

REVISED (01/09/12)
LA PINE COUNCIL MEETING AGENDA
Wednesday, January 11, 2012
Regular Session – 6:00 pm
16345 6th Street, Ste 102
La Pine, OR 97739

A. Regular Session

1. Call to Order
2. Establish Quorum
3. Pledge of Allegiance
4. Added Agenda Items

Any matters added to the Agenda at this time will be discussed during the “Other Matters” portion of this Agenda or such other time selected by the City Council.

5. Consent Agenda

Information concerning the matters listed within the Consent Agenda has been distributed to each member of the City Council for reading and study, is considered to be routine, and will be enacted or approved by one motion of the City Council without separate discussion. If separate discussion is desired concerning a particular matter listed within the Consent Agenda, that matter may be removed from the Consent Agenda and placed on the regular agenda by request.

- a. Approval of Minutes
 - i. December 14, 2011 Meeting Minutes
- b. Bills and Invoices
 - i. Approval of Bills
 - ii. Financial Report
 - iii. Approval of Reimbursements

6. Public Comments
7. Central Oregon Veterans Outreach
(15 minutes)
8. Review of Application for Public Works Advisory Committee
- Roy Hester
9. Extension of Approval for Two Subdivisions
- Deborah McMahon, DMC

10. Presentation of Audit
 - Pauly Rogers
11. Caselle Software
12. Bond Coverage
13. Resolution 2012-01 - GASB Statement 54 Fund Balance Policy
14. Discussion on Committee Representatives
15. Resolution No. 2012-02 – A Resolution authorizing the opening of bank accounts for checking and savings at South Valley Bank & Trust and US Bank both located in the City of La Pine, Oregon and both are designated as depositories for funds of the City of La Pine.
16. Selection of Bond Counsel Legal Services
17. Council Member Replacement
18. Other Matters
19. Public Comments
20. Committee Reports
21. Staff Comments
22. Council Comments
23. 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.

REVISED (01/09/12)
LA PINE COUNCIL MEETING MINUTES
Wednesday, January 11, 2012
Regular Session – 6:00 pm
16345 6th Street, Ste 102
La Pine, OR 97739

B. Regular Session

1. Call to Order

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

2. Establish Quorum

City Manager Rick Allen
Mayor Ken Mulenex
Councilor Stu Martinez
Councilor Dan Varcoe
Councilor Don Greiner
City Recorder/Finance Officer Lori Martin
Admin Ass't Patricia Morgan

Quorum established

3. Pledge of Allegiance

Vern Gurney led the Pledge of Allegiance.

4. Added Agenda Items

Any matters added to the Agenda at this time will be discussed during the “Other Matters” portion of this Agenda or such other time selected by the City Council.

- 18a) Permit for Social Gaming
- 18b) Resolution 2012-03 Withdrawal of the Water and Sewer Districts
- 18c) Tentative Agreement for the City Manager

5. Consent Agenda

Information concerning the matters listed within the Consent Agenda has been distributed to each member of the City Council for reading and study, is considered to be routine, and will be enacted or approved by one motion of the City Council without separate discussion. If separate discussion is desired concerning a particular matter listed within the Consent Agenda, that matter may be removed from the Consent Agenda and placed on the regular agenda by request.

- c. Approval of Minutes
 - ii. December 14, 2011 Meeting Minutes

- d. Bills and Invoices
 - i. Approval of Bills
 - ii. Financial Report
 - iii. Approval of Reimbursement

Councilor Martinez stated that there is a check under the bills and there is a possible conflict of interest with the bill payable to Wilderness Garbage which is a company that he owns.

Mayor Mulenex said that in the Minutes on Page 9 the discussion of the City logo will not be discussed at this meeting but at a future meeting.

A motion was made by Councilor Greiner and seconded by Councilor Varcoe to approve the consent agenda.

Vote as follows:

	<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.

6. Public Comments

None

7. Central Oregon Veterans Outreach
(15 minutes)

Chuck Hemingway is Executive Director of Central Oregon Veterans Outreach. He said a formerly homeless veteran's family has a home because of efforts by Mayor Mulenex and the La Pine Band of Brothers. Mr. Hemingway introduced Lisa Miller who is the Homeless Outreach Coordinator and also Jerry Chinn who just joined the Board of Directors and also Bob Riley who just took over as Property Manager. He then showed a video that was put together to highlight the issues of homelessness. Mr. Hemingway said the same set of circumstances happens in La Pine as in Bend.

