

**CITY OF MERRILL
REGULAR BUSINESS MEETING**

Tuesday, May 9, 2017
6:00 P.M.

MEETING CALLED TO ORDER:

The meeting was called to order at 6:01 p.m. by Council President, Melody Smith.

ROLL CALL:

Roll Call was taken with the following members of Council and others being present:
Councilor Carleton, Councilor Lesh, Councilor Smith, Councilor Taylor and City Recorder - Oma Rowley

Absent: Mayor Saunders

The flag salute immediately followed.

NEW BUSINESS:

- **Abatement for the mobile home located at 224 Washington Street** was moved to the beginning of the agenda to accommodate, Linda Robustelli, daughter of property owner Betty C. Van Ransler in attendance to speak on behalf of her mother. The Council was provided a letter submitted by Linda Robustelli related to a Notice of Denial of Requested Extension she had received from the City of Merrill. The letter was dated May 8, 2017 and received by the City of Merrill on May 9, 2017. Ms. Robustelli expressed that she thought the City of Merrill should have provided guidance on her demolition in conjunction with the abatement notification. She shared with Council that Klamath County advised her to submit a state application with a demolition submission option using form "County Manufactured Home Notification and Tax Certification Form for Used Homes". Marshal Bicknell shared that he had met with Ms. Robustelli earlier today and learned from her that the state requires a permit to remove the mobile home. Upon receiving State approval for demolition, Klamath County requires the City of Merrill to issue a letter of approval for demolition and removal. Klamath County told Ms. Robustelli that she was the first one to be issued the state form. She stated that she would also like to demolish the garage at the same time. Marshal Bicknell recommended to Council that an additional 60 days be extended due to the state requirement and if has not been completed at that point that Council should revisit. Councilor Carleton made a motion to extend the abatement an additional 60 days (7/27/17) due to the state requirement but if the state requirement is not complete after the additional 60 days, Council will revisit. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.

- **2nd Public Meeting for Water System Improvement Plan & Costs** - City Engineer, Darryl Anderson, addressed the public in the audience with an overview for the public that were not present at the last meeting. He gave an informative presentation on the history and need for a water improvement plan. The plan and costs for the City of

Merrill Water Systems Improvements are the result of the comprehensive Water Master Plan that was completed by the City Engineer on behalf of the City of Merrill in 2016. Project cost estimates and two financial options through Infrastructure Finance Authority were discussed and are summarized below.

Full project:

- | |
|---|
| <ul style="list-style-type: none">a. \$2,874,856b. \$1Mil Principal forgiveness (grant)c. \$1,874,856 loan at 1% interest/30 year loand. annual debt payment \$72,647e. increase \$11.34 (rounded to \$11.50) per EDUf. new monthly user rate of \$45.50 inside City limits and \$48 outside City limits |
|---|

The Public audience had access to copies of the Merrill Water System Improvements, a 9 page handout provided by the City Engineer. A copy of this document is included at the end of these minutes.

The City Engineer stated several water system needs and deficiencies such as: Well#1 has no water rights, Well# 2 has an existing water right of 229 gpm, the City has no water storage backup as was experienced in 2010 and the existing distribution system does not allow for adequate fire flows. The project scope would be to construct a new well to replace Well#1, to construct a ground level storage tank with pumping station system, remove existing elevated tank and construct distribution system improvements.

Resident Dorothy Garcia stepped in and addressed Council in stating that the City utility users are being asked to pay too much and that the City of Merrill has higher rates than nearby areas. Ms. Garcia, upset with the rate increase, left the Council meeting.

Resident Patti Rush addressed Council in stating that the water has an odor and is dirty and the rates are too high. Public Works Director, Greg Matthews, stated that he had spoken to her recently about another situation and that she had not had complaints previously. He also offered to flush the system and to go to her house and check to isolate any problem that might exist. The PW Director talked about the "flushing" process and also that those living on Main Street, with truck traffic, might experience times of silt in the pipes that is a result of truck and traffic vibrations.

Ms. Rush what the benefit of a new system would be.

Councilor Smith stated that it is government agencies that are requiring the City of Merrill to act. If we do not act, the City may receive fines that could have gone for infrastructure improvement costs.

Councilor Carleton remembers only the drilling of the well that was never permitted and never remembers any line improvement. The current system has a life of 70 years. It has come to the point that continuing to avoid water improvements might come to turning potential new businesses away.

