

City of Springfield
Work Session Meeting

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, APRIL 7, 2008

The City of Springfield Council met in a work session in the Jesse Maine Room, 225 Fifth Street, Springfield, Oregon, on Monday, April 7, 2008 at 6:02 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Lundberg, Wylie, Ballew, Ralston, and Woodrow. Also present were City Manager Gino Grimaldi, Assistant City Manager Jeff Towery, City Attorney Joe Leahy, City Attorney Bill Van Vactor, City Recorder Amy Sowa and members of the staff.

Councilor Pishioneri was absent (excused).

1. Regional Wastewater User Fees for Fiscal Year 08-09.

Environmental Services Manager Susie Smith presented the staff report on this item. User fees for local and regional wastewater and for storm drainage were last reviewed by the City Council in May of 2007, and staff is in the process of developing Fiscal Year (FY) 08-09 local user fee options for consideration by Council later this Spring. The Metropolitan Wastewater Management Commission (MWMC) approved a schedule of FY 08-09 regional wastewater user charges on March 28th and is forwarding them to Springfield and Eugene for implementation.

Regional Wastewater User Fees. The MWMC adopted an 11% regional wastewater user fee increase following a public hearing on March 27th, and has forwarded the FY 08-09 rates to Eugene and Springfield for implementation. The new rates will increase the average monthly residential bill by about \$1.56, and will generate about \$2.2 million in increased revenue to MWMC annually.

As the Council is aware, the primary factor driving regional wastewater user fee increases is the Commission's capital financing plan associated with construction of the 2004 MWMC Facilities Plan projects. The twenty-year capital projects plan is intended to provide sufficient environmental performance and treatment capacity to serve community growth through 2025, at an estimated cost of \$196 million (in 2006 dollars). The Commission has taken a multi-year view of user rate funded revenue requirements. Accordingly, the action taken for FY 08-09 anticipates an 11% increase in FY 09-10, and then annual increases of 5% for three years. More information on the Commission's rate action is provided in Exhibit 1. A graph showing a comparison of projected FY 08-09 wastewater user fees and system development charges (SDCs) for several communities in Oregon is shown in Exhibit 1, Attachment B. For illustrative purposes, Springfield's projected total average monthly residential bill (i.e., MWMC and City combined) includes a 10% local rate increase as a place holder.

Local Wastewater and Storm Drainage User Fees. Staff typically takes local wastewater/storm drainage user fee options to Council along with the new MWMC-adopted fees. This year is atypical in that the City is currently finalizing new long-range facility master plans

for the local wastewater and storm drainage systems. Similar to MWMC's Facilities Plan, the local plans will specify significant lists of capital projects needed to meet community growth and water quality objectives over the next twenty years.

Neither the City's current user fees nor the system development charges (SDCs) anticipate the significant level of funding that will be required in the coming years to implement the forthcoming master plans. Impacts of available capital financing strategies and capital project phasing options on user fees are currently being evaluated. The goal of this evaluation is to schedule capital projects in accordance with City Council objectives and regulatory requirements in a manner that minimizes impacts to user fees. That said, staff anticipates that significant increases in both user fee and SDC revenue will be required over the next several years to fund capital programs.

Options for local wastewater and storm drainage user fees are scheduled for review by the City Council at a work session on May 19th. Following this discussion, a draft schedule of user charges will be developed for a public hearing scheduled for June 2nd.

Ms. Smith noted that three increase options had been considered by MWMC: an 8% increase, an 11% increase and a 33% increase. She explained the discussion by the MWMC for each option. Revenue needs were mainly driven by capital needs rather than operational needs. She did note that of the \$35M spent on projects to date, all had been completed on time and under budget. She discussed some of the future challenges, such as the sub prime mortgage rate and how that impacted their bond insurer. MWMC was now forced to fund bond reserve accounts with cash. She explained further.

Councilor Ralston asked if loan rates would be lower.

Ms. Smith said they could be within the range of 4.3%-4.7% which could translate into savings.

Ms. Smith said about \$66M worth of projects would be constructed in the following year with even more in the next few years. The large costs up front were due to the front loaded nature of the capital project. At this time, they were on track, and the engineer's estimates had been good. They were not predicting spikes in the cost of concrete and steel.

Councilor Ralston noted that he just received word that the cost of steel at FarWest Steel (his employer) would be going up 35%.

Ms. Smith referred to Attachment B, Exhibit 1, which showed a chart comparing the average residential wastewater user fees and sanitary sewer SDC's between Springfield and other cities in Oregon. The local SDC methodology project was underway now.

Councilor Ballew said Eugene rates seemed extremely low. She asked when they would be coming out with new rates.

Ms. Smith said discussed the issues that caused local rates in Springfield to be higher than in Eugene. She pointed out, however, that Eugene had not yet updated their local wastewater master plan. It was in their work plan for the coming year. That plan may include upgrades to their existing facilities that could drive up costs.

