



MINUTES

Coburg City Council

Regular Session

January 9, 2007 – 6:30 P.M.

Coburg Municipal Court

32694 East Pearl Street - Coburg

COUNCILORS PRESENT: Mayor Judy Volta; Bill Judd, Don Nelson, Brian Pech, Michelle Sunia, John Thiel, Mike Watson

COUNCILORS ABSENT: None

STAFF PRESENT: Don Schuessler, John Bosley, Sammy Egbert, Craig Gibons, Clark Hanson, Karen Jefferis, Jack Harris, Milo Mecham, Kelly O'Neill, Petra Schuetz

RECORDED BY: Dan Lindstrom

I. CALL TO ORDER

Mayor Judy Volta called the meeting of the Coburg City Council to order at 6:30 p.m. She noted that its Agenda included the swearing in of reelected officials and Mayor's Annual State of the City Address.

Councilors joined in the Pledge of Allegiance.

Mayor Volta determined there were no requests to change the agenda.

II. ADMINISTRATION OF OATHS

City Attorney Milo Mecham administered the Oath of Office to Mayor Volta, Councilor Bill Judd, Councilor Brian Pech, and Councilor John Thiel.

III. STATE OF THE CITY

Mayor Volta presented a State of the City Address:

Greetings and welcome . . . City Council business is not the most exciting business in the world, but it is a necessary business and we appreciate those of you . . . who come and participate by your presence and your involvement. . . .

I would like . . . to express my thanks to our City employees. These past couple of years have been hard . . . because of the financial choices that we have had to make. You have stayed with us (and) worked long and hard . . . So thank you!!

This year . . . (the) Council once again (wants to) recognize a Coburg Employee of the Year . . . for

their diligence, their positive leadership and their going the extra mile . . . Chief of Police, John Bosley . . .

I would like to (also) pay tribute to our Council tonight . . . these folks have worked faithfully, some now for many years . . . even during our hard times, I have been impressed by the caliber and integrity of our elected council members. . . . Thank you!!! Your faithfulness to the task at hand is much appreciated.

Tonight I want to talk briefly about leaving a legacy . . . I am a mother (of seven) . . . (and) a grandmother of five . . . I also work in the school and community in my “day job,” creating links and learning opportunities between generations and sectors of our community. . In the past year, we have had a number of our old-timers pass away . . . mak(ing) me think about the relentless passage of time. Finally, (as) a student of history . . . I know how a future course can be shaped by a series of small steps, some positive, some not so positive. Even as we inherit a legacy from others, we need to make sure we Leave a Legacy.

So my question tonight is “What will those who come after us, say about our work here? Will they curse us, or bless us? Will we have made Coburg a better place for future generations, or will their lives be worsened by our decisions? Regardless of what we ourselves inherited as a City structure and situation, we need to improve it. What we do today will determine Coburg’s tomorrow. (We can not) take this responsibility lightly.

When I first took on the position of mayor in 2004 . . . I had no idea of the financial straits (of) our City. The period since has been very painful for all concerned . . . the City has had to be re-built, almost from scratch, including records, budgets . . . every department . . . the audit and the annual budget process. Even with bright spots, it has had its miserable moments!

Using the best numbers available to us at the time, the Council has twice made very tough financial decisions to put us on a better course. We have made drastic cuts in our City staff, going from 21 to 15 employees. We have cut our Police Department in half. It seemed that with every savings or unanticipated revenue realized, we encountered unanticipated expenses.

Although it certainly hasn’t been for lack of effort, it hasn’t been until very recently, that we have been able to get a true picture of our past financial challenges. Our deficit situation of previous years was bleaker than we even imagined.

On (the) one hand, it can be very discouraging to think of how much our city has to recover. On the other, it is important to remind ourselves that as soon as we become aware of our plight, we began working on the problem. We will continue on that course.

We are taking sound steps under the direction of our new Auditors and Craig Gibbons, our Finance director, to keep us on track. It won’t happen overnight, because the situation didn’t develop overnight, but we will get there. I am determined that we will get there.

I am hopeful that the hardest part is behind us, but my over-arching commitment to the City is fiscal scrutiny and prudence. We have set up some good structures, such as our Financial Oversight Committee. We have also taken steps to establish separate accounting functions to avoid . . . potential conflicts of interest – from check-signing procedures to bank statement (opening) to processing invoices. I hope we will make additional positive changes as recommended by our Auditors. This is for both our present health and our future legacy.

