

**COTTAGE GROVE CITY COUNCIL
REGULAR MEETING MINUTES
June 28, 2010**

CALL TO ORDER

Mayor Gary Williams called the meeting to order at 7:30 p.m. in the Council Chambers at City Hall.

ROLL CALL/PLEDGE OF ALLEGIANCE

City Recorder Trudy Borrevik called the roll. The following were

PRESENT: Mayor Gary Williams, City Councilors Mike Fleck, Jeff Gowing, Tom Munroe, Heather Murphy and Diane Conrad

ABSENT: Wayne Clark

YOUTH REPRESENTATIVE: Kyla Walley

STAFF PRESENT: City Manager Richard Meyers, Police Chief Mike Grover, Community Services Director Pete Barrell, Community Development Director Howard Schesser, Finance Director Bert McClintock and City Engineer Ron Bradsby

CITY ATTORNEY: Sean Kelly

OTHERS PRESENT: Cameron Reiten, KNND Radio

ITEMS TO BE ADDED TO THE AGENDA

12 (d) Access Easement

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR MUNROE TO ADD ITEM 12(d) TO THE CONSENT AGENDA.

The vote on the motion was as follows:

1- Council Meeting Minutes, 6/28/10

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

SPECIAL PRESENTATIONS

Mayor Williams explained how the “If I Were Mayor....” Contest was started. He presented certificates to the following honorable mentions in the Poster and Essay categories: Cassidy Lusson, Cora Branstetter, Jennifer Simons, Cody McMurray and Brianna Ellingworth. Mikayla Dunkin was not present but received an honorable mention as well.

Mayor Williams presented a framed certificate and money award to the first and second place winners in the Poster, Essay and Media categories: 2nd Place Poster, Leelah Schwartzberg; 1st Place Poster, Sofia Martinez; 2nd Place Essay, Jillian Caulfield; 1st Place Essay, Brittney Stevenson; and 1st Place Media Kyla Walley. He presented all the participants with a City of Cottage Grove lapel pin.

PUBLIC HEARINGS

(a) **Public Hearing on Proposed Uses of State Shared Revenues**

Finance Director, Bert McClintock, said State Law required the City to hold two public hearings on the proposed uses of State Shared Revenues and one was before the Budget Committee which took place on May 18, 2010 and the other was before the City Council. The hearings provided the opportunity for citizens to comment on the proposed uses of the State Shared Revenue funds.

Mayor Williams opened the public hearing.

No one appeared to speak.

Mayor Williams closed the public hearing.

(b) **2010-2011 Budget Hearing**

Finance Director, Bert McClintock, said the Budget Committee met and approved the 2010-2011 Budget and it was required by Oregon Revised Statute for the City to hold a public hearing prior to the City Council’s adoption of the budget by Resolution. She told Council they had been provided this evening with a replacement attachment to the Memorandum. One change on the attachment was a \$2,000 Native American Program Grant which was realized after the Budget Committee approved the Budget that the City would receive in 2010-2011. The other change was a \$300,000 CDBG regarding the South Lane Mental Health which staff anticipated the project would not be completed in the current fiscal year and therefore the money needed to be carried

forward to the next fiscal year’s budget. She said the changes were allowed by State Law.

Bert said another change being proposed was in the wastewater fund and was to reduce the contingency line item in the non-departmental wastewater fund and increase materials and services for landfill fees by \$5,000, which was a net of zero change to the budget.

Mayor Williams opened the public hearing.

No one appeared to speak.

Mayor Williams closed the public hearing.

PUBLIC COMMENT ON AGENDA ITEMS

None

RESOLUTIONS AND ORDINANCES

(a) A Resolution Transferring Appropriations within the General Reserve Fund

Finance Director, Bert McClintock, said ORS 294.450 allowed the transfer of appropriations within a fund and it was necessary to move funds from Capital Outlay, Building & Improvements to the Materials and Services, Contractual services line in the General Reserve which allowed for the payment of costs associated with the partitioning of land for the Fire Department and chipping of debris at the City Shop. The proposed Resolution reduced the amount in the Capital Outlay category and increased appropriations within the Materials and Services category, which did not have an effect on the bottom line of the General Reserve Fund. Staff recommended that Council adopt the resolution to reappropriate funds within the General Reserve Fund.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR GOWING THAT COUNCIL ADOPT RESOLUTION 1741.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

