

REGULAR MEETING

Oregon City, Oregon, March 10, 1988

A regular meeting of the City Commission was held in the Commission Chambers of City Hall on the above date at 8:00 p.m.

Roll call showed the following present:

Mayor Kenneth M. Mitchell
Commissioner David D. Spear
Commissioner Thomas F. Lemons
Commissioner Carol A. Powell
Commissioner Wayne G. Wilson

Thomas Fender III, City Manager
Jean K. Elliott, City Recorder
Edward J. Sullivan, City Attorney

It was moved by Spear, seconded by Powell, to approve the minutes of March 2, 1988, as published.

Roll call: Spear, Aye; Lemons, Aye; Powell, Aye; Mitchell, Aye.
Wilson not in attendance as yet.

At this time West Linn Mayor Kathy Lairson presented a plaque to Commissioner Lemons for his service to the South Fork Water Board.

Commissioner Wilson joined the meeting at this time.

John Salisbury, Chair of the Tateshina Sister City Committee, presented gifts to the City from the City of Tateshina, Japan. Those gifts included books for the Library; a wall hanging for City Hall; the Japanese National flag; and, the Tateshina City flag.

This was the opportunity for citizens to present items for Commission consideration on future agendas. There was no audience input. Commissioner Powell requested a City-wide clean up for April 29, 30 and May 1, 1988. This will be scheduled. She requested a concentrated effort of patrol for the Municipal Elevator because of the vandalism experienced; Commissioner Wilson requested a report regarding the cutting of a black walnut tree at 19200 S. Molalla Avenue (in front of Schucks Automotive); and Mayor Mitchell requested appropriate recognition of the Oregon City Boys and Girls basketball teams for the April 6, 1988 agenda.

At this time, Mayor Mitchell read a proclamation proclaiming the month of April, 1988 as "Child Abuse Prevention Month".

Mayor Mitchell continued appointment to a vacated position on the Civil Service Commission with term expiring November 2, 1989 to the April 6, 1988 agenda.

Manager's Report No. 88-29, Tree and Landscaping Ordinance - Discussion Draft - continued from the March 2, 1988 agenda, was presented. The report noted that as requested by the Commission at their February 11th meeting, attached was a proposed tree/landscaping ordinance. The proposed ordinance generally relates to trees and other landscaping in the public right-of-way (in planting strips, etc.).

The report noted that the Historic Review Board briefly discussed the proposed ordinance at their February 25th meeting, especially as it related to cutting of historic landscape elements. The Board continued discussion of the proposed ordinance to their March meeting, and would be forwarding their comments and recommendation to the Commission after that meeting. The discussion draft of the ordinance did not include any proposed fees, but the Commission may want to consider this option.

The report concluded that based on comments/concerns of the City Commission, and the recommendations of the Historic Review Board, the ordinance would be finalized by staff and reviewed by legal counsel before being returned to the Commission for formal ordinance approval.

On discussion, Alayne Woolsey, 818 4th Street, addressed the Commission noting being pleased with the ordinance and asked if Section 2 included City employees and felt that the City should develop a tree inventory. She also noted that a fine of \$500 was not enough and felt it should be \$1500.

Dan Fowler, 1103 Washington Street, Chair of the Historic Review Board, addressed the Commission noting support for the ordinance. He advised that Oregon City has trees that were brought on the Western migration of the Oregon Trail and feels they should be preserved. He noted that grant monies could possibly be obtained to fund a tree inventory.

Spear asked about this including logging of woodlands if annexed to the City. The City Attorney advised that according to the proposal in Section 1, it would apply. Powell asked how the City would implement the inventory. The Manager advised either through personnel planning or contracted service. Lemons requested to be advised what other cities are doing as a base for comparison. Block advised it is Portland's intent to regulate trees in public right-of-way. Lemons requested copies of information from the other cities. Inquiry was made regarding the penalty of \$1500. The City Attorney will research the City Code regarding the penalty. Staff was directed to proceed with the ordinance.

Manager's Report No. 88-35, Petition for Street Vacation - Unbuilt Myrtle Street South of Unbuilt Logus Street, West of Molalla Avenue - Public Hearing, was presented along with proposed Ordinance No. 88-1001, An Ordinance Vacating a Portion of Myrtle Street in Oregon City, Clackamas County, Oregon, for adoption, if the vacation request was approved. The report noted that on January 29, 1988, the City received an "Application for Street" vacation as filed by Dale Mockbee to vacate unbuilt Myrtle Street south of Logus Street, west of Molalla Avenue. This is a steeply sloped unbuilt street that bisects Mr. Mockbee's property.

