and also directed City staff to try to locate as many sources of outside funding as possible.

The purpose of this work session is to answer City Council questions on available funding options, receive direction on a preferred funding mix that the City Council may wish to memorialize in the preliminary LID notice and accept the City Engineer’s report. Establishing preferred funding proportions are not controlling on the final assessment, but they do communicate intentions to affected property owners.

City staff met with property owners identified for assessment in the attached City Engineers Report to solicit input on funding options. Hood River Distillers did not have availability to meet due in part to the COVID-19 outbreak. Additionally, the City was notified in early April that the Hood River Juice property recently changed ownership and there has not been time to meet with the new owners. Staff did meet with the prior Hood River Juice property owner. The City received formal responses on suggested funding mix from the Port of Hood River, but not any other affected property owners.

Norris reviewed the other funding sources. The PowerPoint presentation was added to the record.

**State of Oregon Lottery Revenue | Amt: $1,700,000 | Status: Secured**

Hood River’s legislative delegation was successful in obtaining language in House Bill 5030

(2019) that authorizes the State Treasurer “to issue lottery bonds in an amount that produces

$1.7 million in net proceeds […] to be transferred to the Oregon Business Development

Department Distributions Fund […] for distribution to the City of Hood River for replacement

of the Hood River Waterfront storm line.”

**Local Improvement District | Amt. TBD | Status: City Council Determined**

The Hood River Municipal Code authorizes the City Council to apply the costs of public

improvements proportionally to benefitted property owners. Assessments are secured by

lien. Repayment periods can be up to 30-years. The City of Hood River’s wastewater

treatment plant is the largest parcel of the benefited properties, meaning that the City’s

Sewer Fund will receive the largest assessment if a LID for the waterfront storm line is

finalized.

**Stormwater Utility Revenue | Amt. TBD | Status: City Council Determined**

The waterfront stormwater line replacement may also be funded with stormwater utility rate

revenue. The Stormwater Fund does not have sufficient balance to contribute immediately.

Instead, future stormwater revenues can be pledged to borrow funds for the project.

Because this project was unanticipated, either other projects will have to be delayed or rates

increased to accommodate the waterfront stormwater line replacement.

**Urban Renewal | Amt. Approx. $2,900,000 | Status: URA Board Determined**

Urban Renewal is a financing mechanism intended to remediate elements of blight that

create obstacles to economic development in a defined geographic area. The waterfront

urban renewal district was created in 2008 with a maximum indebtedness of $5.75 million,

of which approximately $2.9 million remains available. The Waterfront Urban Renewal

District paid for several odor control projects at the wastewater treatment plant, diagonal

parking on Portway, and the construction of Anchor way. Remaining projects identified in

the plan are the reconstruction of riverside drive, administering a business recruitment

campaign, additional spending trail connectivity and environmental remediation, most likely

in the Nichols basin.

Failing infrastructure is a typical example of blight making the waterfront stormwater line

relocation eligible for urban renewal funding. Urban Renewal Funds may also be used to

help offset some of the private costs associated with reconnection into the replacement

public stormwater line. However, making capital grants to private property owners may

require a Waterfront Urban Renewal Plan amendment.

**State of Oregon DEQ Loan | Amt. $500,000 | Status: Application Submit**

The Oregon DEQ Clean Water Revolving loan program is 50% refundable up to a maximum

of $500,000, for a total loan of $1,000,000. The City applied for this program on April 10th

and is awaiting acceptance. The Oregon DEQ helped finance the City’s sewer outfall

relocation project completed in 2016.

**USDA Rural Utility Service Loan | Amt. TBD | Status: Application in process**

The USDA Rural Utility Service (RUS) provides project assistance and financing to rural

utilities. RUS loans are partially forgivable based on need and funding priorities. Initial

discussions with the USDA suggest a 15% forgiveness rate for planning purposes, but this

is variable. The City is in the process of completing the loan application which requires

significant project reviews for compliance with federal rules. The City last used USDA

funding for the Indian Creek Pump Station project completed in 2015.

