CITY OF McMINNVILLE

MINUTES OF DINNER MEETING of the McMinnville City Council

Held at the Kent L. Taylor Civic Hall on Gormley Plaza

McMinnville, Oregon

Tuesday, February 9, 2016, 2015 at 6:00 p.m.

Presiding: Rick Olson, Mayor

Recording: Rose A. Lorenzen, Recording Secretary

Councilors: Present

Remy Drabkin Kellie Menke

Scott Hill Alan Ruden

Kevin Jeffries Larry Yoder

Also present were City Manager Martha Meeker, City Attorney David Koch, Planning Director Doug Montgomery, Finance Director Marcia Baragary, Talbot, Korvola & Warwick Partner Tim Gillette, Audit Committee Member Fred Stemmler, and members of the news media, Don Iler of the *News Register* and Dave Adams of KLYC Radio*.*

DINNER

CALL TO ORDER: Mayor Olson called the Dinner Meeting to order at 6:35 p.m. and welcomed Mr. Gillette and Mr. Stemmler.

2015 AUDIT PRESENTATION: Finance Director Baragary introduced Talbot, Korvola & Warwick Partner Tim Gillette. She stated that Mr. Gillette was the Partner on this past year’s audit. She advised that this audit was completed under new and significant accounting standards.

RESOLUTIONS: Finance Director Baragary reviewed the need for budgetary transfers for fiscal year 2015 – 2016 and stated that the McMinnville Urban Renewal Agency had recently identified an opportunity to advance a street improvement project within the District’s boundary and because the Agency does not have sufficient funds to pay for capital construction design services, the City and the Urban Renewal Agency wish to execute a loan agreement and promissory note. This will allow the Agency to move forward with the capital construction design services related to the street improvement project. Because this loan was not anticipated when the 2015 – 2016 Budget was passed, it is necessary to transfer appropriation authority from the City’s operating contingency to increase Special Payments appropriations.

Ms. Baragary explained that the second resolution, approving a loan agreement and promissory note between the City and the McMinnville Urban Renewal Agency will officially transfer funding from the City to the Urban Renewal Agency so that the Agency can proceed with the necessary capital construction design services related to the Alpine Avenue street improvement project. Responding to Councilor Ruden’s inquiry, Ms. Baragary stated that the loan would be three years in length and interest would be one percent above the amount paid by the Local Government Investment Pool.

ADJOURNMENT: Mayor Olson adjourned the Dinner Meeting at 6:43 p.m.

Rose A. Lorenzen, Recording Secretary

CITY OF McMINNVILLE

MINUTES OF REGULAR MEETING of the McMinnville City Council

Held at the Kent L. Taylor Civic Hall on Gormley Plaza

McMinnville, Oregon

Tuesday, February 9, 2016 at 7:00 p.m.

Presiding: Rick Olson, Mayor

Recording: Rose A. Lorenzen, Recording Secretary

Councilors: Present

Remy Drabkin Kellie Menke

Scott Hill Alan Ruden

Kevin Jeffries Larry Yoder

Also present were City Manager Martha Meeker, City Attorney David Koch, Planning Director Doug Montgomery, Police Captain Tim Symons, Finance Director Marcia Baragary, and members of the news media, Don Iler of the *News Register* and Dave Adams of KLYC Radio*.*

AGENDA ITEM

CALL TO ORDER: Mayor Olson called the meeting to order at 7:00 p.m. and welcomed all in attendance.

PLEDGE OF ALLEGIANCE: Councilor Ruden led in the recitation of the Pledge of Allegiance.

INVITATION TO CITIZENS FOR PUBLIC COMMENT: Mayor Olson asked for comments from citizens on topics not on the evening’s agenda.

J. W. Millegan, 624 NE 2nd Street, spoke to the City Council about feeling unsafe in the downtown area and in his neighborhood. He noted that he lives and works in the downtown area and last Saturday he was verbally accosted and it became necessary to call the police. He suggested having more police to patrol the streets, more affordable housing, family wage jobs, and neighborhood involvement to assist in curtailing the types of crimes and bad behavior that is being observed in the downtown area.