00:17:20

Mr. Hemingway said he would like to get a group together and address any homeless issues in La Pine. He said in last year's shelter count there were forty-four homeless families with five of the families being Veterans. Mr. Hemingway said there are about thirty-six homeless veterans in the La Pine area. He said there is a possibility of using some of the funds from the Neighborhood Stabilization Program. Mr. Hemingway stated that they would like to have the Council consider that with the funding to help first time homebuyers through the Neighborhood Stabilization Program, if there is any money left over to use that extra money to assist with purchasing some housing for Veterans in the La Pine area. He also discussed the collection of propane canisters that cost approximately \$.37 to fill and provide heat for the homeless.

Mayor Mulenex thanked Mr. Hemingway for the presentation and said he had the full support of himself and also the Council will look into this request.

- 8. Review of Application for Public Works Advisory Committee
- Roy Hester

This item was moved to the January 25th Work Session. Mayor Mulenex said that a number of applications have come into City Hall.

00:26:30

- 9. Extension of Approval for Two Subdivisions
- Deborah McMahan, DMC

Deborah McMahan from DMC Consulting Inc., stated that back in July 2011, the City Council had approved some amendments to the the Intergovernmental Agreement between Deschutes County and the City of La Pine to give the City the ability to extend land use approvals. (Particularly for people effected by the economy). She said a five year extension made the most sense. One is a subdivision built by Vic Russell and the second one is the continuation of industrial activity in the industrial park for wood processing. Ms. McMahan said that she recommends approval as it has gone through the necessary steps. In response to a question from Councilor Martinez, Ms. McMahan stated that there is no language in the zoning ordinance prohibiting a certain number of wood processing in the Industrial Park.

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve the extensions for the two subdivisions.

<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.

Ms. McMahan updated the Council on an action that occurred. She said that Deschutes County received a grant to do a regional opportunities analysis and that gave them money to study different cities in the county and see what it would take to make large lot development outside the UGB (Urban Growth Boundary). She said it was appealed by 1000 Friends to LUBA (Land Use Board of Appeals). Ms. McMahan stated that La Pine joined in this appeal and it shows solidarity with the other cities that would be affected by this action.

- 10. Presentation of Audit
- Pauly, Rogers and Co., P.C.

Greg Koberlein CPA from Pauly, Rogers & Company CPA. Mr. Koberlein said that the main part of the audit report is the Executive Audit Summary Report letter. He said there is a financial statement audit where they look at the accounting numbers for the City. Mr. Koberlein said that they also do an audit to

comply with state law for the State of Oregon. He said there are two opinion letters within the reports. Mr. Koberlein said through testing and sampling they come to an opinion on the financial statements. He said under the results of the audit was a clean opinion without any reservations. Mr. Koberlein said regarding the statement of exceptions they noticed no exceptions.

Mr. Koberlein stated that there are some internal control recommendations that they made in the course of the audit. He said staff was very helpful and forthright. Mr. Koberlein said that in a small city you can only segregate so much of the accounting duties. He said they have already seen some positive changes that they recommended previously, now in effect. Mr. Koberlein said with the purchase of a new building and the taking over of the Special Districts there needs to be a capitalization policy. He said before this last year the City did not need to have a capitalization policy. Mr. Koberlein stated that the State of Oregon has a standard policy of five years to capitalize an asset.

Finance Officer, Lori Martin, said the bank statements have been changed and there are other internal controls that have been put in place. City Manager Allen stated that he approves the bills for payment and then the checks require two Councilors to sign them. He also said getting rid of QuickBooks and obtaining a new software program will be helpful.

A motion was made by Councilor Greiner and seconded by Councilor Varcoe to accept the audit for the City of La Pine.

<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.

Mr. Koberlein said they will come back in August/September of 2012 to review the close out of the books for the fiscal year ending June 30, 2012. The audit contract was for two years.

00:49:40

11. Caselle Software

City Manager Allen stated that the cost to set up and run the new accounting software has been budgeted for \$22,400.00 into the budget. He said it is an expensive business to move away from QuickBooks. City Recorder/Finance Officer Lori Martin said that they met with Amy, a representative from Caselle, during an in-house presentation. She said Caselle won hands down and is integrated so it can do the accounting functions for Sewer and Water duties as well. Ms. Martin said the total price is \$16,975 for three users. She said support will be provided with training on the spot or travelling to Salt Lake City. Ms. Martin said Caselle will help with conversion and getting the software program set up. She said the second part incorporating the utility management and electronic reading interface, etc., would cost about \$20,000.00. City Manager Allen said that the Continental system, that is currently used by the Special Districts, requires someone to manually move numbers while in the Caselle system it is all automated. He also said if a renter does not pay the bill, when it is billed for a second time the landlord will receive a copy of the bill. City Manager Allen said he needs the approval to spend the money now and authorize the City Attorney to negotiate a contract now. He said the additional monies of about \$20,000 (Part 2) will come out of the 2012-2013 fiscal year budget. Councilor Martinez suggested going back longer than two years on the history of the users. City Manager Allen said it would cost about \$1,000 per year for history. He

also said the Continental system will still be useable if needed for doing a historical data. Councilor Varcoe asked about the cost of training. City Manager Allen said the training was included; the City would just need to pay for the travel and hotel expense. Councilor Greiner asked about if another server would be necessary to run the additional software. Mayor Mulenex said they may need more storage space but the server will not be affected or need to be upgraded.

