

CITY OF LA PINE UTILITIES COMMITTEE MEETING AGENDA

Wednesday, January 21 - 3:00 p.m.
51340 Highway 97, La Pine, OR 97739
South County Building Meeting Room

1. Call to Order
2. Pledge of Allegiance
3. Added Agenda Items
Any matters added to the Agenda at this time will be discussed during the “Other Matters” portion of this Agenda.
4. Report on LOC recent Acquisition Costs – Councilor McAfee
5. Report on News Release – Tony Debone
6. Availability of Grants – Jayne Benner
7. Cost Analysis of Insurance and Legal Fees between the City and the Districts
8. Public Comments for Items Not on the Agenda
9. Other Matters
Only those matters properly added to this Agenda under line item No. 4 will be discussed at this time.
10. 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 meeting. This notice does not limit the ability of the City of La Pine Utilities Committee to consider or discuss additional subjects. The meeting is subject to cancellation without notice. The meeting is 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 Luana K. Damerval at (541) 536-1432.

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CITY OF LA PINE UTILITIES COMMITTEE MEETING MEETING

Wednesday, January 21 - 3:00 p.m.
51340 Highway 97, La Pine, OR 97739
South County Building Meeting Room

1. Call to Order

Chair Ted Scholer called the meeting to order at 3:09 pm

2. Pledge of Allegiance

The Pledge of Allegiance was led by Chair Ted Scholer.

Chair Ted Scholer then asked attendees to introduce themselves:

- Barbeann Nelson-Dodson, President Water District
- Donna Ziegler, Office Manager for La Pine Water
- City Councilor McAfee
- Vice-Chair Jayne Benner
- Tony Debone, committee member and small business owner

Public:

- Vicky Jackson, realtor
- Councilor Barbara Hedges
- Councilor Don Greiner
- Mayor Kitty Shields
- Gloria Fleming, Vice Chair of the La Pine Planning Commission

Administrative Assistant Patti Morgan was also in attendance performing meeting recording duties.

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3. Added Agenda Items

Any matters added to the Agenda at this time will be discussed during the "Other Matters" portion of this Agenda.

Chair Scholer stated that Barbeann Nelson-Dodson, President Water District, asked to give a presentation at this meeting. Barbeann Nelson-Dodson passed out some pamphlets with information about the Water and Sewer Districts. She also said she had made up a list of questions and answers for the committee.

Chair Scholer also announced that he has asked Mike Solt, Program and Policy Coordinator with the Special Public Works Fund with the Infrastructure Finance Authority for the State of Oregon, to be an ex officio member of the committee due to his knowledge with the issues. He said Mr. Solt would be here shortly.

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- Approval of Minutes from Dec. 16, 2009 Minutes

Chair Scholer stated that he had one correction on the Meeting Minutes. He said on page 3, ‘Ted Scholer then discussed instead of than.’ There were no other corrections or additions to the Minutes.

A motion was made by Councilor McAfee and seconded by Vice Chair Benner to approve the Minutes from Dec. 16, 2009.		
Vote as follows:	AYE	NAY
Chair Ted Scholer	X	
Vice Chair Jayne Benner	X	
Tony Debone	X	
Councilor Adele Moilanen	X	
Motion passed unanimously.		

There were no other added Agenda Items.

00:04:49

4. Report on LOC Recent Acquisition Costs – Councilor McAfee

Councilor McAfee stated she put the City on the list serve for the League of Oregon Cities website asking for input from any public entity having a similar situation or experience acquiring a Special District. She said there have been no responses yet. She said other than that, she has not been able to obtain any other information.

Special Presentation from Barbeann Nelson-Dodson, Chair of Water District.

Ms. Nelson-Dodson stated that the Water and Sewer Districts have to agree to be absorbed by the City of La Pine:

- She said there is no benefit for the Districts to be absorbed. Ms. Nelson-Dodson said the City would incur \$4.5 million of debt from the Water District and \$1.5 from the Sewer District.
- She said the City would have to refinance this debt.
- Chair Scholer stated that the Question and Answer sheets that were distributed by the Water District were opinions and not necessarily facts.

Ms. Nelson-Dodson than discussed some of the materials regarding the loans that she had passed out to the committee at the start of the meeting:

- She said all monies received by the Districts have to be used to run the Districts or payoff the loans; there would be no financial benefit for the City.

(Mike Solt, Program and Policy Coordinator with the Special Public Works Fund with the Infrastructure Finance Authority for the State of Oregon, arrived at 3:10 pm.)