Resident Richard Sardo why this improvement was not looked at when the well was drilled deeper? The Public Works Director replied that the well was not drilled deeper. Added 150' of pipe. Mr. Sardo asked if there are two pumps so that if one goes down the other could be used? PW Director said that we do have two pumps that can be alternated.

The City Engineer explained that if rates are too low that the City could not qualify for grant funding. The affordability rate as established by the Infrastructure Financing Authority (IFA) is \$41.48 for the City of Merrill. The affordability rate is based on Merrill's income and census data. Normally grants are not available when rates are substantially below the affordability rate.

The Public Works Director, Greg Matthews, stated that his research of other options were not feasible options. The choices now are to refurbish the old well or drill a new one. The end result of refurbishing the old well is that you still end up with an old well and the 50K gallon water tank refurbished would be close to \$1 million dollars.

After listening to the City Engineer informative presentation and the Q&A session, Mr. Sardo stated that the \$12 increase would be a better rate than he expected it to be and that he could live with the increase.

Councilor Carleton explained that future development may be turned away due to water pressure requirements and the inability for the City to add new connections if water improvement projects are not made. He also suggested that the rates be increased above the recommended \$11.34 to be rounded to \$12/household to be put into a Debt Service account. The increase would mean the rate for inside City limits for water per month would increase to \$46 and the rate for outside City limits for water per month would be \$2.50 more to equal \$48.50/month.

Resident Teresa Perry, is there any way to counterbalance the cost to a lower amount. One suggestion by Councilor Smith was to add 500 CuFt of water usage to the base rate increasing from 1000 CuFt to 1500 CuFt as a base minimum. The PW Director shared that he had contacted other neighboring cities and that their base was 750 - 1000 Gallons which is only 1/7th of the amount that the City of Merrill has established as a base.

Resident Teresa Perry asked Council why the suggestion to round up the rate increase and not round down. Councilor Carleton replied to cover everything and to allow a financial buffer for contingencies and cost over-runs. Councilor Smith stated that we cannot go under the \$11.34 as the project financing is based on this rate increase and the grant forgiveness requirements.

Councilor Carleton asked if the water system improvement plan calls for increasing to an 8" line throughout the City? The City Engineer replied that there is projected to be 2 miles of pipe and quite a few distribution line improvements for the skeletal system lines. Also, pipe replacement could help with some of the current water quality issues.

Councilor Carleton stated that quite a few attending the last Council meeting to hear the City Engineer's presentation and that most understood and no one opposed.

Resident Teresa Perry asked when the rate increase would go into effect. A Council discussion followed:

Councilor Carleton stated that he would like the City to send customer letters out beginning August 1, 2017 to explain upcoming rate increases and why.

The Public Works Director stated that he would like to know that we have a project first before rate increases are communicated.

The City Engineer said if the City authorizes to move forward with the project with paperwork completed by August should be able to make the September meeting. The project should go to bid by late winter and that work would most likely begin the later part of 2018 during the construction season. Payments would begin when the project is closed out, sometime in 2018 projected for the later part.

Since the debt service would not begin until after construction completes, the City should know by October if the financing will be approved. Water rates would be increased only if the project funding is approved.

- Water System Improvement Plan #1 motions:

The following three motions were made and approved by Council:

1. Councilor Smith made a motion that, upon project approval date, a rate increase to \$46 will be charged to inside City of Merrill customers (increase of \$12 water rate) and would be allocated to debt service. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.
2. Councilor Smith made a motion, upon project approval date, a rate increase to \$48.50 will be charged to outside City of Merrill customers (increase of \$12 water rate) and would be allocated to debt service. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.
3. Councilor Smith made a motion that the base water rate be increased from 1,000 CuFt to 1,500 CuFt, upon project approval with additional tier rates adjusted up by 500 CuFt. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.

The City Recorder stated that a new Resolution will be required with water rates and tier adjustments. Councilor Smith expressed having this next meeting. Also, the Public Works Director stated that commercial medium and high user rates

will need to be evaluated in the future. He also said that mobile home park hookups will need to be looked at.

- **Hunter Communication email**

An email dated May 4, 2017 was distributed by the City Recorder to Council. In the email, Chris Wick- Hunter Communication Business Development Manager, was inquiring to Council whether a fiber internet connection would be something that the City would be interested. Hunter is interested in putting wireless gear on the water tower so that wireless service could be offered to the Merrill residents. Also, Hunter is expressing interest in reclaiming the abandoned cable plant (right behind the water tower) and reactivating it. Council agreed that a formal written quote or a Hunter representative to speak at an upcoming Council meeting would be required to be considered.