Councilor Wylie expressed concern over this increase for people on fixed incomes and with low-income.

Ms. Smith talked about the upcoming discussion on the SDC methodology. Staff would be asking Council to consider how best to balance the cost between user rates and development. There were limited options in how to address the financial needs. She said Environmental Services continued to run a lean organization.

Mayor Leiken referred to Councilor Wylie's concerns and said there did have to be a tipping scale. Springfield's SDC's and fees were becoming the highest in the state and that concerned him. He understood that there were regulatory issues that had to be dealt with, but said it would be a concern for both citizens and developers. It may be necessary to meet with our congressional delegates about those federal requirements. It was true that incomes were not increasing at that same pace. This could affect affordable housing as well. There were major issues for Council to consider.

Councilor Lundberg said she always had a problem with the increases. She noted that this was only one piece of the puzzle. The City had a massive system that needed attention - streets, sewers and stormwater issues - and there was a lot to consider. This has to be dealt with, and the public was going to have to look at the bigger picture. Springfield had been growing and changing and it was now time to take stock of what we had and take care of it.

Councilor Woodrow said over the last seven years, there had been increases averaging 8% each year. He asked staff to provide him with the actual figures. He didn't understand why Springfield paid as much as Eugene for the system when we had considerably fewer users.

Ms. Smith said the regional charges from MWMC were charged uniformly throughout the system. On the local side, Springfield was in a different place regarding policy choices for financing capital infrastructure through user rates. The systems were being managed differently on the policy level. Eugene's plan was getting updated and their rates could increase. Eugene's rates had increased each year, but not at the same rate as in Springfield.

Councilor Ballew said MWMC was formed over twenty years ago and had Federal funds to build the first treatment plant. Those funds were no longer available and the cities needed to pay for the new facility.

Councilor Woodrow said he didn't like paying more for water leaving his house than water coming in to his house.

Councilor Ballew noted that it cost more to treat it after it left the home.

Councilor Wylie said she was concerned about hitting fixed income people with the same increase as others. She was supportive of the work that was needed, but she would like to look at a reduced rate for senior citizens or low-income residents. She didn't want people losing their homes due to the increase in their bills.

Ms. Smith said on the Springfield side, Council had more latitude on the rate setting. MWMC was regional so had less latitude. In the past, the MWMC did look at a life line or reduced rate

for low-income. She didn't recall all the details, but it seemed that at the time MWMC looked at it, the legal counsel's opinion was that it was not lawful. She believed it had to do with Federal grant obligations and rate recovery. If Council wanted MWMC to evaluate that option, she could do more research. The biggest place to have an impact on the ability to shift costs from the user, would be to capture the eligible expenses from SDC. She noted that the first \$109M of facilities had \$80M in grants. It was now time to rebuild the plant. The money they currently had to borrow was to build the plant to last for another 20-30 years. The investment was being made now with the majority of the funding now, but that should level off. There would continue to be debt load, but the construction would be done.

Councilor Ballew said the increase, although 11% was minimal per month. MWMC only had user rates or SDC's as a source of income.

2. 2007 Revisions to Oregon Ethics Law.

City Attorney Bill Van Vactor presented the staff report on this item. The 2007 Legislature made substantial revisions to Oregon's ethics laws. The purpose of this agenda item is to review those changes and address any questions the Mayor or City Council may have.

Unfortunately the 2007 revisions to the Ethics Laws were not developed in an organized manner. While extensive work was done, the reforms were developed in two separate bills, Senate Bill 10 and House Bill 2595, and the two bills did not mesh nicely into what could be called comprehensive reform. While the reforms are very significant they create as many questions as they answer.

The consequence is that Oregon Ethics Laws will be in a state of development for the next few years. This agenda item should be viewed as an interim report seeking to cover the highlights of the changes. There will be a continuing need for updates as the Ethics Commission issues opinions and adopts amendments to the rules. Some clarifying revisions are also likely for the 2009 legislative session.

Since the January 28, 2008 Memo was written, the Ethics Commission did adopt interim rules on the gifts, OAR 199-005-0052-0035, a copy included as an attachment. One key clarification is that expenses paid by the public body to their own public officials need not be reported by the public official under ORS 244.100, OAR 199-005-0035(4).

Another significant change to the Ethics Laws was the enactment of a prohibition against hiring relatives (nepotism) now codified in ORS 244.177. In this case the City of Springfield was ahead of the curve and already a personnel rule addressing this issue, Policy 6.9, Nepotism. The key change in practice is that when these issues arise in the future there will need to be careful analysis to make sure any proposed action conforms to Springfield's Personnel Rule, Policy 6.9, as well as ORS 244.177.

It is still legally permissible to have members of a family work for the City of Springfield so long as their chain of command does not result in a Public Official violating the prohibitions or participating in the appointment, employment or promotion of the relative.