It has become apparent that our City needs to identify a stable revenue source in the coming year that is as fair as possible and that impacts our citizens the least (intrusive way). The Council held a Work Session on this topic last fall, and we are looking at several options. We haven’t made a decision yet, and we (will) value your input in the coming months.

But all is not gloom and doom! For example, the enrollment at Coburg School has been climbing steadily, and is now 150 students. This healthy increase is due at least in part to our city’s three-year Principal Partnership . . . Our thanks to Monaco and Marathon, Guaranty RV, Truck & Travel, Pacific

Detroit Diesel and the 4J School District for this very effective partnership.

And our City has been pulling together with a sense of renewed community spirit. Our citywide events – Heritage Days, Coburg Golden Years, Quilt Show, Car Classic, Antique Fair and . . . celebration of Christmas in Coburg all demonstrated (our) finest. . . . The scores of our citizens who labor cheerfully day after day, volunteering on various committees, working at the school, helping one another make Coburg the wonderful little town it is! And this is the City I am privileged to serve!

What is to come in the near future? What will Coburg's tomorrow be like?

Well, this summer we hope (“Lord willin’ and the creek don’t rise”) to break ground for our long-awaited wastewater project. As I’ve said before, I want our ground-breaking to be grand, so bring your shovel!!! . . . This has been the most ambitious project that Coburg has undertaken, and we need federal help, so once again I am going back to (Washington) D.C. in February as part of United Front to make the case. Prayers are in order.

We also have other projects – our water master plan . . . comprehensive plan . . . (and) continued attention to our streets, trees, parks, school, (and) historic designation. It is hard work, but the best reward is knowing that we can leave a better legacy for the generations who follow.

So, in conclusion, let’s not be discouraged. Let’s keep at it. Thank you for your frequent words of support, your prayers, your admonishments, and your participation in our City. As the old gospel song says, “I may not know about tomorrow, but I know who holds tomorrow, and I know who holds my hand.”

Thank you again for coming tonight and let’s work together to build a lasting, positive legacy for Coburg!

Mayor Volta invited the public to join Councilors and staff in a period of refreshments.

IV. COMMENTS FROM CITIZENS

John Lehmann, 91090 Abby Road, presented a memorandum dated January 7 and reviewed information it contained regarding groundwater and drainage problems caused by debris and settlement in pipes in the City Park. He requested that the Council direct that the problem be corrected.

Bob Hawley, 91096 Abby Road, stated that his home was also affected by the problems created by the clogged or inadequate drainage system in the Park and asked for Council support in having it repaired.

Mayor Volta reported that the request had been referred to the Public Works Department for corrective action.

Councilor Mike Watson stated that his residence shared the drainage system identified, but was located on higher ground and did not suffer the problems reported. He said he believed the lack of City maintenance of the Park system was causing the difficulty.

V. MAYOR'S COMMENTS

Mayor Volta expressed condolences to Municipal Court employee Marcene Petersen on the recent death of her mother. She said a sympathy card was being circulated for Councilors and others to sign.

VI. CITY COUNCIL PRESIDENT ELECTION

Mayor Volta reported that she had determined that Councilor Watson was willing to continue to serve as Council President.

Councilor Michele Sunia moved, seconded by Councilor Judd, to elect Mike Watson as President of the City Council for the 2007-08 Biennium. The motion was adopted unanimously, 6:0.

VII. DEPARTMENT REPORTS

A. Municipal Court

Mayor Volta noted that a written report of Municipal Court activities and financial affairs had been received.

B. Police

Mayor Volta noted that a written report had been received of Police administrative activities, annual budget comparisons, grants received, and 2006 high profile cases, with attachments showing crime statistics for Coburg and other Lane County cities.

C. Public Works

Public Works Department Lead Worker Jack Harris referred to his January 2 memorandum about questions raised by the Council at its December meeting regarding the health and maintenance of large street trees within the City right-of-way. He noted that it was proposed to conduct a Tree Inventory that would enable bidding by arborists to conduct trimming and other repair work. He said he did not believe the full \$5,000 previously suggested as the cost of such a study would be needed.

Councilors discussed, at length, the purpose of the Inventory and whether it was necessary to conduct the study before maintenance work was begun.

Mr. Mecham explained that a competitive bidding process was not required to establish a contract for services that did not exceed \$5,000.

Finance Director Craig Gibbons stated that he could confirm that funding for the proposed study was available after the Council acted on a Supplemental Budget proposal to be considered later in the meeting.

