



CITY COUNCIL MINUTES

Irrigon City Council Meeting

November 18, 2008

7:00 P.M.

Irrigon City Hall

500 NE Main Avenue

1. Call to Order/Roll Call

Mayor James Ray called the meeting to order at 7:01 p.m.

Mayor Ray called everyone to stand for the Pledge of Allegiance

Council Members present: Ken Matlack, Robert Flournoy, Mayor Pro-Tem Jack Johns, Harold Poeling, Eleanor Partridge and David Burns.

Staff members present: City Manager Gerald Breazeale, and Public Works Director Keith White. Utility Billing Clerk Penny Moore was absent due to illness and Amy Sandy volunteered to take the minutes in her absence.

Citizens present: David Wood, Meredith De Haven, and Michael Poe.

The council offered their condolences to City Manager Gerald Breazeale for the loss of his father. Mayor Ray stated that he would like to see the city charter placed on a wall at city hall. Therefore, when a staff member, volunteer, or family member of someone serving the city passes away black cloth would be draped over the city charter to express the city's condolences. All council members agreed.

2. Mike Poe-Discussion of 2007-2008 Audit

Mayor Ray asked to begin the meeting with Mike Poe, the City Auditor. Mr. Poe called the Audit Report to the council's attention. He asked for question concerning the 2007-2008 Audit Report.

Councilor David Burns asked the auditor to not be bashful in presenting possible inconsistencies.

Mr. Poe stated that auditing standards are always changing and are becoming more stringent every year. Mr. Poe stated that he might give his opinions on the financial statements whether they are correct or not, but he can not ethically aid in preparation of the financial statements and perform the audit on those financial statements.

Councilor Harold Poeling asked if the Audit Report the council had could be used as a sample for financial

statement preparation. Mr. Poe responded that if the city had written controls and procedures in place this could be possible. Mr. Poe went on to say that he would be able to help the city establish these controls and procedures through questionnaires. However, Mr. Poe cautioned that there are risks to the city creating their own financial statements independently. Emphasis should be placed on items such as projects, money involved, and the guideline procedures.

In the management letter to the city from the auditor, Mr. Poe emphasized that the 2007-2008 comments are the most important. The 2006-2007 comments in the management letter were less relevant because there were no accurate figures for the year. However, the lack of accurate figures has been remedied by aid from an independent CPA from Barnett and Moro that has worked with Finance Officer, Brandy McNamee to obtain acceptable figures for the year.

The 2007-2008 fiscal year contains only two comments from the auditor. Both comments are prevalent in small entities. Mr. Poe stated that the Irrigon staff has made huge leaps in cleaning up the financial records of the city.

The first comment pertained to the auditors preparing the financial statements and then auditing themselves versus having a member of the city staff prepare the city's financial statements.

A councilor asked whether the city had a staff member to prepare the financial statements. Mr. Poe stated that a separate firm could be brought in to prepare the financial statements and that his firm could audit them. However, this is essentially accomplishing the same thing at a higher cost to the city. At this time Mr. Poe's firm includes financial statements for several of the entities his firm audits and this is a common comment in many of the small entity management letters.

The second comment in the management letter was the overflow from last year. During the first 7 months of the fiscal year the city had not prepared accurate cash reconciliations. However, after the second half of the year, accurate reconciliations were being done. In Mr. Poe's opinion "The financial records should be cleaned up by years end and he was encouraged for the city's future."

Mayor Ray stated that the current staff has brought the city into good financial condition.

Councilor Ken Matlack read the statement on page 65 of the financial report about "financial discrepancy," and asked what this meant. Mr. Poe stated that this comment referred to the city's need to hire an external CPA to prepare the financial statements. This is a common weakness in small entities due to a lack of staff with the ability to prepare financial statements.

Mayor Ray stated that Finance Officer Brandy McNamee was working toward an accountance degree. Mr. Poe stated that there needs to be staff that is knowledgeable in reading the financial statements and deciphering the figures for accuracy. However, the specific presentation of those figures within financial statements must be completed by a licensed CPA or otherwise experienced accountant. Councilor Matlack asked if the city needed to hire a second CPA to prepare the financial statements or if Brandy and City Manager Gerald Breazeale could prepare them. Mr. Poe stated that there were two options. First, He could give Brandy and Manager Breazeale a check list for the financial statements and then test the statements by omitting the footnotes. Second, the city could hire another CPA and then Mr. Poe's firm could audit the second CPA's figures. This option would not save money or time as it is redundant and would cost the city twice as much. Mr. Poe pointed out that this comment again is common for small entities and the state would not penalize the city for those comments.