Mr. Van Vactor gave a brief overview of the Oregon system that had been in place. Oregon was a 'sunshine state', which meant we did the public's business in the public arena. Most of our records were public, as were our meetings. When conflicts of interest came up, there were specific guidelines to declare those conflicts. The ethics law applied to the elected City Council, the appointed City Government officials, and unpaid volunteers. Public officials were prohibited from using or attempting to use their positions to gain a financial benefit or to avoid a financial cost to themselves, a relative or their business if the opportunity was available only because of the position held by the public official. He described actual and potential conflicts of interest and the intent of the policy. The Oregon ethics law also defined legislative or administrative interest. He explained further. He discussed the Statement of Economic Interest (SEI). Some of the new laws regarding this reporting had caused some concerns for Council members of smaller communities that had not had to file in the past. Many jurisdictions had been required to fill out these forms for many years and didn't have the same concerns. In Springfield, the Mayor and Council, City Manager, Springfield Utility Board (as elected officials), Planning Commission and Municipal Judges had been reporting for years. He did note that there were some slight changes to the annual statement. Also, the City Council, as members of the Springfield Economic Development Agency (SEDA) board needed to file. All they needed to do was to add "Springfield Economic Development Agency (Downtown Renewal District and Glenwood Renewal District)" below the line on their form that listed City Council.

Councilor Ballew said Council members were also members of other commissions, such as MWMC. She asked if they had to list those commissions as well.

Mr. Van Vactor said the statute only listed certain commissions that were required to file and the MWMC was not included. He noted the cause for the changes in this law. The first significant change was the amount for gifts from \$100 to \$50. A gift was still defined as before. He noted that it excluded gifts to family members.

Mr. Grimaldi said in the private sector, gifts were common. He asked if there would be an issue if the spouse of the public official received a gift from a private sector business that they had a relationship with. Yes.

Councilor Ballew asked about political contributions.

Mr. Van Vactor said they were exempt. Many of the changes were made to fit with the legislature and didn't fit as well with local government. The three things the public officials needed to consider when accepting a gift were: 1) are you a public official; 2) if the value of the gift over \$50; and is there an administrative or legislative interest in the government. If you had all three, there was a significant gift issue.

Discussion was held regarding gifts from one's employer. Mr. Van Vactor said that if the gift was given as part of a compensation plan, it wouldn't be an issue.

Councilor Ballew asked about corporate sponsors for things such as a dinner at a League of Oregon Cities (LOC) event and everyone there was a public officials. She asked if that made a difference.

Mr. Van Vactor said it would be determined by the Oregon Ethics Commission. He gave an example. He referred to a chart in the packet prepared by Alison Kean Campbell, Metro Senior Assistant Attorney regarding gifts. Each gift needed to be analyzed. He reviewed some of the examples in the chart. He noted instances where approval for the public officials to represent the City at an event would need to be received in advance of the event. This could be covered by putting that item on the Consent Calendar for formal approval. Mr. Van Vactor further discussed the items on the chart. Reimbursement to Council members from the City would not need to be reported.

Councilor Wylie asked about the Springfield Utility Board (SUB) fireworks display and barbeque.

Mr. Van Vactor suggested formally approving attendance by Council by putting it on the Consent Calendar. There was no need to declare.

Mr. Van Vactor went over the change in the definition of relative. He also noted that those required to file annual SEI forms needed to file a separate SEI quarterly. Sources of income of over \$1000 need to be listed if they had an administrative or legislative interest in the governmental agency. Even if there was nothing to report, they needed to file. The last significant change was that the legislature defined nepotism. He explained. Springfield already had something like this in place that matched closely with what the State adopted.

Councilor Ralston asked about the example of the daughter of a public official invited to a movie with a classmate whose parents could have an economic interest in the City. He said his son was often invited to attend games, and he didn't always know what the friend's parents did or if they had an economic interest in the City.

Mr. Van Vactor said he hoped the 2008 legislature looked at this in depth and with the League of Oregon Cities (LOC) help, could address some of those issues.

Councilor Wylie asked if forms would be sent to them each quarter.

Ms. Sowa said the Oregon Ethics Commission would be sending out new forms to the elected officials each quarter. She had asked the Commission to email her reminders as deadlines approached so she could in turn remind the Council.

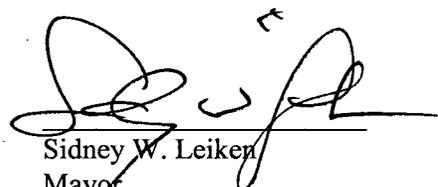
Mr. Van Vactor reminded Council to keep track of any trade missions or travel on behalf of another government agency.

ADJOURNMENT

The meeting was adjourned at 7:00 pm.

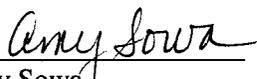
Minutes Recorder – Amy Sowa

(Signature and attestation on following page)



Sidney W. Leiken
Mayor

Attest:



Amy Sowa
City Recorder