



## CITY OF LA PINE, OREGON SPECIAL CITY COUNCIL MEETING

Tuesday, October 3, 2023, 5:30 p.m.

La Pine City Hall: 16345 Sixth Street, La Pine, Oregon 97739

**Available online via Zoom:** <https://us02web.zoom.us/j/89046748113>

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*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 City Hall at (541-536-1432). For deaf, hearing impaired, or speech disabled dial 541-536-1432 for TTY.*

*This is a Special City Council meeting at an irregularly scheduled time, due to the cancellation of the Regular City Council meeting scheduled for September 27, 2023. The Council elected to hold a Special Meeting to consider pending business in a timely manner and in the public interest.*

*The Special City Council meeting is a business meeting of the elected members of the La Pine City Council, in which matters that have come before the City in application, or legislatively/judicially by process can be acted upon under Old and New business. Matters that are not formally before the City or have yet to be initiated by application cannot be officially acted upon. If any party would like to initiate an action through process or application, city administrative staff are available during the regularly scheduled business hours of City Hall to provide assistance.*

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## MINUTES

### REGULAR COUNCIL MEETING

#### CALL TO ORDER

Mayor Richer called the meeting to order at 5:30 p.m.

#### ESTABLISH A QUORUM

Mayor Richer

Councilor Shields

Councilor Van Damme- Via Zoom

Councilor Ignazzitto

Councilor Morse

Student Councilor Marston

Geoff Wullschlager- City Manager

Ashley Ivans- Financial Director/Assistant City Manager – Via Zoom

Kelly West – Public Works Director

Brent Bybee- Principal Planner

Rachel Vickers – Associate Planner

Amanda Metcalf- Administrative Assistant

**PLEDGE OF ALLEGIANCE**

Mayor Richer led the pledge of allegiance.

**PUBLIC COMMENTS**

*Public Comments provide an opportunity for members of the community to submit input on ongoing matters within the city. Any matter that warrants testimony and rebuttal may be debated during a public hearing on the matter.*

*Public Comments are limited to three (3) minutes per person; when asked to the podium, please state your name and whether you live within La Pine city limits. The acting chair may elect to respond to comments if the matter is within the jurisdiction of the city or defer to city staff for response.*

None

**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 time selected by the City Council*

None

**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 of any member of the City Council.*

1. Meeting Minutes August, 30, 2023
2. Meeting Minutes September, 13, 2023

Councilor Ignazzitto made a motion to approve the consent agenda. Councilor Morse seconded the motion. Motion approved unanimously.

**PRESENTATIONS:**

DANCO – Low Income Housing Tax Credit (LIHTC) – Mr. Chris Dart – President

Chris Dart and George Schmidbauer were present to represent The DANCO Group (DANCO). He expressed that it was his intention to come before the Council to convey the importance of the tax exemption element of the project to its overall success. He also explained that DANCO assumed that the City of La Pine already had a tax exemption policy in place and was unaware that the City did not.

He asked if there was something DANCO could do, including a contribution, that can move the project forward and get the approval of the tax exemption. Mayor Richer asked if DANCO has spoken with any of the other tax districts to see how they feel about the exemption. Mr. Schmidbauer explained that he was unsuccessful in contacting the Parks and Rec department to speak with them about the exemption.

Councilor Van Damme asked Mr. Dart why DANCO chose La Pine and why the community services element of the project were focused on one segment of prospective residents. Mr. Schmidbauer explained that it was the State's priorities that shape the application elements that developers must meet, in addition to other funding they have applied for, to focus on rural communities and particular demographics groups to allow inclusivity. Councilor Van Damme asked why DANCO chose La Pine when there are other larger cities that are in more need. Mr. Dart stated that Deschutes County is in high need of affordable housing. In addition, he stated that the City of La Pine is a rural area and fits both criteria for grants that are being used for housing.

Councilor Ignazzitto clarified that having the resources available for the states priorities allows for DANCO to acquire more funding and is not the sole purpose of the project. Mr. Wullschlager also clarified that it is the State's priority to focus on particular societal elements within the current housing policy landscape.