Creation of a LID does not impact the City’s ability to continue to pursue other sources of outside funding. The primary timing consideration is providing benefited properties with ample notice ahead of potential future assessments.

Norris explained if the City is successful in getting the financing, they will potentially not need any money from a LID. One of the options is to abandon the LID process if Council chooses. There is a wide array of options to choose from. That is the reason Norris wanted to work with Council in real time, to show them what some of the scenarios look like.

Council questions and discussion.

Mayor McBride stated there was some information in the meeting packet about the history of the whole issue and how the property of the Port was not historically there. The entire property is artificial. In her mind, she knows the sewer treatment plant is there and the City should be assessed like everyone else, but it would mean the burden would go on the entire City, even though it was land that was added later. This situation is specific to the Port District area. The LID needs to be equitable and she might agree that some of it might need to be paid in a LID. That large amount being added to the water/sewer bills for the entire City feels a little unfair.

Phillips stated it is completely up to the Council on how they want to assess the properties. The code requires the City Engineer make a recommendation. As you go through the LID ordinance, it uses language like “specially benefited.” At the end of the day, it is going to be up to the Council to decide how each property is going to be assessed. One idea is commercial appraisals of the value of the property with or without the dysfunctional waterline. Because of the way the code is written, it talks about all the other funds that will reduce the large amount. That is a starting point, if Council chooses to move forward with a LID.

Mayor McBride asked how staff came up with the amounts for each of the properties.

Bell stated it is the benefit, the need for the stormwater system is based off rainfall. They are assuming the rainfall falls evenly on all the properties. It is proportioned by just the area of the parcels. There is also a “all in or all out” methodology that is used. For the most part, a parcel as far as using the system goes one way. They are either using it or they are going in a different direction. The assessment was based off square footage for each parcel.

Phillips stated the Port property Tax Lot 112, continues to be owned by the Port and it is leased. From her understanding, the Port could pass the cost of the LID and as well as the cost under already apportioned to them under prior hold harmless agreement from 1975, to the property owners. In her view, it does seem like that could be negotiated. There are only two properties that are covered by these agreements. The other one is the Hood River Distillers property. The cost of the relocation that was initially for the Port, is passed on to Hood River Distillers. She believes those are two strong agreements that allocate costs. It would be up to Council to what extent they want to pursue that. There have been some definitive yes and no’s, but the public bodies have not addressed those issues. She believes it is important to mention these agreements, have Council consider them and how they want to move forward. The Port and Hood River Distiller properties are the only ones affected by this agreement.

Norris reviewed the allocations for Council to review and discuss. He reviewed the key policy questions: 1. Does Council want to use a LID? If the answer is yes, does Council want to modify the notice to express any type sort of policy intent. If that answer to that is yes, does Council want to count the financing that has not bene obtained yet. From whatever is left, what is Councils preference on LID, versus Urban Renewal, versus rate payers. That could be one order to take the questions.

Councilor Saunders does not want the property owners to pay the entire amount, minus the lottery money, but she does not want it to be too much. She believes some proportion from LID is going to be needed or in the sharing of cost. She is not sure what the amount would be, but her estimate is around $.05 to $1.5 million.

Councilor Zanmiller suggested the LID is a part of the solution, but Council should put all of the Urban Renewal first. That would be the $2.9 million, the $1.7 million and zero for rate payers. The size of the LID would be determined by how much funding they will get from the outside sources.

Norris stated at the current preliminary engineer estimates, even without any State or Federal funding, apart from the lottery revenue that is secured, Urban Renewal would be enough to finish the project without doing a LID. There would be left over to take a large portion of the private costs.

Councilor Counihan stated he agrees with using as much Urban Renewal money that is needed to take care of this situation.

Councilor Metta stated she had been in support of doing some type of LID but does not know what the amount would be. She had hoped to use the Urban Renewal money to do something more exciting.

Councilor Rivera stated it would helpful to know the amount of money that would be received to make a decision.