- (b) Resolutions Transferring Appropriations Within the Street Fund, Wastewater Reserve Fund, and the Storm Drain Reserve Fund
- 1) A Resolution Transferring Appropriations Within the Street Fund
 - 2) A Resolution Transferring Appropriations Within the Wastewater Reserve Fund
 - 3) A Resolution Transferring Appropriations Within the Storm Drain Reserve Fund

Finance Director, Bert McClintock, said the transfers were allowed by ORS 294.450 and it was necessary for the payment of principal and interest on funds borrowed to purchase the Vactor. She said the money borrowed was more than what was anticipated at the time of the original adoption of the budget. There was no net affect change on the bottom line. Staff recommended that Council adopt the resolutions to reappropriate funds within the Street Fund, Wastewater Reserve Fund and the Storm Drain Reserve Fund.

It was discussed and consensus was to vote on the three resolutions separately.

7(b)(1) A Resolution Transferring Appropriations Within the Street Fund

IT WAS MOVED BY COUNCILOR MUNROE AND SECONDED BY COUNCILOR FLECK THAT COUNCIL ADOPT RESOLUTION 1742.

Councilor Conrad asked why the purchase of the Vactor was not as expected.

Bert said at the time the budget was put together, the Vactor hadn't been bid so it was an estimate at what the bid would come in at. The money was being moved from one place in the budget to another.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

7(b)(2) A Resolution Transferring Appropriations Within the Wastewater Reserve Fund

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR MUNROE THAT COUNCIL ADOPT RESOLUTION 1743.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

7(b)(3) A Resolution Transferring Appropriations Within the Storm Drain Reserve Fund

IT WAS MOVED BY COUNCILOR MUNROE AND SECONDED BY COUNCILOR FLECK THAT COUNCIL ADOPT RESOLUTION 1744.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(c) A Resolution Transferring Appropriations Within the Wastewater Fund

Finance Director, Bert McClintock, said there was a need to move funds from the Contingency line item to Materials and Services, ORWD Grant line item, to pay for costs associated with the “Water Reuse Feasibility Study.” The matching grant funds were received in FY2008/09 from the Bohemia Foundation, however only \$1,785 was spent, which meant the City needed to reallocate the monies that carry forward. Staff recommended the Council adopt the resolution to re-appropriate the funds within the Wastewater Fund.

IT WAS MOVED BY COUNCILOR MUNROE AND SECONDED BY COUNCILOR FLECK THAT COUNCIL ADOPT RESOLUTION 1745.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(d) A Resolution Transferring Appropriations Within the Parks System Development Charges Fund

Finance Director, Bert McClintock, said it was necessary to move funds from the Capital Outlay, Building & Improvements line item to Materials and Services, Contractual services line item, to pay for additional contractual services for the “Cost of Service Analysis and Rate Design” study performed by FCS Group. Staff recommended Council adopt the resolution to re-appropriate funds within the Parks System Development Charges Fund.

IT WAS MOVED BY COUNCILOR MUNROE AND SECONDED BY COUNCILOR FLECK THAT COUNCIL ADOPT RESOLUTION 1746.

Councilor Conrad asked to have explained why the parks money was involved.

Ron said the utility rate study and the SDC study were all part and therefore paid out of the SDC funds.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(e) A Resolution Transferring Appropriations Within the General Fund

Finance Director, Bert McClintock, said it was necessary to move funds within the General Fund, City Attorney Department and Broadband Services Department. Additional expense was incurred in the City Attorney budget, Materials and Services category, for the codification of the City’s ordinances and the purchase of the Oregon Revised Statutes. She said in the Broadband Department budget, Materials and Services category, additional costs were incurred for contractual services not anticipated for the installation of the wireless broadband. Debt Services also needed to be increased to pay for unanticipated expenses of principal and interest. She said the loan funds were drawn down sooner than anticipated, which required the repayment to begin earlier than expected. Staff recommended Council adopt the resolution to re-appropriate funds within the General Fund.

IT WAS MOVED BY COUNCILOR MUNROE AND SECONDED BY COUNCILOR FLECK THAT COUNCIL ADOPT RESOLUTION 1747.

Councilor Fleck said he assumed that the Contractual Services for the Broadband would not be a reoccurring expense other than continuation of completing the system.

