

LA PINE CITY COUNCIL WORK SESSION AGENDA
Work Session And Joint Meeting with the Water and Sewer Districts
Wednesday, March 28, 2012
6:00 pm
16345 Sixth Street, La Pine, Oregon 97739

A. Joint Meeting with Water and Sewer Districts – 6 pm

1. Call to Order
2. Roll Call
3. Pledge of Allegiance.
4. Discussion on the Withdrawal of the Special Districts
5. Adjourn

B. Work Session – 6:30 pm

1. Call to Order
2. Roll Call
3. Budget Workshop
4. Other Issues/Concerns
5. Public Comments
6. Adjourn

Pursuant to ORS 192.640, this notice includes a list of the principal subjects anticipated to be considered or discussed at the above-referenced meetings. This notice does not limit the ability of the City Council to consider or discuss additional subjects. These meetings are subject to cancellation without notice. These meetings are open to the public and interested citizens are invited to attend. The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Patti Morgan at (541) 536-1432.

LA PINE CITY COUNCIL WORK SESSION MINUTES

Work Session And Joint Meeting with the Water and Sewer Districts

Wednesday, March 28, 2012

6:00 pm

16345 Sixth Street, La Pine, Oregon 97739

A. Joint Meeting with Water and Sewer Districts – 6 pm

1. Call to Order

Mayor Mullenex called the meeting to order at 6:00 pm.

2. Roll Call

City Manager Steve Hasson
Interim Public Works Director Allen
Mayor Ken Mullenex
Councilor Stu Martinez
Councilor Dan Varcoe
Councilor Don Greiner
Quorum Established.

Quorum was established for both districts, the following members were present for La Pine Water District: President Wayne Kovacs, Vice-President Bill Sawders, Secretary/Treasurer Makinson, Commissioner Brian Earls, and Commissioner David Harms. The following members were present for the La Pine Special Sewer District: Chairman Wayne Kovacs, Vice-Chair Brian Earls, and Secretary/Treasurer Bill Sawders.

3. Pledge of Allegiance.

Ted Scholer led the Pledge of Allegiance.

4. Discussion on the Withdrawal of the Special Districts

City Manager Hasson discussed the roles and duties and responsibilities that had been discussed in the earlier meeting. He said there is a Union role in all of this. City Manager Hasson said it would be prudent for the City to have a face to face discussion with the Union. Commissioner/Vice-Chair Earls stated that the new attorney has approached the Union. President/Chair Kovacs stated that with the approval of the Union the Districts will maintain their status until the withdrawal occurs. He said that is what they asked their legal counsel to do. Director Allen said that they need the Districts to authorize their attorney to be able to talk to the City's attorney. He said they need to be talking to the Union, now. President/Chair Kovacs said currently there is nothing going on, that the attorney is just assembling the personnel documents. Director Allen asked that the Districts allow him to talk with their attorney. Commissioner/Vice-Chair Earls stated that there really is no formal contract out there. He said he did not see a contract coming out in the next three months. Commissioner Harms said the City wanted to be put in the loop. City Manager Hasson said there are two sides of the coin, the management and the operation. He said the staff of the Districts need to give guidance to the City of what the City needs to do. Mayor Mullenex said it is important for the Districts staff to identify their needs from the City. City Manager Hasson said the Districts staff should come over and meet the

City's staff and address their needs. Director Allen stated that one of the things that came up on the transfer of employees was job descriptions. He said the City needs job descriptions. Ashley said there are job descriptions. She said none of them have been formally approved. Director Allen said to do the process of transferring employees they need to have job descriptions. He said if there are job descriptions he would like them. Director Allen asked Ashley to send the job descriptions, even though they have not been approved, to him via e-mail. He also said he plans to meet with the staff in a couple of weeks and talk to them about some various issues.

Commissioner/Vice-Chair Earls read some questions from their attorney. One of the questions was what tasks would you hand over to the City, why or why not. He said in May and June the City would just have an advisory position but after that the City's plan was to take over full management. Some of the other questions were what will be the roles of existing staff once the withdrawal occurs and what type of supervising and hiring/firing authority will occur. Director Allen said that management would include preparing and setting the agendas, etc., but the payroll has two options, either as District employees or City employees. City Manager Hasson said they need the job descriptions to figure out what people are doing and how they should be compensated.