Norris stated he if confident in both funding sources. The City has successfully obtained both finance sources multiple times in the past for projects. For the DEQ loan specifically, any expenses since they have applied once approved will be financed. The meter started running on April 10, when the application was submitted. They will be able to retroactively get financing for any the costs, once approved. He stated it would be unlikely they would be unsuccessful. Norris confirmed that money that is needed to be paid back, can be paid with Urban Renewal funds. If the City is successful in obtaining all the funding possible, they could cover the rest with Urban Renewal and still have three quarters of a million dollars remaining.

Mayor McBride stated this issue needs to be addressed. They were lucky to have a had a mild winter this year, and no issues came up. She does not feel putting this off for another year is a good idea. She believes applying for the money is a good idea but if they have to backstop the whole thing with Urban Renewal, they need to move forward. If the money is received, a portion of it can be paid back with Urban Renewal. The cost is not put on the rate payers or the businesses who are both currently hurting due to COVID-19. This is what Urban Renewal money is for. She understands it is disappointing to not have money or as much money to do Lot 1 but the circumstances with COIVD-19 and the need to get this line repaired seem imminent.

Councilor Haynie agrees with the discussion and shares the perspective that Councilor Zanmiller and Councilor Counihan have. It feels like this is a community problem. He understands as part of the fix, the general flow of the City storm water is going to be diverted. In his mind this is not just a Port problem, it is a community problem. He is not opposed to the rate payer only because that is a high population and lower cost to all; spread the cost less painfully. The way the discussion has gone, putting the LID as the least favor option would be his preference.

Council direction is to not continue the LID path for right now.

**VII ADJOURN WORK SESSION** – 8:00 p.m.

**REGULAR COUNCIL MEETING**

**I OPEN REGULAR COUNCIL MEETING** – 8:04 p.m.

**II AGENDA ADDITIONS OR CORRECTIONS** – Addition to Consent Agenda; Budget Committee appointments.

**III CONSENT AGENDA**

1. Council Meeting Minutes – February 24, March 19 and March 27
2. OLCC Permit Application Approval

 Warin LLC, 212 4th Street, Hood River Full-On Premises New Establishment

1. Budget Committee Appointments

Councilor Saunders stated minutes on page 55, motion stated “I move to adopt Resolution 2020-06 with the modifications Councilor Saunders noted. It does not state what the modifications were. Fuller stated the minutes will be reviewed and clarified.

 **Motion:** To approve the Consent Agenda as amended.

 First: Saunders

 **Second:** Metta

 **Discussion:** None

 **Vote:** Motion passed (roll called)

Ayes:  McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays:  None

             Abstentions:  None

             Excused:  None

**IV REGULAR BUSINESS ITEMS**

1. City Financial Policy Update, W. Norris

Norris explained this was on a staff workplan attached to the Council Goals for this year; to update the financial policies. The last time the policies were updated was in 2016. Norris and Fuller reviewed the policies and worked to get them more aligned with typical best practices from other cities that are financial leaders. When he was looking into the legislative history on this, he found it fascinating to see how it reflected the financial condition of the City at any given time. See coversheet in meeting packet for full detail. The policies were tailored to address a temporary situation. Norris and Fuller tried to create policies that can stand the test of time. They are not reactionary to a point and time situation. Staff is interested in Council discussion and taking input on different directions. Even with the COVID-19 outbreak, Norris is pleased that the drafted policies hold up in changing circumstances. The policies were written and researched before COVID-19. He believes these are good policies to set in place even though circumstances have changed dramatically. He believes sending out a policy that gives everyone firm traction to continue a certain path, if that is the path Council wishes to take.