Richard said there would be a continued operation of the system because the contractor would still be running the IT portion, but the portion before Council was the actual installation in getting the system and monitoring the installation of fiber. He said it would drop considerably.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(f) Resolutions Concerning State Shared Revenues

- 1) A Resolution Declaring the City of Cottage Grove’s Election to Receive State Revenues
- 2) A Resolution Certifying the City of Cottage Grove’s Eligibility to Receive State Shared Revenues (Cigarette, Liquor, and Highway Taxes) Under ORS 221.760

Finance Director, Bert McClintock, said ORS 221.770 required the City to adopt an ordinance or resolution stating the City wanted to receive state revenue sharing money. It further required the City to pass a resolution that the City provided at least four designated municipal services which the City did. She said provisions of the law required cities to certify that two public hearings were held. The City held one before the Budget Committee and one before the City Council to receive comments from the public. Staff recommended that the Council adopt the resolution declaring the City’s election to receive state revenues and the resolution relating to the City’s eligibility to receive state-shared revenues.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR MUNROE THAT COUNCIL ADOPT RESOLUTION 1748 and 1749.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(g) Resolution Adopting the 2010-2011 Budget, Making Appropriations, and Imposing and Categorizing Ad Valorem Taxes

Finance Director, Bert McClintock, said the Budget Committee had approved the 2010-2011 Budget and the City had a public hearing to receive additional comments. Staff recommended that with the changes made the Council approve the resolution adopting the 2010-2011 Budget,

making appropriations and imposing and categorizing ad valorem taxes. She said the total budget would be \$22,647,217.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR GOWING THAT COUNCIL ADOPT RESOLUTION 1750.

Councilor Conrad said she wrote a Memo to the Council that had to do with Page 45 in the Budget Document on City Council. She suggested additions to further describe the objectives of the City Council to include that Council meet twice yearly with the City Manager to review the financial status and needs of all City departments, applications for grants and indebtedness of the City. She said it currently was that Council was formally introduced to the budget a few weeks before the end of the fiscal year and she thought if Council met at least twice yearly with the City Manager to specifically examine fiscal and financial issues, it would enhance communication and knowledge and Council would be able to talk more understandably when difficult issues arose about money with the community. She asked for feedback from Council.

Councilor Munroe said he didn't see a need to meet additionally since meetings were already held twice a month and anything that staff did was open to interpretation to Council and any of Council's question.

Councilor Fleck said the portion of the budget document Councilor Conrad was referring to was not binding and that he didn't have any problem with adding the language she had suggested, however he said it didn't have any "teeth" and that putting it in the budget document did not change the way the City operated. He asked for clarification on the sheets provided to Council this evening, that the Budget Committee Changes sheet did not change but the City Council Changes sheet did change.

Bert said that was correct.

Councilor Conrad said several years ago she and Councilor Munroe had gone to separate financial workshops and the one that she attended had recommended that City Councils meet with the City Manager specifically for financial issues, four times a year.

Discussion was held on how to proceed with Councilor Conrad's suggestions.

IT WAS MOVED BY COUNCILOR CONRAD AND SECONDED BY COUNCILOR FLECK THAT THE BUDGET DOCUMENT BE AMENDED TO CHANGE PAGE 45 AS SUGGESTED IN THE MEMO FROM COUNCILOR CONRAD DATED MAY 16, 2010.

Councilor Murphy said she wasn't opposed to what Councilor Conrad was proposing but asked why she wanted it added to the Budget Document rather than have discussion about it.

Councilor Conrad said the Budget Document on Page 45 described Council objectives, budget year objectives and operational objectives and she wanted it to clarify that so Council was identifying what the objectives were both operationally and financially. She said other departments had several objectives listed both for budget and operations so the changes

suggested would be more in tune with the other departments.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X			X		X	
NAYS		X	X				X
ABSTAIN							

Motion failed.

Councilor Conrad said it was a difficult budget and she thought it was demonstrated not only from the work of the staff and Council but also in the Budget Committee. There was active dialog and considerations for many line items and she thought it was the first time that she could recall that the Budget Committee had not approved the budget unanimously. She said she would be voting for the Budget however she had many reservations. Her concerns with the Budget were: too large a percentage for capital assets, some of the large amounts of overtime in some of the departments, storm drain expenses relying on conventional systems rather than green infrastructure and that money for the operation of the pool was added back in when the school itself was pulling back from their own program.