Councilor Judd moved to approve the Tree Inventory, subject to funding being available. There was no second to the motion.

Mayor Volta determined that there was agreement to continue discussion of the proposed study at the February Council meeting when additional information would be available.

D. Planning

Mayor Volta noted that a written report from the Planning Department had been received which included the Agenda of the January 3 meeting of the Planning Commission and a summary of current and past actions related to a request to vacate a portion of East Delaney Street.

E. Finance

Kenny Allen stated that he represented Pauly, Rogers, and Company, which had prepared the document entitled "City of Coburg – Coburg, Oregon – Cash Basis Financial Report with Independent Auditors' Report for the Year Ended June 30, 2006." He referred to his January 9 memorandum and reviewed information it contained about the purpose and results of the Audit.

Mr. Allen commended the Coburg finance staff for its professionalism and quick and efficient support of the Audit work. He noted that the Report provided a "clean" opinion of the financial records of the City. He said there were two exceptions to the opinion and reviewed information regarding them in the Audit Report. He noted that there were Reportable Conditions recommended for correction:

1. Difficulty in tracing employee payroll history
2. No evidence of approval or review of Municipal Court bank reconciliations
3. Lack of segregation of financial staff duties related to access to physical assets and access to related accounting records
4. Complex City Fund structure
5. Correction of errors made in fund transfers and interfund loans

Mr. Gibons referred to his January 9 memorandum regarding the Reportable Conditions in the 2006 Audit and reviewed staff corrective actions about each:

1. Institution of "Status/Payroll Change Report" and an "Employee Payroll History" log to document and record all salary changes
2. Accounting staff reviews Municipal Court bank reconciliations monthly
3. Finance Director opens all bank statements since December 31
4. A recommendation to reduce the current 23 funds to 12 will be presented later in the Agenda
5. A Supplemental Budget will be presented later in the Agenda to consolidate all interfund loans and resulting deficits into the General Fund

Councilors discussed the Auditors Report – terminology correction needed in reference to Wastewater Treatment System, Auditor's approval of corrective actions taken by staff, reasons for and problems created by large number of funds, value

and importance of timely Audit reports, importance of the separation of specially designated funds, and the involvement of the Audit process in budget planning and control.

Mayor Volta noted that Agenda support material entitled "Fund Structure, Reportable Condition Four" had been distributed. On the suggestion of Mr. Gibons, it was agreed that the proposal it contained to simplify the number and purpose of City funds would be discussed at the February meeting of the City Council.

Councilor Watson moved, seconded by Councilor Pech, to accept the Fiscal Year 2006 Audit. The motion was adopted unanimously, 6:0.

Mr. Gibons reviewed Financial Highlights of assets and liabilities of the City found in the "Management's Discussion and Analysis" section of the Annual Financial Report. He discussed information contained in tables included in the Report: "Factors Causing Fund balance Deficits," "Ending Fund Balances," "General Fund Ending Fund Balance," and "General Fund Annual Gain/(Loss)."

Mayor Volta asked why the City continued to operate with a deficit in the face of staff and expense reductions instituted by the Council. Mr. Gibons replied that part of the problem was caused by the fact that the current budget was created without accurate financial information and history. He said over-expenditures were also caused by a lack of monthly status reports. He said both factors were being addressed. He said it was anticipated that 2007 revenue would meet or exceed expenses. He said additional excess revenue would be needed to reduce indebtedness created by inaccurate budgets and unintentional over-spending.

Mr. Gibons referred to Agenda support material entitled "Second Supplemental Budget." He reviewed information it contained regarding problems related to inter-fund loans and beginning fund balances – spending exceeding revenue, intentional interfund loans, and loan reimbursements made in error. He also reviewed information in the material regarding unanticipated revenue and expenditures requiring budget adjustments – water debt service interest payment refunds, unanticipated room tax revenues, unanticipated parks expenditure, and Systems Development Charge (SDC) refund.

Mr. Gibons referred to Exhibit A attached to the Agenda support material entitled "Ending Fund Balances" and reviewed proposed adjustments to funds, consolidating all deficits into the General Fund and providing correct balances for each of the other funds. He said the adjustments were only possible because of the timeliness and accuracy of the 2006 Audit and would enable accurate budgeting in the future.

Mayor Volta observed that the proposed budget adjustments were accounting matters and did not involve any loss of resources.