At its February 3, 1988 meeting, the City Commission adopted Resolution No. 88-5, which initiated proceedings to vacate unbuilt Myrtle Street as requested, and set the date and time of public hearing for Thursday, March 10, 1988, at 8:00 PM.

The report continued that at its February 23, 1988 meeting, the Planning Commission held a public hearing on the request for street vacation. No testimony was presented in opposition to the request. Upon reviewing the application materials, the staff report, and testimony of the applicant, the Planning Commission voted unanimously to recommend approval of the street vacation, with a condition that a 15-foot easement for waterline purposes be provided.

Attached for City Commission review were copies of the following documents:

1. Planning Commission minutes of February 23, 1988.
2. Pre-Hearing Report.
3. Public Notice and Notice Map.
4. Petition for Street Vacation.

If the request to vacate unbuilt Myrtle Street was approved, proposed Ordinance No. 88-1001 was being presented for Commission adoption. Notice of proposed Ordinance No. 88-1001 had been posted at City Hall, 320 Warner Milne Road; Courthouse, 807 Main Street; and, Senior Center, 615 5th Street, by direction of the City Recorder.

Mayor Mitchell declared the public hearing open and called for testimony. Dale Mockbee of West Linn, addressed the Commission noting he planned to construct duplexes. With no opposition expressed, the hearing was declared closed. It was moved by Spear, seconded by Powell, to approve first reading of proposed Ordinance No. 88-1001 as read by the City Attorney.

Roll call: Lemons, Aye; Wilson, Aye; Powell, Aye; Spear, Aye; Mitchell, Aye.

Second reading was called after which it was moved by Powell, seconded by Lemons, to approve second reading for final enactment to become effective April 9, 1988.

Roll call: Wilson, Aye; Powell, Aye; Spear, Aye; Lemons, Aye; Mitchell, Aye.

ORDINANCE NO. 88-1001

AN ORDINANCE VACATING A PORTION OF MYRTLE STREET IN OREGON CITY, CLACKAMAS COUNTY, OREGON.

WHEREAS, it appears to the City Commission of Oregon City, Oregon, that on February 3, 1988, RESOLUTION NO. 88-5 was duly adopted initiating action on its own motion pursuant to ORS 271.080 to and including ORS 271.230, for the vacation of unbuilt Myrtle Street, and thereafter the City Recorder caused notice to be given by posting and publication as required by law, and the proof of said posting and publication is on file with the City Recorder, and that the matter of said vacation together with a hearing of any objections or claims to be heard and considered concerning said vacation would be heard and considered at 8:00 PM on Thursday, March 10, 1988, in the meeting room of the City Commission in the City Hall, 320 Warner Milne Road, Oregon City, Oregon, and said hearing having been held, and it appearing no objections or claims have been filed concerning said vacation, that said vacation is in the public interest, that the requisite consents to said vacation have been duly filed herein and that all expenses and assessments in connection therewith have been paid, now therefore,

OREGON CITY DOES ORDAIN AS FOLLOWS:

That the following described street within the corporate limits of Oregon City, Clackamas County, Oregon, to-wit:

That portion of unbuilt Myrtle Street, west of Molalla Avenue, south of unbuilt Logus Street, that is adjacent to Tax Lot 6300, Assessor's Map No. 2-2E-32CB.

be and the same is hereby vacated, subject to a 15-foot easement for waterline purposes.

Read first time at an adjourned regular meeting of the City Commission held on the 10th day of March, 1988, and the foregoing ordinance was finally enacted by the City Commission on the 10th day of March, 1988.

/s/ Jean K. Elliott
JEAN K. ELLIOTT, City Recorder

ATTESTED this 10th day of March, 1988.

/s/ Kenneth M. Mitchell
KENNETH M. MITCHELL, Mayor

Manager's Report No. 88-36, Annexation of Three Parcels East of Molalla Avenue, North of Warner Milne Road - Public Hearing, was presented. The report noted that on February 23, 1988, the Planning Commission considered the request of Martha Sumption and Donald and Florine McEwen to annex three parcels of vacant land. The Sumption property consists of two parcels totaling 13.9 acres, east of Molalla Avenue and north of the Warner Milne Road extension. The McEwen property consists of one tax lot totaling 9.16 acres, south of and adjacent to the Sumption property.

