

North Powder Special City Council Meeting
June 24 2024
6PM City Hall

Attendance: Mayor John Frieboes, Councilors Justin Wright, Lindsey Thompson, Alan Brown, Jeff Nielsen and Don McClure, City Recorder Beth Wendt

Others: Tonya Dias, Jake Jones, Midge Clause, Nanci Klein, Mike & Debby Schoeningh, Maryanne Ritches, Patricia Martin, Dave Hoene, Nancy Free-Klein, Wynn Nielsen, Mary Jones, Mick Bastian, Dave Rose, Jason Bingham, Trask Ritter

Mayor John Frieboes called the meeting to order and the Pledge of Allegiance was said.

Amend /Accept Minutes: Lindsey made a motion to approve the minutes from May 20th. Alan seconded. There were no corrections from the budget committee members present. Motion carried with 4 councilors in favor. Justin abstained.

New Business:

Mayor Frieboes asked for questions or comments on the budget. Nancy Free-Klein was concerned about the large increase in sewer rates. It is more than what Baker pays. She wondered if everything was being done to curtail extra expenses. It is a rough time for people.

John noted that the DEQ has required that the city dredge the lagoons and we had to get a loan as there is no grant money available for that. One of the conditions of the loan is that sewer rates be raised high enough to show that the city can sustain itself and will be able to pay back the loan.

Nancy was also concerned about the possible \$10 water rate increase, especially at this time with the economy as it is. There are a lot of empty houses. She also questioned the resolutions regarding PERS and overtime that were mentioned in the newsletter.

Beth pointed out that those resolutions were for the current budget and transferred money from contingency funds line items to payroll line items. They had nothing to do with the new rate increase. Jason explained that water and sewer funds are enterprise funds and must stand alone. Fees that are charged have to meet expenses, which include payroll. All expenses have gone up 5% to 10% each year and we haven't raised rates to keep up with that increase. The only option is to raise or don't put money into the reserve account. We need to have reserves for an emergency.

Nancy felt there was a lot of waste going on that could be curtailed. Wynn interjected that rates went up last year. Beth corrected that the last raise was 2 years ago, in 2022.

Jeff didn't understand why the city has waited so long to clean the lagoons. There is a lot of manure from the truck wash still in the pond. It has been pushed out until the very last minute and now the citizens are paying a price for it.

Trask commented that bio-solids removal was a part of the project when it was originally bid. Jeff wondered why it was taken out. John noted there wasn't money to do it. Jeff felt there were other issues with the wastewater system, including a sprinkler system that keeps plugging up, etc. that add to the maintenance cost of the system. Trask remarked that main thing is to get the solids out.

Nanci Klein wondered how much was in the water/sewer reserve fund. Beth thought there was about \$400,000. Nanci wondered why that couldn't be used to pay the amount of the increase. If a pump goes out, there should be enough left to cover the cost. With the election coming up, maybe the economy will pick up. It would help ease the hardship on citizens.

John reiterated that we have to dredge. We are borrowing some of the money and getting a grant for part. But in order to get a grant, we have to raise rates. Business Oregon has set the rate. Beth added that we have to meet the State standard affordability rate which is \$61.30.

Jake asked how many active water and sewer services we have. Beth thought there was about 225 active and another 15 or 16 that are inactive. Jake noted that the city pays \$750 per month for a water and sewer certification. The city has paid for training for water certification and a test should have been taken. It falls on the council to see that that hole is plugged. John agreed but added that Rick was told that once he gets certified part of that money would be put toward his wages. Tonya felt that if it was a stipulation of hiring, doesn't that qualify as terms of employment not being met. Jake suggested that moving forward, instead of hitting residents with a lump sum raise, the city could design a 1% annual increase and earmark it for future contingencies.

Dave Hoene understood everyone's frustration but thought we were only seeing a portion of what has gone on in the last 50 years. He thought if Rick were to leave, he could easily go to work somewhere else for a lot more than what the city is paying him and the city would have a hard time finding someone to replace him for the same wages. He also felt that if we don't start doing something now to build up the capital reserve, a \$10 increase in water rates isn't going to cut it when we have to start repairing the water tanks. A portion of the sewer increase is being put into the reserves for the wastewater system. Tonya thought a \$10 raise was a lot of money being put aside for a 5% raise. Dave continued that we need to do something to get the sewer system straightened out so as to encourage contractors to build here. Beth clarified that a very small amount of the proposed 5% wage increase would come out of the rate increases. Part of it goes to PERS. PERS went from about 19% to almost 29% and the city has to pay that regardless. Just because the budget includes a 5% pay increase does not mean that the council has to give that. It can be 5%, or 1% or nothing. But it can't be more than 5% and over all that is a very small percentage of the increase. Part of it would also go toward loan payments and increased expenses.