Councilor Thiel said he was concerned that the proposal was "one-way" from which there was no "going back." He said the changes highlighted the enormity of the deficit faced by the City. Mr. Gibons replied that the proposal did not change the deficit, but clarified budget actions required to reduce it.

Councilor Sunia asked if Oregon municipal budget ordinances allowed Cities to operate with negative General Fund balances. Mr. Gibons replied that his consultations regarding the Coburg financial situation had convinced him that the proposed Supplemental Budget was the most effective way to address the problems. He said

that a negative General Fund balance was not generally accepted, but was necessary to prepare a plan to address the City deficit.

Councilor Don Nelson said his first reaction to the proposal was that it was “smoke and mirrors” but that he was ready to accept that it was important to reimburse funds that had been improperly transferred, making the entire deficit be in the General Fund where it belonged.

Mr. Mecham noted that the Auditor had recommended an action similar to that proposed in the Supplemental Budget in the identified Reportable Conditions. He said, in the past, emphasis on maintaining a positive General Fund balance had led to interfund borrowing, which inappropriately hid the City deficit. He said the proposal corrected errors, took the deficit out of hiding, and was an attempt to get the City into concurrence with budget laws. He said a Public Hearing was required to adopt a Supplemental Budget and had been given proper public notice.

Mayor Volta opened the Public Hearing.

Mr. Gibbons stated that the purpose of the proposed Supplemental Budget was to consolidate all deficits into the General Fund and make adjustments for City Council actions taken earlier in the fiscal year.

Mayor Volta determined that there was no one present wishing to testify and closed the Public Hearing.

Councilor Pech moved, seconded by Councilor Thiel, to approve Resolution 2007-01, Supplemental Budget.” The motion was adopted unanimously, 6:0.

Mr. Gibbons referred to Agenda support material entitled “December 31, 2006, Financial Reports” and highlighted information it contained – “General Fund Expenditure Summary,” “Monthly General Fund Expenditures,” “Monthly General Fund Personal Services Expenditures,” and “Monthly Revenue Highlights.” He commented on charts included regarding projected General Fund expenditures and revenues and referred to reports attached – “Revenue and Expenditure Summary,” “Revenue Report,” “Expenditure Report,” “Bank Balance Report,” and “Check and VISA Statement.”

F. City Administrator and Recorder

City Administrator and Recorder Don Schuessler reported that employee evaluation processes presented to Council in December had been reviewed by staff and slightly amended on their suggestions. He said it had been decided to conduct the evaluations in July, avoiding complications created by the annual budget planning process.

Mr. Schuessler presented a review of what he considered to be highlights of 2006 in the City Administration:

- Changes in personnel: promotion of John Bosley to Chief of Police, new City Attorney, new Finance Director and new Utility Worker.
- Reduced work force, losing 24/7 police protection and part-time bailiff position. Reduction of other employee hours or salaries.
- Continued to provide quality service to people who live and work in Coburg.

- Provided employees with opportunities to purchase additional health insurance and lower personal auto and home insurance through group purchasing plan.
- Adopted a new Comprehensive Plan, new personnel policies and employee evaluation procedures, new Parks SDC, new Water Master Plan, and a variety of other resolutions and ordinances.
- Identified possible new revenue sources.
- Handled first SDC appeal.
- Reorganized City Recorder duties.
- Handled violations of nuisance ordinance through personal contact.
- Changed fee schedule, enabling City to better cover costs of providing some services.
- Identified the Septic Tank Effluent Pump (STEP) collection system as the preferred alternative for the Wastewater system.

Mr. Schuessler referred to Agenda item support material regarding authorizing the use of tourism funds for a City of Coburg presentation in the 2007 Lane County Oregon Visitor Guide. He said the Coburg Chamber of Commerce was committed to raising an equal amount to enable purchase of a full-page advertisement.

Councilor Judd explained that the Chamber had struggled and paid the bill for the entire page in the 2006 edition when it had not received an anticipated grant intended to do so.

Mayor Volta suggested that if the City contributed to purchase of the advertisement, it should be able to influence its content.

Councilor Pech said he believed purchasing the advertisement was a good investment of tourism funds.

Councilor Nelson said he believed purchasing the advertisement fit the intended use of the transient room tax.

In answer to a question from Councilor Sunia, Mr. Gibons reported that \$2,000 in the General Fund was currently designated for use in tourism-related efforts.

Councilor Nelson moved, seconded by Councilor Pech, to authorize the use of tourism funds, not to exceed \$1,000, to pay for a City advertisement in the 2007 Lane County Oregon Visitor Guide.