A motion was made by Councilor Martinez and seconded by Councilor Greiner to accept the Caselle Clarity Finance and Software Services Proposal at \$16,975.

<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 Councilor Greiner and seconded by Councilor Varcoe to accept the proposal for the second stage of the Caselle Clarity Utility Software and Services Proposal of approximately \$19, 975 to come out of the 2012-2013 fiscal year budget.

<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.

12. Bond Coverage

City Manager Allen stated that as a result of the audit it was recommended that there be an employee theft bond coverage by upping the insurance to \$150,000.

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve the increase of the bond to \$150,000.00

<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.

01:09:45

13. Resolution 2012-01 - GASB Statement 54 Fund Balance Policy

City Manager Allen stated that there was a new rule that has come into place and it is called GASB Statement 54 Fund Balance Policy. He said the auditor had made them aware of the need for this Resolution.

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve Resolution 2012-01 City of La Pine, Oregon Fund Balance Policy.

<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.

14. Discussion on Committee Representatives

This discussion was to fill the vacancies left by Councilor McAfee's resignation. Councilor Varcoe said that he would not mind being the primary representative for COCO (Central Oregon Cities Organization). Councilor Greiner stated he would like to stay on both of his committees as did Mayor Mulenex. Mayor Mulenex mentioned that he is the primary for COACT (Central Oregon Area Commission on Transportation) and would like to continue. He also said he is on the Wickiup Steering Committee and would like to stay on that. The Utilities Committee has been discontinued. Small Cities Network has Councilor Greiner as primary with Councilor Varcoe as secondary. City Manager Allen suggested saving some of the committee representation for the new Councilor that will be taking Councilor McAfee's position. He said primary for LIGI (La Pine Industrial Group) was switched and Councilor Martinez is primary with Councilor Varcoe as secondary. Mayor Mulenex said for the Water and Sewer Districts primary was Councilor Martinez and secondary was Mayor Mulenex. City Manager Allen suggested having the new City Manager attend the DWA (Deschutes Water Alliance) meetings as they only meet two or three times a year and are pretty technical in nature.

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve the committee representatives as presented.

<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.

15. Resolution No. 2012-02 – A Resolution authorizing the opening of bank accounts for checking and savings at South Valley Bank & Trust and US Bank both located in the City of La Pine, Oregon and both are designated as depositories for funds of the City of La Pine.

City Manager Allen put this on the agenda as a Resolution because the City will be moving several thousands of dollars from Home Federal to two local banks since Home Federal has closed their La Pine branch office. City Manager Allen also said that just Council members will sign checks since he approves the initial invoices that the checks are written from.

A motion was made by Councilor Martinez and seconded by Councilor Varcoe to approve Resolution No. 2012-02.

<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.

16. Selection of Bond Counsel Legal Services

City Manager Allen stated that the City will be assuming about \$3 million dollars of loans as a result of withdrawing the Water and Sewer Districts into the City. He said to ensure that everything is handled properly the City needs to hire Bond Counsel Legal Services. City Manager Allen said that there are very few legal firms that do this type of service. He said ORAK believes they can do it for the \$15,000 to \$20,000 range. City Manager Allen recommended using ORAK as they were the cheaper bid as well. He said they will start working on it tomorrow if approved. It is a specialized law firm that handles the processing of bonds in order for the City to assume the loan with USDA (United States Department of Agriculture).

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve ORAK as the City of La Pine's Bond Counsel.

<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.

01:27:15

17. Council Member Replacement

City Manager Allen stated that an advertisement for a new Councilor should be put in The Eagle. He said they should give people two or three weeks to decide if they want to apply. City Manager said it may take until March to appoint someone. He suggested doing the interviews at the Work Session on February 22nd.

A motion was made by Councilor Martinez and seconded by Councilor Greiner to advertise in the three local papers for the Councilor replacement.

<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.

City Manager Allen stated that there would be a February 15th deadline for people to apply.

