



COUNCIL WORK SESSION

Wednesday, December 20, 2023

APPROVED MINUTES

MEMBERS PRESENT

Mayor Rick Scholl
Council President Jessica Chilton
Councilor Mark Gundersen
Councilor Russell Hubbard
Councilor Brandon Sundeen – via Zoom

STAFF PRESENT

John Walsh, City Administrator	Brian Greenway, Police Chief
Kathy Payne, City Recorder	Jacob Graichen, City Planner
Lisa Scholl, Deputy City Recorder	Bill Monahan, Contracted City Attorney
Gloria Butsch, Finance Director	Tina Curry, Contracted Tourism Director

OTHERS

Ron Trommlitz	Jane Garcia	Drew McNaughton
Bobbe Trommlitz	Brady Preheim	Andy Bates
Steve Topaz	Michael Curri	Arthur Leskowich
Stephanie Patterson	Steve Toschi	Debbie
Jamie Howsley		

CALL WORK SESSION TO ORDER – 2:00 pm

VISITOR COMMENTS - *Limited to three (3) minutes per speaker*

- ◆ Ron Trommlitz. Mr. Trommlitz spoke about his concerns regarding the 2MG Water Reservoir leaking, the St. Helens W-49 contract, and what was included in the Walker Report, believing the City's silence was part of complicity.
- ◆ Brady Preheim. Mr. Preheim expressed concerns about the budget and the expense of a service other than Comcast. He hoped the Council would approve the tourism contract up for review, noting the current contractor had performed above and beyond. He opposed building the new police station and billing it to the water bill which he believed was illegal. Because the police staffing was an emergency, he would support the fee on the bill only for staffing. If the City wanted to build the station, it should get a levy. He was unhappy that a qualified applicant like Jane Garcia would be rejected from the Budget Committee, noting the double standard of other Council-approved committees' members not living within the city.
- ◆ Steve Topaz. Mr. Topaz continued to state that his verbal and written comments had been rewritten and approved by Council. His written comments had been delivered to the Council by email; most of the Council did not open emails sent to them from the public. The Budget Committee meeting should be held within the month. He posed numerous questions regarding nonstandard accounting by City Administrator Walsh's assistant/financial director, the role the contract arranged by Walsh with Mark Comfort played in Cascades leaving, problems of the grow

facility affecting Cascades' decision, the financial requirements to supply enough water to keep the sewer treatment plant operational, the potential of the geotech problems under the Waterfront property affecting the value of the property, the 1st Street Gateway project's underground conditions, and the possibility of removal of federal financing for police projects in the future. The contract for Halloweentown should be reviewed. He spoke of the Gable Road apartment complex adding to the Police Department's workload.

- ◆ Steve Toschi. Mr. Toschi urged no more spending on Riverfront architects until the City got a handle on its finances. The City spent \$1 million on the police station, and it had to be re-designed. Big questions remained regarding the City's finances. The tourism program is working. The finances of the contract were invisible to the public. That's a problem with the City, not the contractor. [His connection broke up.] He asked the Council to move forward cautiously on the tourism contract, offering his help with the process.

DISCUSSION TOPICS

1. **Update on Broadband Feasibility by Strategic Networks Group - *President Michael Curri***

Michael Curri, President, Strategic Networks Group, presented via PowerPoint an update on the broadband feasibility study for which the Council had allocated American Rescue Plan Act funds, a copy of which was included in the archive packet for this meeting, addressing the need for broadband in the area.

Key discussion items regarding broadband feasibility were as follows:

- Mr. Curri acknowledged that whatever cost factors were determined would be the amount of funds requested of the State, noting the importance of public-private partnerships to get the digital infrastructure in place and make the cost reasonable.
- The Oregon Broadband Office was currently working through the question of what rules and conditions they would attach to the funding such as would the City need to match; the City would have the information about who would be targeted with the money, etc., from the study.
- He and the Council discussed next steps and funding.
- Mayor Scholl believed the highest priorities were underserved youth and families and seniors who were unable to afford broadband and did not know about the \$30 subsidy.
- Strategic Networks Group could help the City explore and understand options for contracting with a private company for internet service.
- Council President Chilton spoke about wanting to be able to accommodate the culture shift after Covid of utilizing the internet for other than entertainment purposes. The internet needed to be reliable and affordable.
- Councilor Hubbard noted the average cost to connect a structure to the fiber backbone was between \$3,000 and \$4,000, possibly more if farther apart. Mr. Curri acknowledged the cost depended on the distance, noting roads cost 20-100 times as much as fiber and that Internet is important in everyone's life.
- When Brady Preheim asked about the bundle of phone, television, and internet, Mr. Curri responded that a spectrum of options existed, adding how a public-private partnership would not mean the municipality would own or run the network. The City would need to assess the gaps and the best options to bridge the gaps based on the costs.
- Councilor Gundersen talked about needing to compete with providers already in place and asked if they would use the City's fiber. Mr. Curri replied the details of where the actual infrastructure was would need determined as well as identifying where the gaps were.
- Drew McNaughton spoke about his experience with public-private partnerships.