Commissioner/Vice-Chair Earls stated the question of how and when the employees are transferred is going to be important. He said they should probably get some legal advice of how to do it. City Manager Hasson stated that for the first year they will treat the District employees as they have been treated before, i.e., salary stays the same, etc. He said Donna Zigler had sent over the draft budgets for the Districts. Commissioner/Vice-Chair Earls said an amendment to the budget may need to happen later in the year. He said it might be a good idea to have the Water District still collect the money after July 1st. Director Allen said the City would handle the payroll. City Manager Hasson said that as part of the City's code they will need a code for Sewer and Water and for utility billing. He said the City will probably adopt the Districts' codes and then maybe change it over time. Councilor Martinez stated that they should not start any electronic payments because it would be too complicated for the customers.

Commissioner/Vice-Chair Earls read some more from the list of questions from the attorney. He asked what expertise, materials, etc., are needed on behalf of the City to accomplish these tasks. Director Allen said the computers and phones would need to come over to the City as well as furniture. Another question asked what specific tasks would be turned over to the City to accomplish the withdrawal and what tasks would the Districts Board need to maintain in the future. Director Allen said the Boards would need to continue to meet, perhaps for a year. Another question was what supervisory hiring and firing authority will the City have once the withdrawal takes place. Commissioner/Vice-Chair Earls said that currently the Boards are the ones who fire an employee. Another question was what will the roles of the existing staff be once the transfer occurs. City Manager Hasson said there would be some cross training. Director Allen stated that half of the management needs to come out of the Water District. Another question was how long will the management IGA (Intergovernmental Agreement) be in existence. City Manager Hasson said that it could be when these benchmarks are accomplished then these actions will occur. Director Allen said that if someone sues they would sue both entities. He said the Districts and City would cross insure each other and that will be in the IGA. Director Allen said that there needs to be trust regarding the IGA.

5. Adjourn

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to adjourn the meeting.

<i>Vote as follows:</i>	<i>AYE</i>	<i>NAY</i>
<i>Councilor Dan Varcoe</i>	<i>X</i>	
<i>Councilor Don Greiner</i>	<i>X</i>	
<i>Councilor Stu Martinez</i>	<i>X</i>	

Motion passed unanimously.

A motion was made by Secretary/Treasurer Makinson and seconded by Commissioner Harms and Vice-President/Secretary/Treasurer Sawders to adjourn the meeting.

<i>Vote as follows:</i>	<i>AYE</i>	<i>NAY</i>
<i>Chair/President</i>	<i>X</i>	
<i>Commissioner/Vice-Chair Earls</i>	<i>X</i>	
<i>Commissioner David Harms</i>	<i>X</i>	
<i>Vice-President/Secretary/Treasurer Sawders</i>	<i>X</i>	
<i>Secretary/Treasurer Makinson</i>	<i>X</i>	

Motion passed unanimously.

The meeting was adjourned at 6:36 pm

B. Work Session – 6:30 pm

1. Call to Order

Mayor Mulenex called the meeting to order.

2. Roll Call

City Manager Steve Hasson
Interim Public Works Director Allen
Mayor Ken Mulenex
Councilor Stu Martinez
Councilor Dan Varcoe
Councilor Don Greiner
Quorum Established

3. Budget Workshop

City Manager Hasson stated that they assembled the Budget Committee this evening for a meet and greet and also to provide them with a calendar for the budget process. He said on May 2nd if not before, he will provide them with a budget. City Manager Hasson stated that either May 2nd or May

9th the Budget Committee will recommend a budget to the City Council. He said they have met with the Department of Revenue and have instructions from them about how to proceed in the construction of the budgetary process.

Scot Langton from the Deschutes County Assessor's Office discussed how the property taxes are assessed. He said that Oregon has a very complex property tax system in a volatile real estate market. Scot said he would not know the revenue amount for the City of La Pine until late September. He said they have to look at it on a property by property basis. Scot said there are two factors they look at; one is the market value which is what a willing buyer would pay a willing seller. He said back in 1997 that was considered the value of the property. Scot said the values are limited to a 3% cap. He said on existing properties it was a 95% value less 10% capped at an annual 3% growth. Scot said there are exceptions for new construction. He said it disconnected from market value the maximum assessed value. Scot said the third value is the lower of the two values. He said when real estate was going up; the value rate was a 3% annual increase. Scot said now, after the real estate crash, over half of the properties (accounts) in La Pine have a market value that is lower than the Measure 50 maximum assessed value. He said what is important there is the tax is the lower of the two. Scot said for the individual the taxes went down and for the taxing district the amount of taxes imposed went down on those accounts. He said that is why it has to be on an account-by-account basis. Scot said 45% of the properties, in La Pine, that did not go down in value saw a 3% increase in their tax rate. He said about 30% of the revenue for Deschutes County decreased about two years ago. Scot said when projecting forward to what value they will apply to the tax rate next fall, it will probably be a flat increase or just a slight increase to over half of the properties in La Pine.