Debra Millegan, 624 NE 2nd Street, also spoke about feeling unsafe at her home at night. She pointed out that McMinnville was a wonderful town and the homeless situation should not define it. She hoped that everyone could work together to find many different solutions for the homeless problem.

Scott Gibson, 655 NE Brookview Court, gave his perspective on homelessness. He pointed out that being homeless is not a crime; however, unfortunately, there are a great many homeless people who have mental illness and/or addictions and these behaviors put the rest of the community at risk. He stated that the County’s mental health system does not have the capacity to deal with the large volume of needs that the homeless bring with them. He suggested that the City take a firmer stand against those who breach the conduct rules.

Bob Emrick, 5765 Dawson Lane, spoke to the City Council about disturbing events that have happened recently in the downtown neighborhood. He advised that buildings have been broken into, women employees and customers have been accosted. He stated that he believed this could have an impact on the community and especially the tourist and wine industries. This problem affects the viability of businesses on Third Street which has recently been named one of the nation’s best main streets.

Nathan Knottingham, 3593 NE Harvest Street, framed the homeless conversation by stating that the word “homeless” was just a term that has been thrown around. He suggested that the problem is really a behavioral issue rather than a homeless issue. He asked the Council to help the Chamber of Commerce in defining “tolerable behavior” in the downtown area.

Mark Davis, 652 SE Washington Street, spoke to the City Council about the complex problems associated with homelessness. He agreed with Mr. Knottingham’s thoughts about “behavior.” He noted that it is unfortunate that the terms “homelessness” and “bad behaviors” become synonymous with one another. He suggested that careful thought be given as the City proceeds to look for tools that are effective in alleviating the homeless – bad behavior problems seen in the downtown area. He reminded the Council that when Patrick Vala spoke to them last year, he was not concerned about homelessness; his concern was about the behaviors of the young people.

CONSIDER MINUTES: Councilor Hill MOVED to approve the minutes of the November 10, 2016 City Council Work Session and Regular Meeting as submitted; SECONDED by Councilor Yoder. Motion PASSED unanimously.

1 NEW BUSINESS

1 a PRESENTATION: AUDIT FOR FISCAL YEAR 2014– 15 BY TIM GILLETTE, PARTNER – TALBOT, KORVOLA & WARWICK: Finance Director Baragary introduced Mr. Tim Gillette, the firm’s Partner who headed the City’s 2014 – 15 Audit. She noted that they were faced with challenges on this audit as the new accounting standards related to PERS were implemented.

Mr. Gillette thanked the City Council for the opportunity to be presenting the 2014 – 15 Audit. He said that the Audit Committee had met earlier in the day. He advised that although the audit had received a clean opinion from the auditors, implementation of the GASB 68 statement made this audit more complicated than in past years.

Following a brief review of highlights from the audit, Councilor Hill stated that the Audit Committee had a lengthy discussion about the uncertainties related to the PERS liability. Although many other jurisdictions are facing the same unfunded liability problem, the City of McMinnville is well positioned. He thanked Finance Director Baragary and her staff for the dedicated job they perform. He stated he had the utmost confidence in how they are doing their jobs.

Councilor Menke agreed and thanked Ms. Baragary and Accountant II Julie Orth for the excellent work they perform.

Mr. Gillette then briefly reviewed the audit for the McMinnville Urban Renewal Agency. He stated that there was an unmodified clean opinion on the Agency’s financial statements.

Following brief discussion, Mayor Olson thanked Mr. Gillette and the Audit Committee. Councilor Hill added that Fred Stemmler has been a welcome addition to the Audit Committee.