Mr. Curri will return with a report in two or three months.

2. Review of HB2984 for Commercial to Residential Building Conversions - *City Planner Jacob Graichen*

City Planner Graichen reviewed his memo (included in the meeting archive packet) relating to Resolution 1999 which pertained to System Development Charges (SDCs) and was on tonight's Regular Session agenda for approval. HB 2984 required local government to allow a commercial building or portion of one to be converted to residential use; it did not apply to industrial zoning. The bill aimed to help convert commercial vacant buildings to needed residential use and included restrictions on parking and provisions on how SDC rules were implemented unless there were a specific policy in effect before December 31, 2023.

Key discussion items regarding HB 2984 were as follows:

- He clarified the restrictions on parking would not let the City require the amount of parking needed if a property were, for example, an apartment complex.
- Mayor Scholl spoke about Governor Kotek's plan to address the housing crisis and how it did not make sense for the State to adopt putting together a group of contractors who would probably be difficult for the City when moving forward with planning, etc.
- Council President Chilton was concerned about such rules being imposed on smaller cities, believing they were unfair.
- Mr. Graichen clarified it would depend on the type of SDCs as to whether the City could charge SDCs per unit in a building.
- He and the Council discussed the potential impacts of the new rules.
- Council President Chilton said she would like to see the Planning Commission work on the matter a bit.
- Mayor Scholl spoke about what was going on at the state level; it was an aggressive approach. Housing was a priority and then mental illness, schools, and houselessness which all intertwined. Given the resources, allowing more housing to be available was not a bad thing.
- Councilor Gundersen talked about how HB 2984 seemed more appropriate for bigger cities; Mr. Graichen agreed that larger cities did have more vacant commercial properties.
- Mr. Graichen said the matter related to the cottage cluster rule could help define the issue if the City ended up facing it.

3. Review of Events Management Contract - *City Administrator John Walsh*

City Administrator Walsh reviewed the E2C contract, a copy of which was included in the archive packet for this meeting. He noted the contract had exceeded the City's expectations. The contract in its current form would need a modification to align with the budget to allow the contractor to provide monies back to the City. He sought the Council's feedback on how they would like to move forward.

Key discussion items regarding the E2C contract were as follows:

- Walsh spoke to how tourism funds were not visible to the public due to rules regarding independent contractor's laws, addressing how the account was audited.
- Councilor Hubbard found how the money flowed through everything very convoluted. People wanted to see better accounting. He believed a new contract that went out for bid would help clarify matters and quiet criticism of the contract.
- Finance Director Butsch spoke about being careful due to the public-private partnership. The contract was to provide the events and had a profit-sharing component. It was up to the contractor to report to the City on its profit share. Accounting was the responsibility of the independent contractor, as written in the contract. If the Council wanted more transparency, it would need spelled out in the contract. The matter was not in her hands as the City's Finance Director.

- Walsh said changes could be made which he recommended as far as defining what the subcontractor 5% markup fee was. It would be easy to include in the contract the idea of moving to a franchise model and taking a percentage of sales. The City could also have the contractor entirely responsible for their own expenses and not lean on the hotel/motel tax; the contractor would pay herself from proceeds.
- Mayor Scholl asked the Council to divulge any ex-parte contact, especially with an ex-employee about finances or audits, to the entire Council prior to any discussion. Councilor Hubbard replied he did not have contact but was reading a Tourism Committee report.
- Event Coordinator Tina Curry and Mayor Scholl spoke about the past with the Tourism books and Matt Brown; Ms. Curry noted her company passed the audits 100 percent, both times.
- Council President Chilton said she saw no issues with the contractor but the public needed educated on the relationship between the City and an independent contractor. The City may need to consider making the event coordinator position a City employee in order to know all the details.
- Mr. Walsh recommended extending the current contract at least three months to work on any changes the Council wanted to make, specifically to work on the revenue-sharing details of the contract which was not talked about at all in the current contract and could net \$220,000-\$230,000 more to the City's budget.
- Mr. Walsh clarified only a certain percentage of the special revenue could be transferred to the General Fund to support services.
- Council President Chilton said she would like Butsch involved in working on the contract.
- Councilor Sundeen stated he would like input from Ms. Curry when reviewing the contract. It was hard to understand how the Council had no input over massive City events. The lack of oversight had also been brought up to him.
- Councilor Hubbard noted he had nothing against Ms. Curry; he was trying to address people claiming all Tourism proceeds were hers when they were the City's money.