18. Other Matters

18a) Social Gaming License for the La Pine Inn

A motion was made by Councilor Varcoe and seconded by Councilor Greiner to approve the application for a social gaming license for the La Pine Inn.

<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.

18b) Resolution 2012-03 A Resolution authorizing the City Manager and his or her Successors, Assigns, and Designees to pursue the annexation or withdrawal of all or a majority of the territory of the La Pine Water District and La Pine Special Sewer District under ORS Chapter 222.

City Manager Allen said that the only way an annexation could be done was if 100% of the Districts were inside the City limits. He said approximately three acres of property is outside the City limits. City Manager Allen said that the City has the right, under ORS Chapter 222, to withdraw the Special Districts.

A motion was made by Councilor Greiner and seconded by Councilor Varcoe to approve Resolution 2012-03 A Resolution authorizing the City Manager and his or her Successors, Assigns, and Designees to pursue the annexation or withdrawal of all or a majority of the territory of the La Pine Water District and La Pine Special Sewer District under ORS Chapter 222

<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.

18c) Tentative Agreement for the City Manager

City Manager Allen stated that he has done a preliminary background check that included criminal, credit, college degrees, etc., for the top candidate. He said he has not done a reference check yet. City Manager Allen said the next step would be to negotiate a contract and Roger Jordan is sending him two or three contracts that he has worked with. He also said that Roger Jordan suggested sending the Mayor or someone else on the Council to visit the top candidate's home and talk with people that know him. City Manager Allen recommended making the offer to the candidate pending the completion of the background check.

A motion was made by Councilor Greiner and seconded by Councilor Varcoe to extend a tentative offer to Steve Hasson subject to a complete background check and successful negotiations.

<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.

City Manager Allen stated that Steve Hasson would probably start work around March 1st. Mayor Mullenex stated he wanted to thank the six people from the community that spent the entire day doing interviewing. City Manager Allen stated that Mayor Mullenex will be visiting Kuna, Idaho to do a background check on Mr. Hasson and have his travel expenses reimbursed. Councilor Martinez stated he would volunteer with no reimbursement to meet Mayor Mullenex in Kuna to do the further background checking.

A motion was made by Councilor Varcoe and seconded by Councilor Greiner that the Council approved the Mayor to travel to Kuna, Idaho and check in with the community regarding the applicant and coordinate with Councilor Martinez to make it an effective effort as Councilor Martinez has agreed to go along with no charge to the City.

Vote as follows:

	<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

18. Public Comments

None

19. Committee Reports

Councilor Martinez stated that at the LIGI meeting there was an inquiry from an east coast fish growing and manufacturing organization. He said somehow the request slipped through the process but EDCO (Economic Development Central Oregon) caught it and they were sending information about La Pine to the requestor. There was a discussion about having better communication between the Manager and the Board. Councilor Martinez stated that they have also set some tentative dates for their retreat. Mayor Mullenex asked Councilor Greiner to attend the COACT meeting tomorrow since he would not be able to attend.

21 Staff Comments

City Manager Allen stated that the next meeting, a Work Session, will be a joint meeting with the Board of County Commissioners. Food will be served at 5:30 pm. The Council will also be reviewing the applications for the Public Works Committee.

City Recorder/Finance Officer Lori Martin stated that there was a meeting last night regarding urgent care for the community between the fire department and the community health center. She said the meeting was well attended. Ms. Martin said a lot of good ideas came out of that meeting and gave some high level information that enlightened the community. Councilor Varcoe stated that Ms. Martin has made a good impression in the community.

22. Council Comments

Mayor Mullenex stated he will arrive in Boise, Idaho on Sunday night and spend the following day doing a background check on Steve Hutton, the candidate for City Manager. Councilor Martinez stated he wore yellow and green at tonight's meeting in honor of the win by the University of Oregon at the Rose bowl because he and Rick had bet on it.

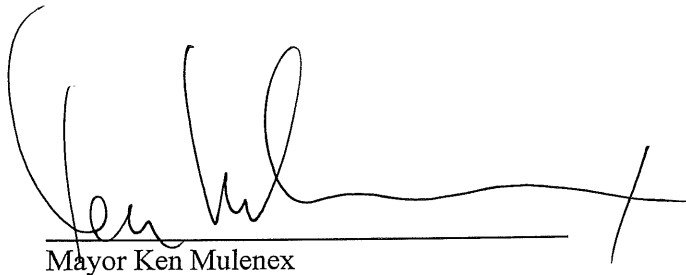
23. Adjourn

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 Mullenex adjourned the meeting at 8:05 pm.



Mayor Ken Mullenex

Attest



City Recorder/Finance Officer Lori Martin