

REGULAR MEETING OF THE COUNCIL  
CITY OF AMITY, OR

Minutes

A Special Meeting of the City of Amity City Council was held at 6:00 p.m. on Wednesday, March 20, 2019 in the Council Chambers, City Hall, 109 Maddox, Amity, Oregon.

Swearing in New Council Member: Nickolas Wilkinson

Councilors Present

Councilor Robert Andrade, Councilor Ryan Lehman, Councilor Joshua Simonson, Councilor Nickolas Wilkinson, Mayor Michael Cape

Councilors Absent

Staff Present

City Treasurer/Recorder Natasha Johnson, and Public Works Superintendent.

**CITIZEN COMMENTS/QUESTIONS:**

There were no citizen comments or questions.

**OLD BUSINESS:**

- A. Amity Water Services Improvement Project – Status Report: Peter Olsen with Keller Associates, went over concerns from rural development and the cost of the project. The ability of the city to pay back the loan that rural development would be providing. Rural Development estimated a \$20 rate increase to pay back the loan. Peter, Richard and Gary met and went over cost they can cut to make the rate increase not so high. Peter explained there are a lot of necessary changes needed. They looked at the operational maintenance budget and went over it. They can cut back on the labor cost only. With cutting back on the labor they can drop the annual O&M Value from \$395,821 to \$331,000. Which would save around \$65,000. Rural Development is ok with that amount. Mayor Cape explained the call with Rural Development. If City is to proceed with moving the project forward without cutting back on any of the cost, then that is where the \$20.00 rate increase would need to take place. Rural Development wants reassurance that the loan will be able to be repaid and the rates will increase and have the revenue to cover the expenses. Mayor Cape explained to Rural Development how hard of a hit that would be to the citizens. Rural Development gave a couple of ideas that the City can do to make the rate not \$20.00. First thing can look at is the O&M cutting the cost on that. 2<sup>nd</sup> option would be maybe to refinance City's current debt. City would take the current 10-year loan and extending it to a 40-year loan and doing that could lower the rate increase by \$5.00. Mayor Cape isn't too keen on that idea. Another idea is to implement the rates sooner and paying some of the cost up front which could lower the rate increase by a \$1.00. Councilor Simonson asked about the rate increase that just went on a year ago. Mayor Cape explained that is moving the right direction, but still isn't enough to cover the loan. Mayor Cape explained to Rural Development with needing rate increase would need to discuss with Council and get some input. Councilor Lehman went over what increase would be. Richard Howard, Contracted DRC, handed out sample sheet of rate increase and increasing rates over couple of years.

Richard explained rates would need to be at \$72.91 by the completion of the project. Richard went over if rollover loan then would drop rate increase to potential to 5% instead of 8% in couple of years. The rate increases would be potentially 3% first couple of years then go up to 8% end of project. The rate increase amount isn't including the outside city limit customers.

Mayor Cape brought up that Sean O'Day is here to go into Executive session to go over recruitment at 6:30. Go over any questions with staff and then let them go and after executive session council can go into discussion regarding the rate increase.

Councilor Lehman asked staff wanting to rollover the existing loan into the project and use that for the first payment and will make Rural Development happy. Richard explained that yes this is an option. Councilor Simonson asked then still will raise rates 5% a year and if ok not doing the 3% rate increase that would go into public works and not towards the loan. Richard went over combining stuff in the new budget and saving around 5k a year. Yes, Public Works can live without the 3% rate increase that would go towards Public Works and still be able to operate. Peter said Rural Development just wants to make sure Council will go down the road on the rate increase. Council doesn't need to decide on rate tonight, just needs Council to make commitment to do rate increase to make the loan work. Richard suggested doing the rate increase starting in July when the next budget year starts and can include in the budget. There is no penalty in paying off the loan early. Councilor Simonson made motion to rollover current debt into new debt to reduce some of the cost and move forward with discussions on annual rate increase. Councilor Andrade seconded motion. Mayor Cape suggested to do the vote after the Executive Session to give council time to discuss it. Andrade asked when need decision by. Mayor Cape said we can let them know tomorrow. Councilor Simonson said he doesn't have questions and to just bite the bullet and do it. Councilor Lehman said self-explanatory, we either need to do it or not. Chad Olsen, Contracted City Project Manager, said to just let them know City is moving forward with it and the direction that the City is going. Chad and Richard went over the budget. Chad suggested getting a rate analysis. Mayor Cape asked if any other discussion. There were none from the Council. Motion passed 4-0.

#### **EXECUTIVE SESSION:**

Mayor Cape read the following statement:

The Amity City Council will now meet in Executive Session to consider the employment of a public officer or employee, pursuant to ORS 192.660(2)(a).

Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room.

Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced.

No decision may be made in executive session.

At the end of the executive session, we will return to open session and welcome the audience back into the room.

Regular Session recessed at 6:40 pm  
Regular Session reconvened at 8:32 pm; the Mayor invited the audience back into the room.

**NEW BUSINESS:**

- a. Personal Services Agreement – Kathy Taylor Consulting: Council recommend contracting with Kathy Taylor Consulting. Mayor Cape sent Kathy's contract to Bill M., City Attorney. Bill M. looked over the contract and has all the elements. Bill M. did mention her contract didn't say anything about insurance. Bill M. also mentioned if City would require her to have a business license. That was all the comments the attorney had regarding the contract. Councilor Lehman made motion to approve the agreement provided by Kathy Taylor Consulting with the stipulation that Kathy Taylor buys a business license with the City of Amity. Councilor Andrade seconded motion. With no further discussion the motion passed 4-0.

Councilor Simonson moved to adjourn. Councilor Lehman seconded the motion. Motion passed 4-0.

**Approved by City Council May 2, 2019**

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Michael Cape, Mayor

**Attest:**

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Natasha Johnson, City Recorder