The Sumption property has three separate zoning designations on the Clackamas County Comprehensive Plan Map. The front 3.37 acres (fronting on Molalla Avenue) are designated General Commercial, the middle 4.23 acres are designated Medium Density Residential (duplex), and the rear (eastern) 5.80 acres are designated Low Density Residential (single-family). Upon annexation, the City is required to adopt zoning that corresponds with designations on the County Plan Map.

At the Planning Commission's February 23rd meeting, considerable testimony was presented in opposition to the annexation, but primarily in opposition to a potential use of the commercial land (mini-storage warehouses), and extension of streets to the eastern properties. The Planning Commission ultimately voted 4-2 to recommend approval of the annexation, as follows:

1. Annexation of the Sumption property identified as Tax Lots 1200 and 1290, Assessor's Map No. 3-2E-5A. The properties should be zoned to correspond with comprehensive plan designations assigned by the Clackamas County Plan Map:

General Commercial: 3.37 acres, fronting on Molalla Avenue

Medium Density Residential: 4.23 acres, east of the commercial property

Low Density Residential: 5.80 acres, east of the medium density residential property

The most eastern portions of the Sumption property shall also be subject to the provisions of the "US" Unstable Slopes Overlay Zone, to correspond with the Resource Protection designation on the Clackamas County Comprehensive Plan Map.

Zoning of the property shall be subject to the following condition: To provide adequate transportation access, a 50-foot right-of-way for the extension of Warner Milne Road to the eastern parcel and the McEwen property shall be dedicated to the City. The right-of-way dedication shall extend from Fox Lane to the McEwen property

(extending the length of Tax Lot 1200). The right-of-way shall be improved to City standards as adjacent properties develop.

2. Annexation of the McEwen property, identified as Tax Lot 1600, Assessor's Map No. 3-2E-5A. The property shall be designated as Low Density Residential on the Comprehensive Plan Map, and zoned "R-10" Single-Family upon annexation. Further, the "US" Unstable Slopes Overlay Zone should be applied to the property for areas designated as "Resource Protection" on the Clackamas County Comprehensive Plan Map.

The following information was attached for Commission review:

1. Planning Commission minutes of February 23, 1988.
2. Pre-Hearing Report and Addendum to Pre-Hearing Report.
3. Public Notice and Notice Map.
4. Annexation Petitions.

The report concluded that if the Commission approves the annexation, a resolution forwarding the annexation to the Boundary Commission would be prepared for a future meeting.

John Block, Development Services Director, presented an addendum to the pre-hearing report for the City Commission which advised that since the February 23 meeting of the Planning Commission, an additional request for annexation had been received from Verdell and Letha Younger for property south of and adjacent to the McEwen property further described as TL 1700, Assessor's Map No. 3-2E-5A. This property consisted of approximately 12 acres and was designated as Low Density Residential on the Clackamas County Comprehensive Plan with the property also designated as "Resource Protection" on the County Plan Map, which recognized sloped portions of the site.

The addendum revised the recommendations to add the following:

3. Annexation of the Younger property, identified as Tax Lot 1700, Assessor's Map No. 3-2E-5A. The property shall be designated Low Density Residential on the Comprehensive Plan Map, and zoned "R-10" Single-Family upon annexation. Further, the "US" Unstable Slopes Overlay Zone shall be applied to the property for areas designated as "Resource Protection" on the Clackamas County Plan Map.

Mayor Mitchell declared the public hearing open and called for testimony.

David Vance, 11080 S.W. Allen Blvd., Beaverton, addressed the Commission representing the Sumption's and noted that Public Storage was interested in developing the property. He questioned the improvement of the 50 foot right-of-way and that it would be of no benefit to Public Storage and would object to the improvement.

George Edwards, 1304 Beaver Lane, noted that if the road were to go through the property it would be very close to the backs of homes and objected to that. Block advised that staff had concern regarding the limited property for the roadway.

Mary Edwards, 1304 Beaver Lane, expressed concern regarding if the power line easement was moved from the north to the south side, their property would be next to the power line.

Arlin Josi, 1301-1302 Fox Lane, questioned stakes that had recently been placed near her home. No one could identify their representation.

Alayne Woolsey, 818 4th Street, noted hoping the developers would meet with the property owners in an effort to allow input regarding real concerns.

Mary Helbig, 1319 Otter Lane, spoke against the loss of the trees to development.

Dan Fowler, 1103 Washington Street, spoke favoring the annexation.

With no further testimony offered, the hearing was declared closed. It was moved by Spear, seconded by Wilson, to approve the annexation as outlined in Commission Report No. 88-36.

Roll call: Powell, Aye; Spear, Aye; Lemons, Aye; Wilson, Aye; Mitchell, Aye.