Councilor Fleck said he also had that concern and had asked the City Manager about it himself and his understanding was that it would be adjusted based on what the public portion of it was.

The vote on the original motion to adopt Resolution 1750 was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

(h) Resolution Adopting Utility System Rate Study and Establishing a Five Year Financial Plan

City Engineer, Ron Bradsby, said in 2008, FCS was hired by the City to perform a utility rate and system development charges analysis. FCS Group looked at many facets of the City such as previous budgets, master plans and incurred debts, and also had to forecast growth, inflation rates, interests, etc. He said they also performed an examination of the current rate structure and performed an analysis to see what sector of the City was paying for what services and if it was fair with the current structure. He said they found that in the three utilities the residential customers were paying slightly more than the commercial and industrial users. He said as a result of the public meetings held regarding the utility systems and based on the Council's recommendation, a final utility report was drafted and was before Council for their approval.

The report laid out a 5-year financial plan which staff felt would allow the City to meet its fiscal policies and provide a method to being upgrading the utility infrastructure. He said Council needed to be aware that the financial plan could be impacted by any major emergency that was encountered during the five year period. Staff recommended Council adopt the FCS Group Utility Rate Study and establish the five year utility system financial plan as outlined in the report.

Councilor Fleck thanked staff and the consultant for their work on the project. He said when he first read the study he was surprised and that he questioned every process, every number and the methodology to use it and staff and the consultant were very patient. He said he couldn't find any way around what the recommendation was.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR MURPHY TO ADOPT RESOLUTION NO. 1751.

Councilor Munroe said the information was a wake up call. He said it had been put off long enough and if something wasn't established now the City would be in dire straits. He thought the study was very well done and thanked staff for all the work that had been put forth.

Councilor Conrad said it was a well done study. She said the bottom line for her was although the study was well done, the reality was that the citizens could not afford the rates. She said she passed out information several weeks ago from the Bureau of Statistics and the information said that more than fifty-six percent of the population in Cottage Grove would not be able to afford the rates and a little less than forty-four percent would be able to afford the rates. She did research and chose ten cities with approximately the same population as Cottage Grove and she looked at foreclosure rates and of the ten cities only Sweet Home had higher foreclosure rates than Cottage Grove. She said there was an animal adoption organization in Cottage Grove, North Star, and the operator said she had seen more and more people having to give up their pets because they couldn't afford to keep their animals.

She agreed that whatever in the study was needed, but she disagreed that it should be done now. She thought now was a special time in the financial history of the country as well as Cottage Grove and she couldn't support something that she knew more than half the citizens couldn't afford. She said she also had concerns about the Park SDCs that were only for residential construction and thought they should also be charged for business and industrial construction. She said there wasn't any other revenue considered except raising fees and she had suggested that the City sell assets and or create a tax on discretionary budgets rather than the necessity of water. She obtained information from Bi-Mart in regards to sales of bottled water, soda, sports and juice drinks and said if the City charged a ten cent fee on each bottle, the City would be able to raise \$202,108 a year. She said thinking out of the box might have given other solutions rather than raising fees. She said on the engineer sheets that had to do with projects that needed to be completed in the City, the population wasn't correct, it was lower than what the current population was. She questioned the methodology for the 2018 population projection and said it was high and it didn't coincide with the projected population in the Water, Wastewater & Stormwater Utility Rate Study Volume I.

Councilor Fleck said he understood not wanting to raise rates when times were tough but he said in the study she referred to, both the water and wastewater funds would be in negative balances in 2010. He questioned whether the City could get a tax in place with the States' aversion to the types of taxes and the battle that would ensue. He said there were tough choices before Council and it was unfortunate to have to raise rates at this time but he didn't see any viable alternative.

Councilor Murphy said she supported what Councilor Fleck said and she appreciated Councilor Conrad's research and thinking outside the box. She said she thought the consultant was very thorough and she also did not want to raise rates, but refused to pass it on any further. She said it wasn't a good time to raise rates but would be worse three years from now and she didn't believe Council would be doing their job if they didn't take the advice that was presented and do something about it. Council had studied the issue and listened and considered it on their own and a difficult decision had to be made and they were doing the best with what they had.