Councilor Van Damme asked about the funds listed for resource classes in the application as she was concerned that \$25,000 was not enough to fund them all. Mr. Schmidbauer explained that NeighborImpact oversees the resource classes and gave DANCO this figure for the budget. Mr. Dart stated that \$20,000 a year is a common practice for affordable housing projects.

Mr. Bybee informed the Council of the population statistics that he acquired from the Portland University population information.

**PUBLIC HEARING:**

None

**OLD BUSINESS:**

1. Consideration of DANCO Communities multifamily housing proposal
  - a. Staff Report
  - b. DANCO responses
  - c. DANCO updated application/model (Spreadsheet will be displayed during open session)
  - d. Latino Community Association MOU
  - e. NeighborImpact MOU
  - f. Resident Services Plan – Huntington Apartments
  - g. Millage Table
  - h. Forecasted Exemption Schedule
  - i. Forecasted Financial Impact Table
  - j. Resolution 2023-XX & La Pine Low-Income Rental Housing Policy (Draft)

Mr. Wullschlager presented the associated staff report, and informed the Council that DANCO responded to the questions and concerns that were presented in the September 13<sup>th</sup> meeting.

The first question was regarding the Debt Coverage Ratio (DCR) and the low threshold presented versus the industry standard of 1.2%. DANCO responded that a 1.15% DCR is a widely accepted percentage, and their latest and final proforma reflects a 1.22 DCR. Mr. Wullschlager's recommendation was that this area of concern has been satisfied by DANCO, and the City should require that the updated application be filed with the Oregon Housing and Community Services (OHCS).

Secondly the Income to Expense Ratio was observed as decreasing over a seventeen-year measurement. DANCO responded, given the state underwriting requirements they require, that income escalation is underwritten at 2%, while expense escalation increase 3% each year. As long as the DCR remains positive through year 30 it is considered stable. In addition, it was explained by Mr. Wullschlager that the Deferred Developer Fee (DDF) is paid after all other expenses and is not calculated into the income/expense Ratio. Mr. Wullschlager's recommendation stated that this area of concern has been satisfied and that the City should not require further assurances.

It was also expressed that Deferred Developer Fees (DDF) raised concern with administration due to the discrepancies in the different areas of the budget. DANCO responded that the amount in the Operating Budget is the outstanding balance of the DDF yet to be paid, and the DCR is calculated before the DDF is paid thus deferring payment of the DDF to later years which would have no impact on the DCR. Mr. Wullschlager presented the Council with an accounting table that explained the DDF. He stated that DANCO satisfied the concern and there were no further questions regarding this topic.

The City's Tax attorney had questions about the Second Loan, Hard Debt, and queried whether there was a third-party contributor. DANCO responded that this figure was a place holder that has been removed in the current model. Mr. Wullschlager stated that this area of concern had been satisfied and required no other action.

Lastly there was a concern about Resident Services and how a contribution of \$25,000 dollars would be able to fund the services listed in the application. DANCO responded that this figure was received by NeighborImpact and the Latino Community Association as a supplementary provider. Both organizations have stated that they were comfortable with the annual fees outlined in the respective MOUs. It was DANCO's understanding that they have other sources of funding that complement the fees the project will pay. Administration was satisfied that NeighborImpact and the Latino Community Association have addressed the funding cap of \$25,000.00 per year for the listed services. However, there was language in the MOUs that need to be addressed including the property ownership definition, the definition of threshold and "regular ongoing basis" of the services, and ambiguity in the language regarding the accommodations that are to be provided. In addition, it was questioned as to why the 15-year requirement of services did not reach the 20-year state requirement. Mr. Dart explained that the MOUs are a year-to-year renewal contract which will allow for changes if the organization is not performing, in addition this MOU should state 20 years and DANCO will supply an amendment.