Manager's Report No. 88-41, Proposed 1988-89 Fiscal Year Budget - Public Hearing and Ballot Title for 1988-89 Budget Levy Election for May 17, 1988 - Resolution No. 88-10, was presented. The report noted that on the March 10, 1988 agenda, there was the public hearing for the proposed 1988-89 fiscal year budget and proposed Resolution No. 88-10 which contained the ballot title for the budget levy election scheduled for May 17, 1988. It is the responsibility of the City Commission to receive testimony from persons present at the meeting and to respond to questions.

ORS 294.435 (1) states in part the following: "...The budget estimates and proposed tax levy of any fund as shown in the budget document may be amended prior to adoption. However, the amount of estimated expenditures for each fund shall not be increased by more than 10 percent thereof, and the amount of the total ad valorem taxes to be certified by the municipal corporation for levy for all funds shall not exceed the amount shown in the budget document as published..."

On February 2, 1988, the Budget Committee concluded a series of meetings that were conducted to review the 1988-89 budget requests. At that meeting, the Budget Committee approved a total property tax levy in the amount of \$10,488,192; of which \$2,402,452 requires voter approval, and, recommended City Commission acceptance. Subsequently, at its February 11, 1988 meeting, the City Commission accepted the proposed budget requests, approved a total budget in the amount of \$10,488,192, and set the date of March 10, 1988 for public hearing.

The following was a list of significant changes in the proposed 1988-89 budget from the current 1987-88 budget.

1. General Fund - Development Services - Expenditures:

The Engineer position is established as an employee rather than a contracted service at a salary and benefit cost about equal. This will provide a direct response to the needs of the City with no significant increase in the budget. A Planner position is established to also provide a direct service to the City's needs.

2. General Fund - Fire - Expenditures:

The need to provide a replacement fire engine has been recognized and budgeted at \$150,000. The area to be served and the most effective way to provide that service will be the factors that determine the size and cost of engine needed. Funds for the equipment will be transferred from Federal Revenue Sharing monies.

3. General Fund - Library - Expenditures:

An increase of \$15,000 to fund purchases and to open the Library to a full schedule of hours is proposed. This was funded without an increase in the current tax levy.

4. General Fund - Maintenance Services - Expenditures:

Street overlays that were postponed pending completion of portions of the sewer separation work are being restored to the former level. The State Gas Tax allocated to the City is anticipated to increase by \$101,000 which will fund the increases and lessen the property tax support necessary for these services.

5. General Fund - Recreation - Revenues:

The Aquatics Program anticipates an increase in collected fees, which will lower property tax support to under \$50,000 which is one-half of the level of two years ago.

The Budget Committee ammended the proposed 1988-89 budget as follows:

1. General Fund - Recreation - Expenditures:

Utility costs were decreased by \$22,000.

2. General Fund - Maintenance Services - Expenditures:

Utility and Maintenance costs were decreased by \$9,000.

3. General Fund - City Commission - Expenditures:

Public Functions and Expenses were increased by \$1,500.

4. General Fund - Municipal Court - Expenditures:

Materials and Services was decreased by \$2,000.

5. General Fund - Non-Departmental - Expenditures:

Utility, Maintenance and Supplies were decreased by \$10,400.

As a result of the decreases, the tax levy is \$70,260 less than 1987-88 with a \$0.16 per \$1,000 valuation decrease.

Upon conclusion of the public hearing, it was necessary that the City Commission adopt proposed Resolution No. 88-10 which would levy property taxes in excess of the 6 percent limitation and call for a special City election on May 17, 1988.

Mayor Mitchell declared the public hearing open and called for testimony.

Vance Morton, 433 Telford Road, Chair of the Budget Committee addressed the Commission noting that the proposal contains capital improvements that could not be delayed any longer. He expressed concern regarding media reports that the budget was based upon proposed new revenues which was not true. He and the Manager assured that a variety of new revenues were presented and would be brought to the Budget Committee in September for any financial offset.

With no further testimony, the hearing was declared closed.

It was moved by Lemons, seconded by Spear, to adopt Resolution No. 88-10 as read by the City Attorney.

Roll call: Spear, Aye; Lemons, Aye; Wilson, Aye; Powell, Aye; Mitchell, Aye.