Marshal Bicknell shared a likeness in proposal that he previously received from Fire Serve to outfit Merrill using the tower and cable plant. FireServe is putting together a proposal to bring better service to Merrill. FireServe launched a drone and has put a lot of work into this. Fire Serve has authorized Marshal Bicknell to say that they would give Merrill an incredible deal on internet and phone service in Merrill. Marshal Bicknell will also ask for a written quote or a representative to speak at a Council meeting.

- **Art of Survival Bicycle Ride, Saturday, May 27, 2017**

Mayor Saunders will take care of the Merrill station that is normally first on their journey; however this year Merrill will be at the end of the ride. The City Recorder shared that Linda Woodley is requesting 250 swag bag fillers for something business related from the City of Merrill like Carl Barks items, discount coupons from stores, bank items, etc. Councilor Smith suggested that she might be able to obtain Umpqua bank pens for the cause. The City Recorder suggested that the Public Works Director may have an idea of something to contribute to the swag bag.

OLD BUSINESS:

- **The Oregon Community Fund \$125K**

An evening Work Session orientation meeting with Heidi Binder, Donor Relations Officer for the Oregon Community Foundation has been set by the City Recorder for Monday, June 12, 2017 at 6:00 pm.

- **Phone and internet quotes**

In a previous Council meeting a Verizon phone quote was distributed to Council indicating no system cost with a total cost of \$435 for phones. The Marshall stated that he is researching a voice over internet phone "VoIP" service provided by FireServe and was told that FireServe is interested in quoting and would like to use Merrill as a pilot program. See additional update, Hunter Communication – New Business above.

CONSENT AGENDA:

1) Minutes Approval for April 11, 2017 Council meeting

A motion was made by Councilor Carleton to accept the April 11, 2017 meeting minutes. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.

2) Business Rental License/renewals:

Business Licenses report for April 2017 business license applications for Henry Hernandez Mowing was reviewed by Council. A motion was made by Councilor Smith to accept the April 2017 license request. There was a 2nd by Councilor Lesh. All other members present voted Aye and the Motion carried.

The City Recorder informed Council that there is an address change on Grandma's Country Comfort business location from 133 Front Street 412 E Front Street owned by Joe Mountain.

3) Ratify Phone polls:

1. **AP approval:** 4/24/17 \$10,711.56 were approved 4/24/17 by Councilors Smith, Lesh, Taylor mailed 4/25/17

A motion was made by Councilor Carleton to ratify the phone poll for 4/24/17 Accounts Payables. There was a 2nd by Councilor Smith. All other members present voted Aye and the Motion carried.

4) Bills to Pay for approval: Accounts Payable 5/9/17 \$15,184.54 check run approval. Councilor Carleton made a motion to approve the 5/9/17 bills to pay. There was a 2nd by Councilor Smith. All members present voted Aye and the Motion carried.

ACTION ITEMS/GENERAL BUSINESS:

ORDINANCES:

- None

RESOLUTIONS

- **2017-759 Authorization to transfer \$ 10,320 to Water/Sewer Reserves per FY 16/17 budget**

The City Recorder explained that this transfer is the second of the year for increased utility rate revenue to be used for debt service. With this transfer a total of \$20,640 has been transferred to Water/Sewer Reserves to be used for debt service. The City Recorder also stated that she will devise a checklist transfer as an annual checklist mechanism.

Council President Smith read Resolution 2017-759 by title and read # 1) detail. The City Recorder noted a change from 1/1/17 to 6/30/17 in 1). There was no further discussion. Resolution 2017-759 was reread by title. A motion was made by Councilor Taylor to approve Resolution# 2017-759 for the interfund transfer with date amendment in 1) to

6/30/17. There was a 2nd by Councilor Carleton. All members present voted Aye and the Motion carried.

RECORDER'S FINANCIAL REPORT:

The City Recorder presented the April report:

Accounts Receivable
Bank Balances
ACH detail
Payroll

A motion was made by Councilor Smith to accept the Recorder's April 2017 report. There was a 2nd by Councilor Carleton. All other members present voted Aye and the Motion carried.