1 b PRESENTATION: MID-YEAR BUDGET REVIEW: Finance Director Baragary thanked the City Council for the opportunity to present the Mid-Year Budget Review. She noted that although Mr. Bob Wells has presented the review in the past, additional duties have taken him away from the City. She noted that Mr. Wells holds McMinnville up as an example of how to do budgeting correctly and he continues to be a resource for staff.

Ms. Baragary stated that the recent salary survey is bringing employees’ salaries closer to market levels. The necessary bumps in salary will be taken over a three-year period. The City is faced with several challenges in 2016 – 2017, especially as it related to PERS. She explained that in 2015, an Oregon Supreme Court decision overturned legislation that would have significantly lowered the cost of the PERS employee pension plan. As a result, the City’s employer contribution rates for the 2015 through 2017 were substantially higher than rates for the previous biennium. (For example, rates for Tier 1/Tier2 employees increased from 18.28% to 21.24% of subject wages.) To provide perspective, Ms. Baragary explained that the General Fund paid nearly $2.0 million to PERS in FY2015; therefore, a 10 percent increase in rates impacts the General Fund by approximately $200,000.

Ms. Baragary pointed out that the health insurance premium costs continue to rise and that in January 2016, premiums for general service employees were slated to increase by 12 percent.

Ms. Baragary discussed the favorable economic indicators and pointed out that real market values on property are increasing; and the continuing low interest rates seem to be favorable to the construction industry. She estimated that the projected reserves at the end of fiscal year 2015 – 16 will be at approximately 37 percent. She cautioned that while the reserves are still above policy minimums, the City will to be financially conservative as it moves forward.

In summary, Ms. Baragary stated that while it is necessary to recognize the need to maintain healthy reserves, it is good to take care of the City’s employees. She recollected Mr. Wells’ quote, “I would recommend continuing the successful approach you have used.”

Councilor Menke thanked Ms. Baragary for giving the Mid-Year Report and stated that the Council greatly respects Ms. Baragary’s opinion on this matter.

2 RESOLUTIONS

2 a MAKING CERTAIN CITY OF McMINNVILLE BUDGETARY TRANSFERS FOR FISCAL YEAR 2015 – 2016: Finance Director Baragary stated that the resolution was brought to the Council because of an opportunity that came to the Urban Renewal Agency as a result of one of the projects in the Transportation Bond. She explained that when the 2015 – 16 Budget was adopted, the $163,000 loan to the Urban Renewal Agency had not been anticipated. Local budget law allowed amending the Budget and the transfer would amend the General Fund budget by increasing the special payments category and decreasing the operating contingency.

Councilor Menke MOVED to adopt Resolution No. 2016-7 making certain City of McMinnville budgetary transfers for fiscal year 2015 – 2016; SECONDED by Councilor Jeffries. Motion PASSED unanimously.

2 b APPROVING A LOAN AGREEMENT AND PROMISSORY NOTE BETWEEN THE CITY OF McMINNVILLE AND THE McMINNVILLE URBAN RENEWAL AGENCY: Planning Director Montgomery explained that this resolution was the companion piece to the budget amendment resolution. Passage of this resolution, along with the loan agreement and promissory note would allow the City Manager to execute the note to move the loan forward.

Responding to Councilor Ruden’s inquiry, City Attorney Koch explained that the loan, in the amount of $163,000, reflects a three year term with no prepayment penalty and the interest rate is set at one percent above the rate the City is earning from the Local Government Investment Pool (LGIP). The interest rate will be adjusted annually based on the annual rate from the LGIP.

Councilor Ruden MOVED to adopt Resolution No. 2016-8 approving a loan agreement and promissory note between the City of McMinnville and the McMinnville Urban Renewal Agency; SECONDED by Councilor Yoder.

3 ADVICE / INFORMATION ITEMS

3 a and b COUNCIL AND DEPARTMENT HEAD REPORTS: No Council or Department Reports were heard.

4 ADJOURNMENT: Mayor Olson adjourned the meeting at 8:08 p.m.

Rose A. Lorenzen, Recording Secretary