Councilor Van Damme was concerned about the resource classes and would like to have more detailed information. Councilor Ignazzitto clarified that the level of teaching would be the nonprofits' area or responsibility and not necessarily DANCO's, and they may not be able to provide more detail of the services. Mr. Dart explained that DANCO will be audited by the state and one of the areas of compliance for them is to continually provide these resources. Mr. Wullschlager expanded that if any contributor to

this project did not fulfil their agreement, the tax credits could be taken back, which would affect the overall long-term viability of the project and the financial stability of the investors. He stated that this should provide assurance to the Council as if the project were to lose its tax credits, investors would be looking for remuneration, likely through litigation.

Mr. Wullschlager presented the second portion of his analysis regarding financials and illustrated the breakdown of the tax distribution. DANCO stated that they had previously spoken to the school district and Mr. Wullschlager shared that he had spoken with the Fire District and the Parks and Rec. District. Parks and Rec. expressed that they were not in favor of the tax exemption, and a suggestion was made for DANCO that they can pay a contribution to help offset the concerns of the districts. Mr. Schmidbauer spoke about the AMI and it could be lower due to the Oregon Housing credit.

Mr. Wullschlager presented a table that displayed a positive impact for the City, and if DANCO was to provide a contribution to the City, Mr. Wullschlager recommended it be placed in an account that can later be distributed to the community with Community fund requests.

Mr. Wullschlager went over the proposed Resolution 2023-XX draft and clarified that action was not needed by the Council at the current time. He did clarify that once a resolution was adopted the City would have to adhere to the Oregon statues and the City's legal counsel will review the proposed resolution.

Councilor Van Damme reiterated her inquiry as to why DANCO chose the City of La Pine. Mr. Dart responded that Deschutes County was in high demand of housing, and that La Pine fit the criteria for State funding due to its rural location. Mr. Schmidbauer stated that DANCO applied for their main funding grant with two locations, one in Portland and one in La Pine, the State of Oregon funded the project in La Pine and did not fund the project for Portland. Mr. Wullschlager clarified the Lift Grant allowed for 10 million in funds due to the rural location of La Pine which presumably made the project proposal for the community financially viable.

#### **NEW BUSINESS:**

1. Letter regarding transfer of land from Deschutes County
  - a. Staff Report
  - b. Map
  - c. Draft Letter

Mr. Wullschlager presented the associated staff report explaining how the City received \$1.5 million dollars in seed funding from the State of Oregon. He expressed appreciation to Ms. Patricia Lucas, SLED executive director, who worked with Representative E. Werner Reschke to accomplish this goal. Mr. Wullschlager explained that the SLED Board identified a site on Reed Rd. near Hwy 97 that would be suitable for startup commercial ventures. Mr. Wullschlager presented a draft letter asking Deschutes County to donate Taxlot: 221014AB00108 to the City for this project.

Councilor Morse made a motion to approve the issuance of a letter seeking donation of Taxlot 221014AB0108 to the Deschutes Board of County Commissioners. *Councilor Ignazzitto seconded the motion.* Mayor Richer called for a roll call vote:

Councilor Van Damme- Aye

Councilor Shields- Aye

Councilor Ignazzitto- Aye

Councilor Morse- Aye

Motion passed unanimously.

2. Final Bills – Utilities

- a. Staff Report
- b. Resolution 2023-07 (Draft)
- c. Appendix A

Mrs. Ivans presented the staff report regarding past practices regarding final billing and Resolution 2023-07. Mrs. Ivans performed an audit of the utility accounts that had been final billed, her recommendation was that the City write off \$49,698.78 on the listed accounts. This amount was comprised of \$44,594.36 of penalties and \$5,104.42 in water and sewer service for homes that have sold since the bills were incurred. Mrs. Ivans clarified that while this was a substantial write-off, it was about 3% of the amount that is annually billed by the City.

Councilor Van Damme questioned previous practices and why final bills were not collected in the past 5 years. Mrs. Ivans informed the Council that during the Pandemic utility companies were not able to collect money for services and concluded that past utility clerks were unaware of a process for final billing. There were no other questions from the Council.