Ms. Nelson-Dodson stated that the City would have to hire staff to replace the volunteers that are currently managing the Districts. Also, she said, the City would need to find certified and

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knowledgeable personnel to manage and maintain the Districts. Ms. Nelson-Dodson said that the transfer is expensive and a rather long process. She said the Districts cannot legally fund the process so the City would have to fund the process.

Chair Scholer stated that he would like to open the meeting process at this point to discuss these issues.

Ms. Nelson-Dodson stated that she also wanted to point out a letter she had given the committee from someone trying to take over the Ochoco Water System.

Chair Scholer responded to the presentation with the following comments:

- According to what we understand, the Districts can be absorbed, but they do have to agree to be absorbed or dissolve for the City to take them over.

Jayne Benner stated that we should probably review the Intergovernmental Agreement between the Districts and the City to see what it states in the Agreement to be absorbed or not. Ms. Nelson-Dodson stated that the answers she was giving here were for today, not for another period of time down the road.

Mayor Shields suggested rewording on one of the answers given by Ms. Nelson-Dodson. She said that a portion of the Water and Sewer Districts are outside the City limits which means that absorption by the City is not automatic. Mayor Shields said the City cannot just say we are going to do the acquisition. Chair Scholer said that USDA (United States Department of Agriculture) requires both parties to agree. He said it is the charge of the committee to look at these questions and provide the City with the answers and also the processes needed.

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Chair Scholer stated that he can look at benefits to customers and also perceptive customers in terms of maybe the SDC rates and hookup fees being changed. He said we have lost two industries in this City and the Industrial Park because of those fees. Mike Solt stated that there is a law that requires users outside a City limit pay a reasonable adjustment in their rate to reflect that they are not in that jurisdiction's ownership. He said he was not sure if it would only take place when services are extended by an existing utility or if it only occurs when consolidation is taking place.

Chair Scholer stated that it would encompass only a very small area of La Pine.

Ms. Dodson-Nelson stated that the SDC's were not set by the Districts, they were set by the lender of the loans. She said sewer systems are very expensive to operate and expand. Ms. Dodson-Nelson stated that if we do not charge the new people coming in existing customers would have to pay for it which is very unfair. In response to a question from Chair Scholer, Mayor Shields stated that it was USDA and also the engineer that determined the SDC's based on surveys.

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Mayor Shields stated that at one point they looked at different options for funding and found that they could not beat Rural Utility Services. Ms. Dodson-Nelson stated that there is a Master Plan coming up and that would probably mean the SDC's for water will go up.

Vice Chair Benner stated that the Districts have done a terrific job of making it a very financially stable organization. In response to a question from Ms. Benner, Ms. Dodson-Nelson stated that profit monies are restricted to paying the loan off, or to spending it on operations or something we

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put into the budget. Ms. Benner stated, for example the loans are not assumable but the lender could consider the City of La Pine as a new applicant. Chair Scholer said that the USDA would look at either transferring or doing a new loan with the City if both entities approved it and had the loan documents in place to put the City in the documents. Mike Solt also said it would also have to deal with the financial analysis of the City to assume all of the obligations. Ms. Dodson-Nelson stated that according to Pam Swires, Area Specialist for USDA, there is uncertainty because of not knowing the assets of the City and that is why without adding sewer and water there would probably be no hope but they are not certain about adding sewer and water.

Chair Scholer stated his point was that the acquisition could happen at some point in time. Ms. Nelson-Dodson stated how difficult it is to get people to serve on the Water and Sewer Districts' Boards. Mike Solt suggested that they could completely refinance the loans with the City of La Pine selling bonds for the remaining principle.

Chair Scholer stated that in the current employment climate he does not think it would be too difficult to find certified personnel when the City absorbed the Districts and also some of the current employees of the Districts may want to apply for City positions. Ms. Nelson-Dodson stated that if the Districts were taken over by the City it would have to become a PUC (Public Utilities Commission). She said the Districts know nothing about PUC rules and regulations. Ms. Nelson-Dodson said that fees would also have to be paid every year to the PUC.