RESOLUTION NO. 88-10

WHEREAS, in order to continue the business and operation of the City of Oregon City in an orderly and efficient manner, it is necessary that a levy of taxes on property in excess of the 6 percent limitation provided by the Constitution and laws of the State of Oregon be imposed to meet the expenses created thereby;

NOW THEREFORE BE IT RESOLVED by the City Commission of Oregon City that a special election is hereby called in and for the City of Oregon City, Clackamas County, Oregon, for the purpose of submitting to the legal voters of said City the following question. The title to appear on the ballot shall be:

BALLOT TITLE

Measure No. 51

CAPTION: One-Year Operating Levy

QUESTION: Shall the City of Oregon City levy \$2,402,452 outside the tax base for operating purposes for 1988-89?

EXPLANATION: The city provides Police, Fire, Streets, Parks, Recreation, Senior Center, Library and Development Services. The proposed 1988-89 budget for these services requires a total tax levy of \$3,167,461. Of this amount the City can levy \$668,509 (its tax base set in the 1930's) and a three-year serial levy of \$96,500. Voter approval is needed for an additional \$2,402,452 to finance these services for the coming fiscal year. This amount would require no increase from the present tax millage rate.

() YES, I approve the measure.

() NO, I do not approve the measure.

BE IT FURTHER RESOLVED that Tuesday, May 17, 1988, between the hours of 8:00 o'clock a.m. and 8:00 o'clock p.m. is hereby designated the time for holding said special election, with the polling places to be those designated by the Clackamas County Clerk, who shall conduct the election, and

BE IT FURTHER RESOLVED that the City Recorder is hereby directed to post notices of said election at a conspicuous place in the City Hall and in one public place in each voting precinct of the City, and to cause notice of said election to be published in the Enterprise-Courier, a newspaper of general circulation in Oregon City, Oregon. All of such notices shall be posted and published at least ten days prior to the date of said election.

Adopted, signed and approved this 10th day of March, 1988.

/s/ Kenneth M. Mitchell
Mayor-Commissioner

/s/ Carol A. Powell
Commissioner

/s/ Thomas F. Lemons
Commissioner

/s/ David D. Spear
Commissioner

/s/ Wayne G. Wilson
Commissioner

Comprising the City Commission
of Oregon City, Oregon

Manager's Report No. 88-38, Proposed Ordinance No. 88-1002, An Ordinance Declaring Transfer of Urban Renewal Agency Power to the City Commission, was presented. The report noted that at its February 9, 1988 work session, the City Commission reviewed the status of the Urban Renewal Plan and discussed options for moving forward under the City's new Development Services initiatives. Projected tax increment revenues, project status and priorities, other revenue sources and the role of the Urban Renewal Board, were discussed.

On February 18, 1988, the City Commission met with the Urban Renewal Board to discuss their role in moving renewal plans forward. Consensus was reached that the City Commission should consider expanding its role as the Urban Renewal Agency with the Urban Renewal Board as an advisory committee to the City Commission.

As a point of information, there are currently two positions on the Urban Renewal Board with expired terms with the Chair considering resigning to devote more time to other projects. The City Commission may want to consider new appointments at this time.

Therefore, on the March 10, 1988 agenda, there was proposed Ordinance No. 88-1002 which reflected the changes considered by the Commission.

Notice of proposed Ordinance No. 88-1002 had been posted at City Hall, 320 Warner Milne Road; Courthouse, 807 Main Street; and, Senior Center, 615 5th Street, by direction of the City Recorder.

Based on the information provided, it was recommended that first reading be approved; second reading be called and approved for final enactment to become effective April 9, 1988.

It was moved by Powell, seconded by Wilson, to approve first reading of proposed Ordinance No. 88-1002 as read by the City Attorney.

Roll call: Lemons, Aye; Wilson, Aye; Powell, Aye; Spear, Aye; Mitchell, Aye.

Second reading was called after which it was moved by Powell, seconded by Wilson, to approve second reading for final enactment to become effective April 9, 1988.

Roll call: Wilson, Aye; Powell, Aye; Spear, Aye; Lemons, Aye; Mitchell, Aye.

ORDINANCE NO. 88-1002

AN ORDINANCE DECLARING TRANSFER OF URBAN RENEWAL AGENCY POWER TO THE CITY COMMISSION

OREGON CITY DOES ORDAIN AS FOLLOWS:

Section 1. The City Commission hereby finds that blighted areas as defined in ORS 457.010 continue to exist in the City, and that consequently, the need for a City Urban Renewal Agency continues, as provided by ORS 457.035.

Section 2. The City Commission pursuant to ORS 457.055, elects to, and hereby does, on the effective date of this ordinance, transfer to the City Commission the powers of the Urban Renewal Agency formerly vested in the body known as the OREGON CITY URBAN RENEWAL BOARD.