Wynn asked how much the loan is for. Beth noted that we have applied for \$850,000 which will be part grant and part loan, but as yet it hasn't been finalized. Again, Wynn asked why not use the reserves and not raise the rates. Jason interjected that the city could do that but it would put us at risk. Tonya wondered if there was an option to do one pond now and do the other at a later date. John said it was an option at one time, but the council chose to do it all at the same time. Jeff add that if we don't do both at the same time the bio-solids will continue to flush to the second pond. The transfer pump is starting to show signs of failure. There were no further comments on the budget.

Resolution #2024-R7- State revenues are a big part of the General Fund income. They come from cigarette taxes, liquor taxes, highway and gas taxes and 9-1-1 taxes. The liquor and cigarette taxes are left in the general fund and the highway, gas, and 9-1-1 taxes are transferred to the street fund. Beth noted that the cigarette tax only amounts to about \$300 per year and it keeps dropping. The other revenues have increased some, but not at the same rate as inflation. Beth read Resolution #2024-R7 to receive State revenues. Lindsey made a motion to accept Resolution #2024-R&. Don seconded. Motion carried with 4 in favor. Jeff was opposed.

Resolution #2024-R9- Beth Resolution #2024-R9 adopting the 2024-2025 budget as approved by the budget committee in the aggregate amount of \$9,162,999. There are a lot of grants built in to the budget in each fund so that if we get them we can spend them. Alan made a motion to accept the resolution. Lindsey seconded. Motion carried with 3 in favor (Lindsey, Alan & Don). Jeff was opposed and Justin abstained.

Solutions Audit Questionnaires- Beth handed out questionnaires from Solutions CPAs to the council. Each council member was asked to fill out a questionnaire and return it to Solutions CPAs.

Old Business:

Council Applications- Midge Clause and Tonya Dias applied for the vacant Council position #1. Midge has worked in emergency medicine. She was a business owner and has taught special education. As a

council member, she feels it is important to know the residents of North Powder and to stay connected to the community. She was recently elected as Precinct Committee Person in North Powder. Don asked what Midge felt would be the most important issues facing the City Council. Midge felt it was pretty dismal because there is no revenue coming in and no incentive for it. We need to figure out how to build from within and create our own revenue.

Tonya Dias has lived in North Powder off and on for most of her life. She has deep roots here. She lived in North Powder when it was booming and we have a fighting chance of coming back. We need to figure out a way to get the revenue so that we don't have to rely on rate payers for everything. It is important that we have a council that can work together and find ways to save money wherever possible. We need to figure out the difference between what is needed and what is nice to have. North Powder has great potential. It was awesome once and it can be that way again. Alan wondered what she felt the road blocks were. We are between two major communities and we are not on the map for a lot of things. Tonya didn't know. She admitted to having more questions than answers. But Union and Elgin are thriving. She would like to be part of the solution to figure out what the road blocks are and to make this a great little town again.

Justin made a motion to accept Tonya Dias. Alan seconded. Justin and Alan were in favor. Don made a motion to accept Midge Clause. Lindsey seconded. Don, Lindsey and Jeff were in favor. Midge was appointed by majority vote. Beth swore Midge in.

Wastewater Dredge Bid: Trask reported that the Bio Solids Management Plan has been finalized. The plan outlines how we will show that we are meeting treatment levels. That includes pathogen reduction and vector attraction reduction. Pathogen reduction shows that we don't have any viruses and vector attraction show that there is nothing to attract mosquitoes, flies, wasps, etc. We did a 40-day bench test to show that there isn't anything to attract a lot of insects. We can check it at the 20 day mark, which was June 20th, to tell if we are on track to passing. If we pass, we can apply bio solids to the surface. If we fail, we have to inject the bio solids beneath the surface and replant the crop. As yet we don't have approval to do that. We have 3 options regarding putting the dredge out for bid. The first option was if no incorporation is allowed. We would check the 20 day mark and put it out to bid right away with a bid opening on July 18th. We wouldn't have a guaranteed disposal and we might have to ask for an extension and find new land. It also has a risk of not being able to award a contract. The second option includes incorporating and replanting. It would go out for bid right away without the 20-day check. The third option is to wait for the results of the 40-day test and put it out for bid on July 16th with a bid opening on August 6th. We would know one way or another if incorporation would be needed. It also gives us time to finalize the land owner agreement and funding. It would most likely require an extension from DEQ. John noted that he has been trying to get in touch with Myron to finalize permission to apply. He suggested we table a decision until the July 1st meeting. In the meantime, John will try to get in touch with Myron. Alan wondered if it would still be inside of the loan amount regardless of what we have to do. Trask thought it would. It is not a perfect number, but it is based on a best guess of what it should cost. John added that if they can't do the whole amount, they will do what they can for the money. He thought we could dredge, bag it and remove it at a later time. If that happens we will have to find a staging area.

Meeting adjourned at 6:55PM.

Respectfully Submitted,

Attest:

Beth Wendt
City Recorder