Councilor Poeling asked if the city audit was used to apply for grants. Mr. Breazeale replied that grant applications require submitting financial statements and audits when applying for grants.

3. Comment from citizens not on the agenda

Mayor Ray asked the councilors to view the Christmas Giving Tree at the Bank of Eastern Oregon and recommended that all councilors donate as they could to this charitable cause for children.

Mayor Ray also informed the council that one of the winners of the Skateboard Essay contest from last year is now in 7th grade and was listed in the Hermiston Herald's article about children with the highest GPA.

Mayor Ray stated that Principle Joel Chavez has been made aware of children coming to school hungry on Monday mornings. Mr. Chavez is going to make sure that children don't go hungry over the weekend. The details on helping those hungry children are currently being addressed.

4. Approval of Minutes-October 21, 2008 Council Meeting

Councilor Ken Matlack moved to approve the minutes. Mayor Pro-Tem Jack Johns seconded the motion. The motion to approve the October 21, 2008 minutes passed unanimously.

5. Correspondence

City Manager, Gerald Breazeale stated that there was only one piece of correspondence, which was a denial letter regarding the Transportation Enhancement funding for the Greenway Expansion Plan for Irrigon. Breazeale explained that this was a competitive grant because it was federally funded. The city can reapply for the grant next year and this would increase the city's chance of receiving the grant.

6. **Resolution No. 08-22**, A Resolution allowing the City of Irrigon to transfer \$1430.00 from the General Fund (10) to Sewer Debt Service (78) for the final interest payment to US Bank Trust National on the 1993 GO Bond.

City Manager Gerald Breazeale stated that the resolution was necessary because of the way the loan payment dates fell. The payment was anticipated to be due the last fiscal year, but it is actually due this year. The city didn't budget enough spending authority for the loan interest payment. Manager Breazeale went on to state that no real money is actually being moved, just the budget authority.

7. Water Improvement Project - Partial Pay Request No. 6

City Manager Gerald Breazeale reported that the city received the application for payment and it has been approved by the engineer. The payment amount is \$378,801.76. The reservoir tank has begun construction and the contractors are putting the rings on the tank now. The contractors have two sections completed, each ring section is 8 feet tall and the tank will be 40 feet deep.

Manager Breazeale suggested the councilors look at the reservoir. Councilor Ken Matlack asked where the reservoir tank stood and whether the tank was over 50% completed. Manager Breazeale stated that the tank was not over 50% complete. The total project is over 50% complete. Councilor Harold Poeling moved to approve the partial payment to Swaggart Brothers. Councilor Bob Flournoy seconded the motion. The motion to approve partial payment to the contractors passed unanimously.

8. Authorization to Investigate Solar Power at City Facilities

City Manager Gerald Breazeale stated that he and Mayor James Ray attended a seminar on adding solar utilities to public buildings. The City of Pendleton had solar utilities installed and the entire renovations were provided with outside funds. The solar company Honeywell sells power to the City of Pendleton at a set rate.

Councilor Harold Poeling asked what the time frame on a solar project would be. Mr. Breazeale replied that the time frame is quick if granted funds are available. Councilor Poeling asked about associated complications with a solar project. Mr. Breazeale replied that solar energy companies have made great strides with the technology involved in such projects. Mayor Ray added that such technology has improved greatly over the last 30 years. Councilor Poeling asked if the City of Irrigon receives enough sunshine to generate the necessary energy. Mr. Breazeale replied that the city does receive enough sunshine to create the power needed. Councilor Partridge asked if the solar energy would benefit all Irrigon citizens. Mr. Breazeale replied that the solar energy addition would reduce the amount paid to Umatilla Electric Cooperative. Mr. Breazeale added that the benefit to the community is that solar power is "greener" living. Councilor David Burns volunteered to be involved with the solar project because he has previously served on a solar power board.

Mayor Pro-Tem Jack Johns moved to allow further investigation of solar utilities for the City of Irrigon. Councilor Eleanor Partridge seconded the motion. The motion to allow further investigation of solar utilities for the City of Irrigon passed unanimously.

9. Right of Way Acquisition-Fourteenth Street

Councilors agreed to review this topic under the Staff Report section of the agenda.

10. Tippage Fee Applications

Mayor James Ray stated that he had presented Irrigon's requests for the Tippage Fee appropriations at the Morrow County Tippage Fee meeting in Heppner. Mayor Ray explained that there was \$1.2 million available through tippage fees. However, the Tippage Fee Committee gave \$500,000 to various Morrow County Cities and \$500,000 to the road department.