Attached to the staff report is a proposed financial policy update. The proposed policy is

combination of professional best practices as well as elements from several cities that the City

Manager and I know have particularly strong financial management policies. These include the

City of Bend, Lake Oswego, and Long Beach, CA. The proposed changes to the financial policies are intended to achieve the following objectives:

• Tailor reserve policies to the City of Hood River revenue context

• Continue to remove arbitrary dollar amounts or percentages

• Delineate amounts safely spendable on discretionary objectives

• Articulate the circumstances when reserves may be spent

• Implement general best practices not already included in City policy

Councilor Zanmiller suggested removing “To the extent feasible” under Policy No.8. Operating Funds will be Charged to Offset Accrued Liabilities, b).

b) When the City’s Public Employee Retirement System (PERS) account maintains an

unfunded actuarial liability, the City will deposit up to the amount necessary to bring

the City to 100% funded status into a PERS Side Account. *To the extent feasible*,

this deposit will be proportionally distributed across operating funds based on their

payroll liability.

It was agreed to strike out “To the extent feasible.” It will make it a stronger sounding statement.

Councilor Counihan asked about Policy No. 3. The Budget Process Is Based on an Annual Cycle with Minimal Mid-Cycle Adjustments c).

c) The creation of non-routine mid-year new programs or projects, higher service levels, or other expenditures during mid-budget cycle is discouraged and, if proposed, before

adoption is considered, should be evaluated for programmatic feasibility and impact and

for fiscal impact, preferably by the responsible operational department and by the

Finance Department. If an adopted mid-year program or project is in conflict in terms of

resource use or other aspects, the midyear program or project will have a lower priority

(compared to preexisting budgeted programs and projects) unless otherwise specified

by City Council.

Councilor Counihan suggested modified language for Police No 3. (c) “The creation of non-routine mid-year new programs or projects, higher service levels, or other expenditures during mid-budget cycle should be evaluated for programmatic feasibility and impact and for fiscal impact, preferably by the responsible operational department and by the Finance Department. If an adopted mid-year program or project is in conflict in terms of resource use or other aspects, the midyear program or project will have a lower priority (compared to preexisting budgeted programs and projects) unless otherwise specified by City Council.”

There was consensus amount Council to approve the changes suggested by Councilor Counihan.

Councilor Saunders stated in past financial policies, Council would review the policies annually and make any needed changes. She believes it is important to address and put eyes on it every year before going into the budget process. What is written in the draft policies is good but as Councilors change over time, they should be reviewing it and make changes as needed. She suggested having language added, to express this.

Norris stated it is not uncommon to have a clause for something like that. The reason he took it out was because the City was not changing policies very often. A lot of the time the policies were tailored to specific situations for that moment. The goal of these policies was to make it adaptable to be permanent. That is why he did not carry it over, but he does not have a strong recommendation one way or the other.

Councilor Zanmiller believes it would be a good reminder to Council this is a very important document, reminds them about their responsibilities and it will be what sets the attitude going into the budget meetings.

Council agreed to have it added back into the policies.

**Motion:** I move to adopt resolution 2020-07, removing the sentence that Councilor Counihan suggested in Policy 3, removing the language “to the extent feasible” in Policy 8 and creating a Policy 16 stating the City Council will review these policies annually.

 First: Counihan

 **Second:** Rivera

 **Discussion:** None

 **Vote:** Motion passed (roll called)

Ayes:  McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays:  None

             Abstentions:  None

             Excused:  None

1. Award Professional Service Contract for Design of the Waterfront Storm Line, W. Seaborn, S. Bell

After failing to reach an agreement with the consultant team initially chosen for design of the Waterfront Storm Line, the City of Hood River re-advertised the Request for Proposals (RFP) for professional services for the evaluation and design of the Waterfront Storm Line.

On November 4, 2019, this RFP was advertised in the Oregon Contractor Plan Center, Daily Journal of Commerce, Tri City Construction Council, Premier Builders Exchange, Salem Contractor Exchange, SW Washington Contractors 7017, Hermiston Plan Center, Central Oregon Builders Association, McGraw-Hill Construction Dodge, Construct Connect and the Hood River News.

A pre-proposal meeting was held on November 14, 2019, at City Public Works, including a site tour. Seven engineering firms attended. Two firms submitted proposals on December 11, 2019.