Mayor Williams said he was also appreciative of the study and the hard work and diligence of staff in helping guide Council through the process. It had been one of the more difficult issues that he had dealt with. He thanked Council and the citizens who participated in one of the most transparent processes they have had in a number of years. He said Cottage Grove wasn't extraordinary in relation to water issues, it was affecting communities across the country. He appreciated that the current Council was not interested in passing off the issues into the future because the situation would not self correct unless the hard choices were made.

Councilor Fleck clarified that the rates in discussion tonight were not part of the SDC fees.

Ron said that was correct.

Councilor Munroe commended the City Manager for his piece on the Beeper Show on KNND this morning. He said he thought Richard explained a lot of the process very well.

Councilor Conrad said she had talked with several people involved in other governments and it was a national problem on how to pay for enterprise user fees and said the dialog was slowly turning that people had to start thinking, especially for water, that it not be paid from user fees and people would have to start thinking of other ways to pay for water because it was becoming unaffordable.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X			X
NAYS						X	
ABSTAIN							

(i) A Resolution Amending the Comprehensive Fee Schedule

City Engineer, Ron Bradsby, said based on the utility rate study that was approved and the financial plan, the resolution before Council reflected rate structures, changes in the water, sewer and storm drainage fees. It reflected an increase in revenue by 8.5 percent in water, 10 percent in wastewater and 29 percent increase in storm drainage. It also reflected a storm drainage fee on the implementation of the equivalent service unit (ESU) methodology. He said the resolution also included slight increases at Middlefield Golf Course. He said staff recommended that Council pass the resolution amending the comprehensive fee schedule.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR MUNROE THAT RESOLUTION NO. 1752.

Councilor Conrad asked if it was possible to split the fee schedule into two resolutions to have the fees at Middlefield Golf Course a separate resolution as she felt they were of a different nature than water, wastewater and storm drain fees. She asked if the landfill fees needed to be added to the fee schedule.

Richard said the landfill fees were fees the City paid not a fee that we charged. He said the comprehensive fee schedule included fees for all the different things the City charged for and that was why it was established as a comprehensive fee schedule. It included everything from what the City charged for copying costs to library fines, golf course rates, renting barricades and canopies, they were all included in the fee schedule.

Councilor Conrad said she would approve the Middlefield Golf Course fees but not approve the utility fees.

Councilor Munroe asked if the golf course wasn't run through sanitation.

Richard said it was but all fees charged by the City were included in the comprehensive fee schedule.

Mayor Williams asked Councilor Conrad what she hoped to gain but separating the Middlefield Golf Course fees from the comprehensive fee schedule.

Councilor Conrad said she thought golf fees were discretionary spending in a person's budget, it was a recreational thing and if the golf course needed to increase the fees she didn't see anything unethical or the City was putting something at risk of destroying their own budgets whereas she felt just the opposite with the utility fees.

Councilor Murphy asked if she thought raising the fees was unethical.

Councilor Conrad said she used a poor choice of words.

Councilor Fleck recommended to see if the Motion passed and if it did not then he recommended Councilor Conrad ask staff to create a resolution at a future date based on the golf rate portion.

Richard explained changes that staff had made in the rate schedule regarding proration of rates. He also explained what the City was doing with the rates from the rate structure. He discussed the change in the summer averaging, that customers were getting the averaging for four months instead of three. He talked about the change in the storm drainage fee and gave some examples.

Councilor Fleck said the rates were not increasing during certain periods in the five year plan; barring that some catastrophic problem occur.

Councilor Murphy asked how well the City put money into the reserves and how was the City planning in the event that something like that happened.

Richard said the City was just restarting the process to put money in reserves. It would be a number of years to build up the reserves. If the City had a major disaster, it would take whatever was put into the reserves at that time.

Ron said the City was putting \$40,000 into the water reserves for the FY10/11 which was not a lot but it was increased over the previous fiscal year.

Councilor Gowing said his concern was that businesses would be paying more per gallon of water after the initial cost. He said he understood the fixed line rate but they couldn't expect businesses to take it as an operating expense and absorb it. He understood trying to keep the residential rates down but there would come a point when a business was priced out of business. He said a gallon of water should cost the same regardless of who was paying for it. He gave an example of buying lumber at the local lumber store.