Mayor Ray stated that the City of Irrigon also needed money for street improvements. He added that Irrigon needs growth and that without the funds necessary to create a nice community that offers resources that this growth would not occur.

Councilor Poeling emphasized the need to offer unique resources to possible residents. Manager Breazeale stated that necessary infrastructure must first be put in place and then the City could expand.

Citizen Meredith DeHaven suggested that the city use the attraction of Bald Eagles which are common to the Irrigon area.

Councilor Poeling asked if there was something small the council could do, perhaps advertising in the newspapers. Mr. Breazeale answered by stating that the city's website is a low cost way of getting people to visit the city.

Mayor James Ray stated that the city could use the Army Corps land as a tourist attraction. The Corps of Engineers supports the idea and Mayor Ray has approached Chief Minthorn of the Confederated Tribes of the Umatilla Indian Reservation who also supports the idea. Mayor Ray added that he would like to have a paved pathway to the Corps land that is ADA compliant. Mayor Ray would like to incorporate a water project, as urged through the essays written at Irrigon Elementary last year.

11. Downtown Planning Project

City Manager, Gerald Breazeale stated that the Downtown Planning Project has been funded. The first public meeting would be held January 15, 2009 at 6:30 p.m. at Stokes Landing Senior Center. The council would have to decide what the city can do with the funds. The deadline to utilize the funds is June 30, 2009. A market study must be included in the project. This project will help the city market our community.

12. Assignment of Cable Franchise from Rapid Communications to Almega Cable

City Manager, Gerald Breazeale explained that Rapid Communications is selling to Almega Cable. The companies must have the cities permission to complete the transfer. Council packets contain a copy of a letter the city's attorney wrote. In the letter the city's attorney suggested that the city include a 7% franchise fee in the contract. An ordinance would be required by the Cities Charter to increase the franchise agreement. Mayor Pro-Tem Jack Johns moved to adopt the ordinance by reading the ordinance one time and then by title only. Councilor Elleanor Partridge seconded the motion.

The motion to read the ordinance by one time and then by title only passed unanimously.

City Manager, Gerald Breazeale read Ordinance 194-08 one time in its entirety. He then read the ordinance by title only.

Councilor Jack Johns moved to pass Ordinance 194-08. Councilor David Burns seconded the motion. The motion to pass Ordinance 194-08 passed unanimously.

13. Report from the Morrow County Sheriff

Mayor Pro-Tem Jack Johns asked Councilor Ken Matlack if the number of traffic stops had increased and the possible cause of that increase. Councilor Matlack stated that the number of traffic stops was essentially consistent. However, there has been an increase near the schools due to complaints from school officials.

Councilor Harold Poeling moved to accept the Sheriff's Report. Councilor David Burns seconded the motion. The motion to accept the Sheriff's Report passed unanimously.

14. Staff Reports

Public Works Director, Keith White stated that the Water Project contractors, Swaggart Brothers, was going back to make tie-ins. This week the contractors will start the canal crossings. Then Swaggart will proceed with Highway 730 construction. The project will incur major hurdles at street intersections that have been built and rebuilt.

Public Works Director, White urged the council to go look at the reservoir. He added that the project was going well and there has been no problem and the project has been moving along.

Councilor Harold Poeling moved to accept the Public Works report. Mayor Pro-Tem Jack Johns seconded the motion. The motion to accept the Public Works report passed unanimously.

Mayor James Ray said that he would like all of the councilors to be present at the Christmas Tree Lighting ceremony Sunday, December 7 at 5 p.m.

Financial Officer's Report

Councilor Harold Poeling moved to approve the Finance Officer Report. Councilor Eleanor Partridge seconded the motion. The motion to accept the Finance Officer Report passed unanimously.

City Manager's Report

City Manager, Gerald Breazeale said he would be meeting on the 24th of November with Umatilla Army Reuse Authority for the transfer of ownership of the Chemical Depot. One of the competitors in gaining the land was the Army National Guard. The Army National Guard, however, has the first claim to obtaining the land. Umatilla Army Reuse Authority has contacted the city to hear the city's position on the land. Mr. Breazeale expressed that the city indeed has interest in the land as a possible industrial site. Mr. Breazeale added that the city would like to keep the gate that encloses the land open for easier travel access to the freeway. Manager Breazeale added that there was a possibility of the city sharing the land with others.