Section 3. The body known as the OREGON CITY URBAN RENEWAL BOARD now becomes an advisory body to the City Commission on urban renewal matters.

Section 4. That Ordinance No. 83-1014 be repealed, except that Oregon City Renewal Board composition requirements, terms of office, non-mandatory considerations for appointment, and mayoral removal power, remain the same as stated in Section 3 of Ordinance No. 83-1014.

Read first time at a regular meeting of the City Commission held on the 10th day of March, 1988, and the foregoing ordinance was finally enacted by the City Commission this 10th day of March, 1988.

/s/ Jean K. Elliott
JEAN K. ELLIOTT, City Recorder

ATTESTED this 10th day of March, 1988

/s/ Kenneth M. Mitchell
KENNETH M. MITCHELL, Mayor

Manager's Report No. 88-37, Annexation of Property on South Pope Lane - Resolution No. 88-11, was presented. The report noted that on March 2, 1988, the City Commission approved annexation of two tax lots, totaling 1.8 acres, located west of S. Pope Lane, east of the I-205 Park Place Interchange:

Subsequently, on the March 10, 1988 agenda, there was Resolution No. 88-11 which would forward the request for annexation to the Portland Metropolitan Area Local Government Boundary Commission and recommends approval. A legal description of the properties was attached to the resolution.

It was moved by Lemons, seconded by Wilson, to approve Resolution No. 88-11 as read by the City Attorney.

Roll call: Powell, Aye; Spear, Aye; Lemons, Aye; Wilson, Aye; Mitchell, Aye.

RESOLUTION NO. 88-11

A RESOLUTION INITIATING ANNEXATION OF TERRITORY TO THE CITY OF OREGON CITY.

This matter is before the City Commission of the City of Oregon City, hereinafter referred to as Commission; and

It appearing that:

1. The Commission is authorized by ORS 199.490 (2) to initiate an annexation upon receiving consent in writing from a majority of the electors registered in the territory proposed to be annexed and written consent from owners of more than half the land in the territory proposed to be annexed.
2. The Commission has received the necessary "consents" in sufficient numbers to meet so-called "double-majority" annexation requirements listed above and has set the boundary of the territory proposed for annexation as authorized by ORS 199.490 (2) (8).
3. The territory proposed to be annexed is presently within the Park Place Water District and the Commission intends to withdraw the territory from the District by authority of ORS 222.520 subsequent to consummation of the annexation.
4. The territory proposed to be annexed is presently within Clackamas County Fire District No. 54 and would, by operation of ORS 199.510 (1), be automatically withdrawn from that District immediately upon consummation of the annexation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF OREGON CITY, as follows:

1. That the Commission by this Resolution approves the proposed annexation with the boundaries described in Exhibit "A" and depicted in Exhibit "B" attached hereto;
2. That the City Recorder is hereby directed to file certified copies of the statements of consent and this Resolution with the Portland Metropolitan Area Local Government Boundary Commission at once.

The foregoing Resolution adopted this 10th day of March, 1988.

/s/ Kenneth M. Mitchell
Mayor-Commissioner

/s/ Carol A. Powell

/s/ Thomas F. Lemons
Commissioner

/s/ David D. Spear
Commissioner

/s/ Wayne G. Wilson
Commissioner

Comprising the City Commission
of Oregon City, Oregon

Manager's Report No. 88-40, Purchase of Two Riding Rotary Mowers and Transport Trailers for Public works Department - Bid Award, was presented. The report noted that on Wednesday, February 24, 1988, the City received sealed bids for the purchase of two riding rotary lawn mowers and transport trailers for the Public Works Department for park maintenance.

Attached was the Tabulation of Bids received. Upon reviewing the bids, it has been determined that Far West Turf and Equipment, Northwest Outdoor Equipment, Inc. and Pacwest Distributing, were not able to meet the specifications established.

The report concluded that the proposal submitted by Turf Equipment Northwest met all the specifications requested for the equipment. The equipment is heavy duty, with a longer than anticipated life-span, and the City would experience less down time because of the accessibility of components and the availability of parts locally.

Based on the information provided, it was recommended that the bid submitted by Turf Equipment Northwest in the amount of \$19,080 be awarded. In the 1987-88 adopted budget, the amount of \$24,800 was budgeted for the purchase.

Because of the disqualification of three of the bidders, Commissioner Lemons noted not being in favor of considering this matter with essentially only one bidder.