In response to a question, Scot said there is not much of a compression amount in La Pine. He said that Measure 5 limits the amount of tax on real market value. Scot said in contrast, the School District has a lot of compression. He said in La Pine it is less than \$50.00. Scot said if his forecast is correct La Pine could be 2% down or relatively level in property values. In response to a question regarding residential versus commercial, Scot said residential went down first and then commercial values went down afterward. He also said the collection rate of taxes has gone down with the poor economy. Commissioner Tony Debone stated that the County used the conservative value and the actual came in at half of what had been budgeted for.

City Manager Hasson stated that the City wants to provide a basic service for a modest cost. He said they must decide what the scope of service delivery is as they move forward. Former Mayor Kitty Shields said that when they were doing the incorporation they realized that they had to keep the permanent tax rate below \$2.00 in order for the incorporation to be successful.

Lori Martin, City Recorder/Finance Officer and also Budget Officer, gave a Power Point presentation on budget law. She said that she and City Manager Hasson attended a seminar on it. City Manager Hasson stated that they will probably have a working budget document available between April 15th and May 2nd. He said the Council will be meeting on April 4th to set priorities and goals which will affect the budget.

Ms. Martin stated that with the Water and Sewer District coming onboard it will be considered an enterprise fund. She said these are funds that generate income by selling a commodity to rate payers. City Manager Hasson said with the Water and Sewer District coming to the City it will radically affect the budget. Mayor Mulenex stated that as the Sewer and Water comes over we will get resources from that organization that we may be able to use to do something that if they were not with us we would need to pay for them. City Manager Hasson said Water and Sewer has a number of years with their budget experience so the City can see, with some degree of certainty, where the

budget is so when we forecast we have a degree of certainty. He also said that by taking over the Water and Sewer Districts we will be gaining economies of scale and avoid duplication of effort both of which have a value added to the City. City Manager Hasson stated that on May 2nd the committee will receive the budget document and there will be a budget message. After the budget has been reviewed line item by line item, they will hear from the public and then discuss everything. City Manager Hasson said the goals and priorities from the Council will drive the budget message. He said they will then approve the budget and property taxes on May 2nd or May 9th. Mayor Mulenex stated that they will decide to stay with \$1.80 or move the tax rate closer to the maximum of \$1.98. He also said that if something came upon the City of unique circumstance there is a provision in the law to accomplish it. City Manager Hasson emphasized the need for transparency with the budget process. He also said by looking at last year's budget it will have a lot of cues as to what next year's budget will look like. Mayor Mulenex requested information of what percentage of a certain line item has been spent to date. City Manager Hasson stated that it will allow money to be transferred if one line item is almost used up. He said they could provide the requested information on the line items. City Manager Hasson said if there is money left in a line item at the end of the budget year the Council could decide what to do with those monies and if they want to transfer them. Mayor Mulenex said the funds have been expanded as the City has grown. Lori Martin said if any of the committee members wants to get more of an explanation they can come into City Hall and meet with her.

4. Other Issues/Concerns

None

5. Public Comments

None

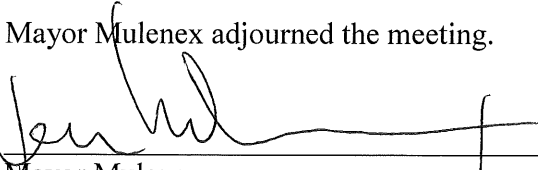
6. Adjourn

A motion was made by Councilor Varcoe and seconded by Councilor Martinez to adjourn the meeting.

<i>Vote as follows:</i>	<i>AYE</i>	<i>NAY</i>
<i>Councilor Dan Varcoe</i>	<i>X</i>	
<i>Councilor Don Greiner</i>	<i>X</i>	
<i>Councilor Stu Martinez</i>	<i>X</i>	

Motion passed unanimously.

Mayor Mulenex adjourned the meeting.


Mayor Mulenex

Attest


Lori Martin, City Recorder/Finance Officer