On the board of the Umatilla Army Reuse Authority representing Morrow County is John Wenholz and Carla McLane. Mr. Breazeale has expressed interest in being on the board as well, and has therefore been invited to attend these meetings.

Councilor Ken Matlack asked that since the Confederated Tribes of Umatilla had a great possibility of acquiring the land, then how would the tribe's acquisition of the land affect the city. Mr. Breazeale replied that the Army owns the property and the Confederated Tribes have the right to put a claim in for the land, however, the Army could choose to roll the land into another use for the Army's own purpose. The National Guard had also expressed interest in the land as well. Irrigation could share the land with the National Guard as they would not require use of the entire base. The tribes would still want the ceded lands. CTUIR supported the city's water needs, and they are thankful to the city for supporting their bill regarding water rights. The city would need to take a collaborative approach to insure that all needs are met.

Also, on the 25th of November Mr. Breazeale will meet with the Bureau of Reclamation, Beverly Bridgewater and the attorney representing both sides.

Councilor Harold Poeling moved to accept the City Manager's report. Mayor Pro-Tem Jack Johns seconded the motion. The motion to accept the City Manager's report passed unanimously.

15. Accounts Payable

Mayor James Ray said regarding his travels, that his purpose was to meet with the Indian Tribes but his original intent was a meeting with the League of Oregon Cities Town Hall meeting. The trip to the tribe's office was an additional interest.

Mayor Pro-Tem Jack Johns moved to pay the Accounts Payables. Councilor Harold Poeling seconded the motion. The motion to pay the Accounts Payables passed unanimously.

16. Additional Discussion

Councilor David Burns talked to the Pearsall's and he was personally in favor of using Highway 730 as an entrance to the Espresso Stand. Mr. Pearsall has talked with his neighbor and has acquired 12 feet of their property to use as an entrance to their stand. Mr. Pearsall does not appear to pursue the matter with ODOT. Councilor Burns suggested that council should attack the issue at the next council meeting. Councilor Burns sent a letter to ODOT and requested to file a petition as a council. Mr. Burns added that he had heard ODOT would not accept the petition. However, Councilor Burns did not want to accept a denial. Councilor Burns said the Pearsall's have already noticed an increase in their business by changing the street entrance.

Mayor James Ray stated that so far the Pearsall's have approached this matter inappropriately. The Pearsall's should have received permission to use their neighbor's property from the city council or planning commission. Mayor Ray expressed that Mr. Pearsall needs to come before the council and approach the matter correctly.

Councilor Harold Poeling asked Public Works Director Keith White on his opinion of the Espresso Stand matter. Mr. White answered by stating that it was always best to follow protocol and not dismiss or irritate ODOT. The appropriate approach would increase chances of getting approval for the entrance.

City Manager Gerald Breazeale suggested that if the council wants ODOT to allow the access, the council should promote the use of the Special Transit Area as part of the downtown project. ODOT looks at the Special Transit Area as more access oriented and not a highway. Highway 730 up to this point is part of the downtown project plan. Keith White added that ODOT has a large control over their corridor.

A councilor asked if the city could get the foreclosure banks to clean up empty homes that the banks currently own. Manager Breazeale stated that if the city issues the banks a citation that the banks would have to take immediate action.

17. Executive Session Pursuant to ORS 192.660(2)(e) Real Estate Transactions

Councilor Bob Flurnoy moved that the council move into executive session. Councilor David Burns seconded the motion. The motion to move into executive session passed unanimously.

The council went into Executive Session at 8:20 p.m.

Councilor Harold Poeling moved to end the executive session. Councilor Jack Johns seconded the motion. The motion to move out of executive session passed unanimously at 8:38 p.m.

Councilor Harold Poeling moved to present the marketable value of the lots to the owners. If the adjacent party offers a better price and gives the city the water rights and abandons the wells on the property that the city should bow out of the sale. Councilor Eleanor Partridge seconded the motion. The motion to present the marketable value of the lots to the owners, if the adjacent party offers a better price and gives the city the water rights and abandons the wells on the property that the city bow out of the sale passed unanimously.

Councilor Bob Flurnoy moved to adjourn. Mayor Pro-Tem Jack Johns seconded the motion. The motion to adjourn passed unanimously at 8:40 p.m.

Next Regular Meeting Date – December 16, 2008

If you would like to attend and need assistance, please call Irrigon City Hall at 1.541.922.3047 or TTY relay 1.800.735.2900

Mayor James Ray

Attest