Councilor Ignazzitto made a motion to pass Resolution 2023-07 A Resolution of the City of La Pine authorizing the City finance department to write off certain uncollectible accounts receivable. *Councilor Shields seconded the motion.* Mayor Richer called for a roll call vote:

Councilor Van Damme- Aye

Councilor Shields -Aye

Councilor Ignazzitto-Aye

Councilor Morse-Aye

Motion passed unanimously.

3. Bank Account Operations

- a. Staff Report

Mrs. Ivans informed the Council that Umpqua Bank was offering 0.25% interest over LGIP for anything in excess of \$1 million dollars in deposits. Mrs. Ivans suggested to the Council that the City establish an account with Umpqua and establish a funds transfer to take advantage of the increased interest rate.

Councilor Van Damme made a motion that the City open a Money Market account with Umpqua Bank and Transfer \$3 million from LGIP to Umpqua. Another \$3 million should be transferred to Umpqua Bank from the current WaFd Money Market. *Councilor Morse seconded the motion.* Motion passed unanimously.

4. Adopting Fee Schedule
  - a. Staff Report
  - b. Resolution 2023-08
  - c. Exhibit A. Fee Schedule

Mrs. Ivans presented Resolution 2023-08 which was an updated Master Fee Schedule with the added records request fees that were removed when the new Fee Schedule was being updated at the beginning of the year.

Councilor Ignazzitto made a motion to approve Resolution 2023-08, A resolution of the City of La Pine adopting a Master Fee Schedule and establishing and/or adjusting certain city fees, rates, and charges. *Councilor Morse seconded the motion.* Mayor Richer called a roll call vote:

Councilor Morse- Aye

Councilor Ignazzitto- Aye

Councilor Shields- Aye

Councilor Van Damme- Aye

Motion passed unanimously.

5. Coordinated Houseless Response Office (CHRO) - Discussion
  - a. Board Agenda 09.21.23

Mayor Richer spoke about the Coordinated Houseless Response Office (CHRO) meeting and gave an update from their last meeting.

Mr. Wullschlager informed the Council that the joint session with Deschutes County was canceled due to staff and Council attending the League of Cities Conference and asked if rescheduling the meeting with the County Commission to the first meeting in November was acceptable. The Council agreed with the rescheduling of the Joint session to the first meeting in November.

#### **OTHER MATTERS**

None

#### **PUBLIC COMMENTS**

*Three (3) minutes per person; when asked to the podium, please state your name and whether you live within La Pine city limits.*

None

#### **STAFF COMMENTS**

Mr. Bybee introduced Rachel Vickers, Associate Planner, to the Council. He further introduced the City's application for Technical Assistance Grant Funds from DLCD. He discussed the grant application and read the recommendation from the State to the Council. Mr. Bybee updated the Council on the community outreach LaPine 2045, and the community events the City will be attending.

Mr. West updated the Council on Public Works Department staffing, sharing that the unity was at regular levels.

Mr. Wullschlager expanded that some water services have gone live in the new development and discussed the ongoing lift station concerns in the Industrial Park.

**MAYOR & COUNCIL COMMENTS**

Mr. Marston gave an update on their first school site plan where teachers and parents work together to help the students. Currently they are focusing on career readiness. Mr. Marston invited the Council to the Harvest Event. He informed that there are 85% of seniors that are on track to graduate for the current school year which was an improvement over the previous year.

Councilor Van Damme commented that the City should not focus solely on affordable housing but on all types of housing development.

Mayor Richer thanked everyone for coming to the meeting.

**ADJOURNMENT**

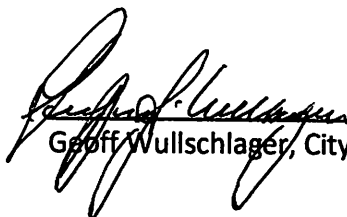
Mayor Richer adjourned the meeting at 7:24 p.m.

**EXECUTIVE SESSION (if necessary) per ORS 192.660**

None

  
Date: 8 Nov 23  
Daniel Richer, Mayor

ATTEST:

  
Date: 11/8/23  
Geoff Wullschlager, City Manager