Councilor Thiel said he would support the motion, but did not intend for it to be considered a precedent for future commitment of City funds.

Councilor Judd stated that he was affiliated with the Coburg Chamber of Commerce. Mr. Mecham said the disclosure did not mean Councilor Judd had a conflict of interest regarding the motion and that he was able to vote on its adoption.

The motion was adopted unanimously, 6:0.

Mr. Schuessler referred to his December 19 letter to Branch Engineering, authorizing work to complete a Letter of Map Revision application for submission to the Federal Emergency Management Agency on behalf of the City. He noted that the project would be completed by Marcy 30 and the \$15,000 fee previously approved by the Council would be paid over a three-year period beginning in fiscal year 2007-08 without the accrual of interest.

Mr. Schuessler referred to Agenda support material regarding the resignation of Gary Rogers from the Budget Committee and Financial Oversight Committee. He expressed appreciation for the work of Mr. Rogers and noted that at least one other vacancy on the Budget Committee needed to be filled.

Councilors made several suggestions for consideration in appointing replacements. Councilor Sunia asked if a non-resident person with business interests in Coburg could serve on the Budget Committee. Mayor Volta replied that she would investigate if it would be possible.

Mr. Schuessler referred to Agenda support material regarding Council and Staff Educational programs. He encouraged those who had not yet taken "Governing 101" and "Ethics in the Workplace" to be presented by the League of Oregon Cities to participate.

Mr. Schuessler referred to Agenda support material provided by the Coburg Grant Team regarding its submission to the Oregon Parks and Recreation Department for a \$29,560 grant to support improvements to the Coburg Nature Trail.

VIII. COMMENTS FROM COUNCIL

Councilor Nelson reported that in reaction to receiving notification from Charter Communications that it was raising its rates for cable service in Coburg, he had discussed with local management its willingness to discuss selling its franchise to another service provider. He said a meeting would be held later in the week to analyze options available. Planner Petra Schuetz added that businesses and individuals investigating relocation to Coburg often inquired about the availability of wireless Internet connectivity.

Councilor Watson said he was interested in pursuing the possibility of building and land use codes enforcement by the Coburg Police Department. He said training of officers would be required. He reported that Planning was developing a citizen complaint mechanism that would be enhanced by such a possibility. Police Chief John Bosley stated that Police were currently empowered to enforce criminal, not civil law. He explained that a City ordinance enabling enforcement of civil matters would be required.

IX. APPROVAL AGENDA

Mayor Volta noted that the Approval Agenda included acceptance of the December 12 meeting minutes, and approval of Invoices for Approval, Additional Invoices for Approval, and Invoices Paid.

Councilor Judd moved, seconded by Councilor Thiel, to accept the minutes of the December 12, 2006, Council meeting. The motion was adopted unanimously, 4:0:2, with Councilors Pech and Watson abstaining from voting because they had not been present at the meeting.

Councilor Pech moved, seconded by Councilor Watson, to approve the Invoices for Approval, Additional Invoices for Approval and Bills Paid. The motion was adopted unanimously, 6:0.

X. FUTURE MEETINGS

Mayor Volta and Councilors discussed meetings to be held in January and February:

- January 13 Annual Council Retreat
- February 13 Regular Meeting/Urban Renewal Agency Meeting (City Attorney Absent - Replaced by Gary Darnielle)
- February 27 Work Session on Additional Revenue Sources (Mayor Absent)

Mr. Gibbons distributed copies of a document entitled "City of Coburg Budget Preparation Calendar for FY08 Budget."

XI. EXECUTIVE SESSION

Mayor Volta announced that the Council would recess the Regular Meeting and hold an Executive Session consistent with Oregon Revised Statute 192.660(2)(e) to discuss real property negotiations.

The meeting began at 9:00 p.m.

Mayor Volta reconvened the Regular Meeting at 9:15 p.m.

Councilor Pech moved, seconded by Councilor Watson, to authorize the City Administrator to accept the necessary easements to secure the City's water supply reservoir site and make a payment to the property owner not to exceed \$30,000. The motion was adopted, 5:1, with Councilor Nelson voting no.

The meeting adjourned at 9:20 p.m.

ACCEPTANCE

Yes: _____

No: _____

Abstained: _____

Passed: _____ Rejected: _____

Signed this 13th day of February 2007

Judith Volta, Mayor

Attest:

Donald Schuessler, City Recorder