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Ms. Nelson-Dodson stated that she believes this committee should have first formed some questions and come to the Districts for answers. She said that in her opinion this committee has jumped ahead five years. Ms. Nelson-Dodson said there is a benefit to the City acquiring the Districts because they could add a surcharge but it would raise the rates. She also said if the committee had any more questions please submit them to the City for e-mailing to the Water and Sewer District. Ms. Nelson-Dodson requested that if it is a question regarding how the Board feels about an issue please e-mail Donna Ziegler by the 28th of the month so it gets on the agenda for the next month's Board meetings. She also briefly referenced an error in the Draft Comprehensive Plan stating that the Water and Sewer Districts were privately owned. Ms. Nelson-Dodson advised the City not to try to acquire the Districts for at least five years and maybe even ten years. Vice Chair Jayne Benner said that no one on the committee or at the City knows what year the acquisition will happen. Ms. Nelson-Dodson stated that the District's attorneys want the next intergovernmental agreement to be for a period of three years.

Chair Ted Scholer stated that the committee will get back to Ms. Nelson-Dodson because it will take some time to absorb the information given to us today.

00:49:48

5. Report on News Release – Tony Debone

Tony Debone stated that he was unsure as to how to proceed with a news release about the committee because of the controversy that had occurred after the last committee meeting. Vice Chair Benner suggested having someone from the committee ask the Council what type of publicity, if any, they would like to see in regard to the committee. Councilor McAfee stated that she thinks we should continue the dialogue so everyone is on the same page because we are moving forward.

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Chair Scholer suggested reading the Intergovernmental Agreement between the City and the Districts, that Ms. Nelson-Dodson had provided, and coming back to the next meeting and discussing it. Tony Debone stated that one of the benefits of acquisition is that there will not be a need for multiple public boards for these Districts. He said there would just be a City Council, a City Manager at some point, and the City staff members below that. Tony Debone stated the direction of the committee perhaps should be more visionary than anything else.

00:54:10

6. Availability of Grants – Jayne Benner

Vice Chair Benner deferred this discussion to Mike Solt because of his knowledge and experience with grants. Mr. Solt said the most accessible is from the Water/Waste Water Financing program. He said it is a technical assistance planning grant for funding of financial feasibility studies and Master Plans related to a utility. Mr. Solt said Districts and Cities are eligible for that program. He also said the grant amount is up to \$20,000 and then there is an ability to combine the grant with a loan amount of up to \$50,000 for a total combined of \$70,000.

Chair Scholer stated that he read about a Water/Wastewater Financing session offered by RCAC (Rural Community Assistance Cooperation) in coordination with the funding entities. He said the information was located in the League of Oregon Cities monthly magazine.

Councilor McAfee asked Mr. Solt if he could assist the City with obtaining grants like he has described. Mr. Solt answered yes. He also said identification of the hurdles and things that need to be addressed for the acquisition are never too early to start. Vice Chair Benner stated that assuming that the City was going to do this they would take over the revenue stream and that would be something the lender would take into consideration.

Mr. Solt stated that somewhere the revenues need to be generated and split between the user rates and typically those are SDC's. He said depending on what your goals are the SDC's may need to be where they are at unless you need to generate revenues someplace else.

Chair Scholer stated that the current system uses EDU's (equivalent dwelling unit) in terms of industrial use and we need to look at the gallon usage because industrial usages are entirely different than household usages. Mr. Solt stated that there are a number of ways to do the calculations. He said it fluctuates with the particular Council and there is no set way that it is handled.

01:03:54

7. Cost Analysis of Insurance and Legal Fees between the City and the Districts

Chair Scholer asked Councilor McAfee and Vice Chair Benner to look into this for a future meeting.

8. Public Comments for Items Not on the Agenda

Vicky Jackson, area resident, stated that on February 4th there will be a meeting with the DEQ in La Pine regarding the nitrate issues. She said she would like to see the Sewer District expand further north toward Sunriver. Chair Scholer stated that it would take a vote of the people to expand into

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those other areas. Councilor McAfee stated that in the Comprehensive Plan the City would be allowed to provide utility service in areas outside City limits.

Mayor Shields stated that she wanted to thank the committee members and Mr. Solt for their efforts. She said it will probably always be a battle to get some people to understand why the committee was formed.

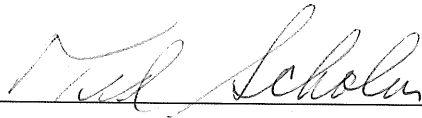
9. Other Matters

Only those matters properly added to this Agenda under line item No. 4 will be discussed at this time.

None

10. Adjourn

Chair Scholer adjourned the meeting at 4:16 pm. He said the next scheduled meeting will be on February 18th at 3 pm.



Chair Ted Scholer

Attest:



City Recorder Luana Damerval