Bill Chaplin, Salem, representing PacWest Equipment addressed the Commission noting that he had met with Public Works personnel and discussed the items on the specifications. He noted that he left each meeting feeling that the equipment he represented would qualify for bidding. He noted further that he was advised to sharpen his pencil in submitting the bid. He then decided he wanted to pursue this sale. He questioned if the bid process was actually being followed and if the product he represented meets the specifications in general and is a like unit, he noted wanting his product at least analyzed for the bid.

The City Commission directed that this matter be continued for the April 6, 1988 agenda with the Street Superintendent to outline the specifications that the products did not meet.

Manager's Report No. 88-39, Three-Year Community Development Block Grant - Project Prioritization, was presented. The report noted that on the March 2, 1988 agenda, there was Commission Report No. 88-31, an informational report, which contained the list of the three-year Community Development Block Grant proposals received by Clackamas County.

Because of CDBG rules, it is recommended that the City Commission take official action to approve the project priorities and the revised application.

It was moved by Powell, seconded by Spear, to approve the project priorities and the revised application.

Roll call: Spear, Aye; Lemons, Aye; Wilson, Aye; Powell, Aye; Mitchell, Aye.

Manager's Report No. 88-26, Audit Report for Fiscal Year Ended June 30, 1987 and continued from the March 2, 1988 agenda, was presented. The report noted that on the March 2, 1988 agenda, there was the Audit Report for the year ended June 30, 1987 as prepared and submitted by Coopers and Lybrand. This Commission Report presents the auditor's comments along with action taken or to be taken.

AUDIT COMMENTS AND DISCLOSURES:

Page 65 - Internal Accounting Control

No material weaknesses were disclosed. During prior years and on a continuing basis, separation of duties and compliance with standards of internal control are followed to highest level that available staff and practical allocation of time will allow.

Page 66 - Other Comments and Disclosures

A. The City appeared to be in compliance with legal requirements for:

- a. Preparation and adoption of budgets
- b. Requirements for debt
- c. Programs funded by other governments
- d. Cost accounting guidelines
- e. Investment of public money
- f. Awarding of contracts and construction of public improvements

B. The City was not in compliance with ORS Chapter 295, which requires a depository to hold securities at its own expense, equal to 25 percent of all funds of the City in excess of those covered by the Federal Deposit Insurance Corporation.

The City's checking account is adjusted daily to a book balance of \$4,000; however, outstanding checks would allow for periods during which funds in checking exceeded \$100,000. The depository institution was unable to cover these demand deposits with the required collateral. This situation cannot directly be resolved as the only solution is to transfer funds only on the day the checks are delivered for payment and funds from the Local Government Investment Pool are not available after 11:00 a.m. each day.

The City's risk is a bank default occurring after deposit of funds and prior to checks clearing for those amounts in excess of \$100,000. This, in the Finance Director's opinion, is a very minimal risk and does not warrant an extensive and costly process of hourly and daily manipulation of checking account balances. The timing of deposits is on the day checks are disbursed and create the minimum of time any funds may be at risk.

C. Expenditures in excess of related appropriation categories were as follows with no fund overexpended for its total appropriation:

GENERAL FUND:	(Over Budget)	Under Budget
		\$ 728,872
Manager and Recorder	(\$ 1,941)	
City Commission	(453)	
Finance/Personnel	(3,465)	
Total		\$ 723,013
LCDC Planning Grant		
		\$ 10,000
Materials/Services	(\$ 8,017)	
Total		\$ 1,983

9-1-1 Reserve Fund		\$ 117,325
Materials/Services	(\$ 69,682)	
Total		\$ 47,643
Cable TV Fund		\$ 22,497
Materials/Services	(\$ 15,471)	
Total		\$ 7,026
Water Fund		\$ 287,618
Materials/Services	(\$ 62,790)	
Total		\$ 224,828
Water Improvement Fund		\$ 103,509
Materials/Services	(\$ 47,004)	
Total		\$ 56,505
Sewage Disposal Fund		\$ 743,115
Materials/Services	(\$ 158,370)	
Total		\$ 584,745

All funds complied with their total limits on expenditures. Within the LCDC, 9-1-1, Cable TV, Water, Water Improvement and Sewer Funds, in agreement with the Auditor's opinion, amounts budgeted as Capital Outlay were reclassified Materials and Services. The requirement is for each of these to be separately appropriated; consequently, the Materials and Services expenditures were increased for items forecast within the budget under different appropriations categories.

Staff has adjusted the current and proposed budgets to conform to categorization as established in the 1986-87 Audit Report.