The City Recorder also discussed the following:

- The City Recorder received the PERS reporting STAR thank you for submitting 100% of 2016 reports on or before their due dates; a huge accomplishment (as stated by PRES) that PERS appreciates.
- CIS has suspended City of Merrill crime coverage due to delinquency of the FY 16/17 financial audit (limit \$100K). Audit projected completion date is 6/30/17.
- Health, EAP & Vision rates are estimated to increase by 3.4%. There are no increases to life insurance. Dental insurance rates for 2017/2018 are projected to increase by 1.4 – 2.8%. These schedules were distributed to Council.
- Property & Liability estimate insurance rate schedules for 2017/2018 were distributed to Council. The schedules distributed included Mobile Equipment, Property, GL Property Only, and Automobiles. The City Recorder asked that Commissioners review the CIS schedules with values for their respective department heads and provide any changes to the City Recorder by 5/24/17, the date the Recorder is scheduled to meet with Karen Buell, City insurance agent.
- The City Recorder reminded Council of the two upcoming Budget Committee meetings on May 16 and May 23 with the meal at 5:15 and start of meeting at 6:00 pm.

PUBLIC WORKS:

The Public Works (PW) Director, Greg Matthews, reviewed his May 2017 report (included at the end of these minutes).

The PW Director reported that the SCA sidewalk bid period has ended. Bids received have been over \$50K. Due to the prevailing wage factor and the amount of bid awarded, the City will have to readjust the scope of work by contract for a second round of bids to those who have responded. Tear out and gravel would be something that the City Public Works staff could do. The PW Director and City Engineer will pursue reduced scope of work contract bids.

Councilor Lesh asked the PW Director if the street light sensor by the Waterhole had been cleaned. Councilor Lesh responded that she had not been out at night to check on it. The PW Director did not know either.

POLICE:

Marshal Bicknell reported that he attended a one week of CIT training in Bend and now working in Klamath County to get the project instated here.

He also reported that Officer Srch is on a medical leave (non-work related) and currently in rehab. If he receives a light duty Doctor's note, Council requested to receive a copy of the Doctor's note for approval by Council. While Officer Srch is out Marshal Bicknell will be switching from (4) 10's to (5) 8's Tuesday – Saturday with Friday and Saturday night coverage.

LAWYER:

Not requested to attend.

CODE ENFORCEMENT OFFICER REPORT: STAN HINTON was absent

- The April 2017 Code Enforcement Councilor Report was distributed and reviewed by Marshal Bicknell on behalf of Stan Hinton. The appliance at 303 N. Main has been removed. The abatement for 323 W Second has been dropped for now due to the property line/owner issues.
- West Court Drive was allowed to build fences 12' into the roadway so there is no parking area but autos are being parked anyway. It is becoming an issue. The road is becoming choked off with two residences (Heim and Leon) encroaching into the roadway right-of-way. Marshal Bicknell suggested "No Parking" signs or tearing down fences to provide for parking space. He also suggests that Council drive by and check out the situation.

Councilor Carleton asked why you could not make the residents move their fences out of the right-of-way. Marshal Bicknell replied that it would take Council action to make that happen.

- Councilor Smith brought up the agenda item to reinstate Water Street back into a street. Marshal Bicknell replied that he had no idea what that was.
- Councilor Smith also asked about the Garbage and Burning Chapter 92: Burning Regulations proposed. Marshal Bicknell replied that he had provided Council that information several months ago. Councilor Smith requested another copy of the materials to review.

PLANNING – Commissioner Carleton

Commissioner Carleton talked about Les Schwab and the fact that the City may not be able to accommodate due to water and their water pressure requirement for a sprinkler system. The City Engineer has not yet advised if the City current water system pressure but it is thought that it cannot adequately produce the volume of water required of 1500 gpm that Les Schwab requires. With a 6" and 4" tie-in it is thought that the City could achieve 525 gpm. There are a couple of options which would include: a 6" line off 3rd Street across a culvert owned by the Bureau of Reclamation which would be very costly; going under the road would be costly; crossing the ditch is something that needs to happen anyway for future development needs in

that area. Councilor Carleton stated that he would contact Matt at Cross Development for an update.


PUBLIC COMMENT: None

OTHER: None

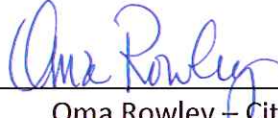
ADJOURN:

The meeting was adjourned at 7:45 p.m. in a Motion by Councilor Smith and a 2nd by Councilor Lesh. All members present voted Aye and the Motion carried.

Respectfully Submitted,



Council President – Melody Smith Date
Date 6-13-17



Oma Rowley – City Recorder 6/13/17

Audio file# WSS00045