The consensus of Council was to review the E2C contract.

Break - 3:34 pm

EXECUTIVE SESSION

- Real Property Transactions, under ORS 192.660(2)(e)
- Consult with Counsel/Potential Litigation, under ORS 192.660(2)(h)

Return from Break and Executive Session – 4:04 pm

4. Discussion regarding Police Staffing

Mayor Scholl talked about officer burnout and pending retirements. He and Councilor Sundeen had met with the police union, and they were continuing to work through the issues. Walsh acknowledged the need was a Council priority, and staff was looking at a model that would provide alignment of resources with expenses and at some service alignment reductions.

Key discussion items regarding police staffing were as follows:

- Mayor Scholl said the Council appreciated the Police Department. Officers were burned out and wanted to know there would be hope for relief in the future. The new police station was no longer the priority; the Police Department would prefer to use the \$10/month utility fee to hire more officers.
- Council President Chilton was concerned about the money already spent for the new station which did not reflect well on the Council. She was not confident the Council had truly looked everywhere to find money to hire more officers and did not think it was smart to reallocate money the Council had already prioritized for another project.
- Walsh said the Council had consciously reduced the City's reserve balance from 20 percent to 15 percent, resulting in a \$1.6 million deficit. The Council needed to decide whether to try to get

back to 20 percent reserve in one year or grow it back over several years. Mayor Scholl said such matters would be discussed at the Budget Committee.

- Council President Chilton suggested putting pauses on some projects in order to focus on police because building the city bigger without policing to support it would be putting the cart before the horse. She believed the Riverwalk project should be stopped for now. Mayor Scholl said part of the budget process was a loan already taken out that could be rolled into Urban Renewal to push the projects through.
- Walsh said the scope had already been reduced for the Riverwalk project by removing all the elements that were not grant-funded or SDC-funded. It was on tonight's agenda for approval.
- Mayor Scholl agreed with Council President Chilton that the police station was old and could not be remodeled. The City had a design plan that could be put in a different location. The matter would need to be figured out through the Budget Committee.
- Council President Chilton said if the City were to consider cutting projects out, it should prioritize project by safety and infrastructure needs, and she did not believe the Riverwalk fit either need.
- Mayor Scholl talked about the bond that they could use for the Riverwalk. Walsh pointed out that Urban Renewal funds could not be used for operations. He and the Council discussed Urban Renewal Agency funds.
- Ms. Butsch stated that an Urban Renewal educational session was planned.
- Councilor Hubbard spoke about how he believed the Council's priorities should be life, fire, and safety.
- Council President Chilton talked about how hiring more officers would only be a bandage for an issue the Police Department had been telling the Council about for years: a system was needed for retirements because of how long it took to get police officers on the road. Walsh clarified Staff was planning for the issue in budgetary ways.

5. Report from City Administrator John Walsh

Walsh presented his report. Key highlights were as follows:

- Tonight the Council would adopt a budget officer who would work on the grant agreement for the Economic Opportunity Analysis which was also on the agenda for approval tonight.
- The amendment to the Riverwalk project on tonight's agenda was actually a scope reduction. He explained how the budget was reduced by \$176,000.
- The City was still hopeful Project Sprint would move forward, and there was no indication they would not. He expected communication on the project fairly soon. The City was working with PGE and the PUD to get the new substation to meet the power needs.
- Regarding the Cascades Tissue closure, the City was coming to terms on the lease termination agreement. Staff had a draft and tentative approval from Legal. Cascades would like the matter wrapped up by the end of the year. Staff hoped to do a special session next week to discuss the terms of the agreement.
- He explained the difference between the two proposals for security services at the Mill site for which he sought the Council's input, from the existing Cascades service provider and an extension of the agreement with Moore Site Services. The Council discussed the idea of using the police to do extra patrols instead of private security and whether to separate security from maintenance. Mayor Scholl clarified if anything were to happen, Moore Construction had the best understanding of the Mill of any contractor in the area.

City Recorder Kathy Payne asked if Council wanted to do the community grant program which would normally be advertised in January. Mayor Scholl suggested not doing the program this year due to the City's finances. Council President Chilton recommended making a public announcement if the Council decided not to do the program. Payne would work with Communications Officer King to do a

press release. Council President Chilton said the Council could reassess annually whether to open the program back up.

ADJOURN – 4:39 pm

Respectfully submitted by Lisa Scholl, Deputy City Recorder.

ATTEST:

/s/ Kathy Payne

Kathy Payne, City Recorder

/s/ Rick Scholl

Rick Scholl, Mayor