D. The City's accounting records were found adequate for auditing purposes. The cost of auditing and related accounting services has been reduced for the third year as follows:

1984-85	\$ 42,058
1985-86	\$ 31,390
1986-87	\$ 21,500
1987-88	\$ 15,560

This reduction results from preparation of working papers by staff, consistency of presentation and continuing relationship with the audit staff which keeps to a minimum the disruption of normal office routine. It is the ongoing purpose of staff to keep records, whose clarity and accuracy enable the auditor to quickly find all relevant information.

The report concluded that based on the preceeding information, it was recommended that the Audit Report for the Year Ended June 10, 1987 as prepared and submitted by Coopers and Lybrand be accepted.

It was moved by Lemons, seconded by Wilson, that the Audit Report ending June 30, 1987 is hereby accepted and referred to the City Manager for implementation of corrections as outlined.

Roll call: Lemons, Aye; Wilson, Aye; Powell, Aye; Spear, Aye; Mitchell, Aye.

Manager's Report No. 88-32, Report to Management for the Year Ended June 30, 1987, continued from the March 2, 1988 agenda, was presented. The report noted that on the March 2, 1988 agenda, there was the Report to Management for the Year Ended June 30, 1987 as prepared and submitted by Coopers and Lybrand as a regular part of the City's annual audit review. This Report to Management is in addition to comments contained within the Audit Report.

This Commission Report presents the Auditor's comments along with recommendations for City Commission consideration.

1. Implement a Strategic Long-Range Planning Process.

The process of planning for one, two, five and twenty-year periods is recommended. The cost of future services is based upon the foundation that is being built now. With the proposed staffing changes in the Development Services Department, the City will be in a better position to implement long-range planning.

2. Consider Billing the Enterprise Funds for Amounts in Lieu of Property Taxes.

Currently, the Water Fund pays a franchise fee of six percent (6%) or approximately \$55,000 of water charges. This is more than a payment in lieu of property tax. Neither the Sewer nor the Cemetery Enterprise Funds pay a franchise fee. There is the ability to increase revenues through this method, but it would require an increase in utility bills. Utility bills currently fund maintenance, debt service, and a replacement of facilities burden and are near the top of rates for comparable districts.

3. Develop a Methodology to Evaluate Productivity by Department.

The performance of such a review anticipates the ability to implement changes and follow through on policies found to be beneficial. Performing a single study would result in a considerable diffusion of upper management efforts. Due to its size, the City functionally operates with a nearly hands-on management process. Due to the availability of funds or time, an examination of a better way of performing functions is often not possible. Massive reorganization has a cost extending beyond the department and the costs are beyond the immediate area of analysis.

4. Develop Controls over Changes to Standing Payroll Data.

Changes in this data will be reviewed by the Department Director.

5. Perform a Review of the New Payroll Data Processing System.

The payroll system operation has been reviewed by the Department Director, Payroll Clerk and Computer Operator. Several changes have been implemented and reviewed for property functioning. The end-of-year reports have been completed satisfactorily and reconciled to the total funds are required to be paid to various agencies along with individual payroll reports (W-2). No question has been raised as to the accuracy of such reports. While an outside report on the system would provide more reassurance, it is felt that this should only be initiated at the request of the City Commission.

6. Consider the Disclosure Implications of GASB (Governmental Accounting Standards Board) Statement #5.

In order to comply, the City (and all other municipalities in the Public Employees Retirement System (PERS)) have need for information from PERS. When such information is available, it will be disclosed in the financial statements. This is required for the end of fiscal year 1987-88, June 30, 1988.

7. Maintain Information Provided to Public Employee Retirement System.

The Personnel Department will make and retain copies of data submitted.

8. Comply with Requirements of ORS 295 Regarding Collateral Securing Depository Balances.

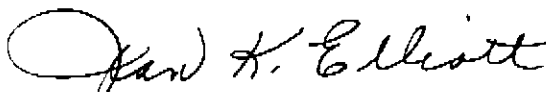
The cost of daily monitoring exceeds any practical value. An alternate proposal of having a higher-than-required collateralization for additional funds is being explored.

The report concluded by recommending that the Report to Management as prepared and submitted by Coopers and Lybrand be accepted and referred to the City Manager for implementation of recommendations as outlined.

It was moved by Lemons, seconded by Wilson, to accept the Report to Management as outlined and refer it to the City Manager for implementation of recommendations.

Roll call: Wilson, Aye; Powell, Aye; Spear, Aye; Lemons, Aye; Mitchell, Aye.

There being no further business, the meeting adjourned at 10:20 p.m.


JEAN K. ELLIOTT, City Recorder