The two proposals were evaluated by using a ‘Content and Evaluation Criteria’ set in the RFP.

City staff entered scope and fee negotiations with the highest ranked firm, Tetra Tech. Negotiations resulted in the attached scope and fee totaling $614,458 for final design and permitting assistance for the Waterfront Storm Line relocation project.

**Motion:** I move that we authorize the City Manager to sign a professional services for $614,458 contract with Tetra Tech for final design and permitting assistance for the Waterfront Storm Line relocation project.

 First: Saunders

 **Second:** Rivera

 **Discussion:** None

 **Vote:** Motion passed (roll called)

Ayes:  McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays:  None

             Abstentions:  None

             Excused:  None

1. Authorize Staff to Sign, Certify, and Submit USDA Loan Application, W. Norris

City staff are continually working to identify as many outside sources of funding possible to offset the unanticipated cost of relocating a failing stormwater line in the waterfront area. On September 4th, 2019, the City hosted a “one stop” financing meeting with representatives from Business Oregon, State of Oregon Department of Environmental Quality, the United States Department of Agriculture (USDA) to determine what State and Federal funding sources are available. One of the recommended funding sources from this meeting is a partially forgivable loan from the USDA Rural Utility Service (RUS).

The USDA RUS loan program requires documentation authorizing a City staff person to “Sign, Certify, and Submit” prior to gaining access to their application system. City Council minutes are the most common form of documentation. The suggested motion below will document that the City Finance Director has been duly authorized to submit a USDA RUS loan application on behalf of the City.

The USDA RUS loan program has a rolling application deadline. However, it is helpful to start the loan application process prior to project design work. This is because the loan requirements might influence or inform the project.

Staff Recommendation: Authorized the City Finance Director, William Norris, to sign, certify, and submit

Fiscal Impact: The forgivable portion of the USDA RUS loan is variable based on the USDA’s evaluation of need and the other projects competing for the same funding. During the “One Stop” meeting, an assumed 15% forgiveness was assumed for planning purposes.

**Motion:** I move to designate the City Finance Director, William Norris, as an authorized agent of the City of Hood River to Sign, Certify, and Submit a loan application for the USDA RUS loan program.

 First: Saunders

 **Second:** Haynie

 **Discussion:** None

 **Vote:** Motion passed (roll called)

Ayes:  McBride, Zanmiller, Saunders, Counihan, Metta, Haynie

Nays:  None

             Abstentions:  None

             Excused:  None

**V REPORT OF OFFICERS**

A. Department Heads

1. Announcements

2. Planning Director Update

**VI MAYOR**

**VII COUNCIL CALL**

Councilor Saunders asked in regards to City communication on Stay Home, Stay Alive, is there something the City should communicate to people who are returning to Hood River from winter homes or second homes; should they self-quarantine for 14-days before immediately going to public places like the grocery stores.

Councilor Zanmiller really likes how all the entities are sending out the same message. If it fit into a consolidated message, that would be a good thing to do and maybe worth talking to the Chamber and local entities.

Councilor Haynie commended City staff for the high-quality communications coming out in all different directions. He believes people have been looking to the City for information and what to do. Good communication in difficult times is one of the keys to success, as a community. He commended staff for finding a path and options for public comment during Council meetings. The public messaging was clear; that is important.

Councilor Haynie stated he is warm to the idea suggested by Councilor Saunders. It needs to be toned right.

Councilor Counihan agrees everyone’s comments regarding Councilor Saunders question. Being respectful to the community is a good message.

Mayor McBride agrees there needs to be a unified message when things get reopened. There are a lot of people locally who are eager to get back outside and be active. She is also warm to the idea of a message to people returning to the community. There are pros and cons, she is not 100% in support of it.

Councilor Rivera believes it would best if the message came from the Health Department or a health official, as opposed to the City.

**VIII ADJOURN** – Adjourned by unanimous consent at 9:17 p.m.

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 Kate McBride, Mayor

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Jennifer Gray, City Recorder

*Approved by City Council on*