Councilor Fleck said the problem with that thinking was that the lumber store was trying to sell lumber and the City was actually trying to discourage use not increase use. He said the whole plan was the state wanted the City to do for conservation was actually providing disincentives for people who use more rather than incentives. He said the line of thinking that by volume you should get a discount was not the way that the rates were designed. He said the base rate could be changed so the price per gallon was the same for both, but in the study it showed that of the gallons consumed, residential was subsidizing commercial and this was the way to move it and it wasn't dramatic.

Councilor Munroe said it was a catch 22 because businesses getting charged more for impervious surfaces such as Safeway and Wal-Mart would pass them onto the consumer by raising their prices so the consumer ends up paying more. He said unfortunately the system that delivered water to the citizens was falling apart and it needed to be fixed, there was no way around it. He referred to the Eugene situation with Veneta's water.

Ron addressed Councilor Gowing's concerns and said the volume rates could be adjusted to be the same but there would be a higher fixed rate. He said businesses required a higher fire flow, which was two times as much than a residence, and had a different peak demand and had different supply issues. When it was looked at the needs for the typical business it was spread out through a fixed rate and partially into the volume rates as well. He said it could be done but

then the fixed rates would become astronomical.

City Attorney, Sean Kelly, said on the Eugene situation, the City had already jumped through the hoop and proved up the water so the City wouldn't be doing that.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Councilor Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

BUSINESS FROM THE CITY COUNCIL

(a) Concerns from the City Council

Councilor Fleck said for those wondering why the City went through a lot of the transfers at the end of the year, it was for auditing purposes to make sure that all of the monies were actually assigned to where they were supposed to go.

Councilor Munroe apologized for the time he took for vacation but said he learned that it was very expensive back East and the people were crazier than they were in California and we should be thankful for living here.

Councilor Williams said he appreciated Councilor Munroe taking the time to call in for the Council meeting on June 14th while on vacation.

BUSINESS FROM THE CITY MANAGER

(a) Report from the City Manager

Richard said he talked with Councilor Clark and he was home and recovering from knee replacement surgery.

He reminded Council that Bohemia Mining Days (BMD) was July 15th - 18th and the Grand Miner's Parade was on July 17th.

Richard said the Armory Land Sale Contract would be on the next Council Meeting Agenda for Council's review and if any of the Councilors were interested in touring the Armory before that meeting to let him know.

Richard said the private investors for the Village Green fell short of reaching their goal. He said they would continue to try and find funding and may come back to Council in the future. He said the loan with the County was still in the City's name and available but would only be for the

Village Green, it wouldn't be for anything else and if the City didn't use it, it would go to another community.

Councilor Fleck requested that the Armory issue be moved back to the last meeting in July as he would be out of town for the next meeting and it was an item he would like to be involved in. Councilor Murphy said that she was also going to be on vacation for the next meeting and would not be in attendance.

Discussion was held regarding BMD.

BUSINESS FROM THE CITY ATTORNEY

(a) Report from the City Attorney

Sean commended Council on the water issue and said he had watched Council struggle with the water issue and that staff had made the information the public and holding public hearings and that once it went into affect, they would be hearing more about it. He said Council should continue to remind citizens of all the hard work that went into it and all the opportunity they had to participate in the process prior to it going into affect.

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

None

CONSENT AGENDA

- (a) Minutes from May 10, 2010 Regular Council Meeting
- (b) Minutes from May 17, 2010 Work Session
- (c) Minutes from June 14, 2010 Regular Council Meeting

IT WAS MOVED BY COUNCILOR MURPHY AND SECONDED BY COUNCILOR GOWING TO APPROVE THE CONSENT CALENDAR.

The vote on the motion was as follows:

VOTE	Councilor Fleck	Council Gowing	Councilor Munroe	Councilor Murphy	Councilor Clark	Councilor Conrad	Mayor Williams
AYES	X	X	X	X		X	X
NAYS							
ABSTAIN							

ADJOURNMENT

There being no further business, Acting President Fleck adjourned the regular meeting of the

City Council at 8:52 p.m.

The next regular City Council Meeting will be held July 12, 2010 at 7:30 p.m. in the Council Chambers at City Hall.

Trudy Borrevik, City Recorder

Gary Williams, Mayor