

This document is supplemented by electronic audio recordings of the meeting which may be reviewed at [www.cityofhalsey.com](http://www.cityofhalsey.com) or upon request to the City Recorder. An adobe file of this written document can also be reviewed on line at [www.cityofhalsey.com](http://www.cityofhalsey.com).

## **CITY COUNCIL WORK SESSION**

March 8, 2016, 6:15 pm at City Hall, 100 W Halsey St., Halsey, OR

### **Meeting called to order at 6:15 pm**

#### **ROLL CALL**

Present: Mayor Marjean Cline, City Council President Rella Johnson, Councilor Ken Lorensen, Councilor Eric Harless, Councilor Lee Skinner, City Administrator Ronda Fischer.  
Councilor Jennifer Johnson arrived at 6:20 pm

Absent: Councilor Jerry Gillson

Staff Present: Municipal Clerk Martha Chamberlain, Public Works Randy McMillen, Assistant City Recorder Hilary Norton left at 6:50 pm.

Guests: Sean Johnson, Sam Hewitt, Travis Hewitt, John McMillen, Andy Geoghegan

#### **ESTABLISH A CODE OF CONDUCT**

Administrator Fischer explained that the work session is for brainstorming and generating ideas, and that no decisions can be made. There were no questions or amendments to the proposed Code of Conduct.

The goals for the work session are to give the Council additional information about health insurance, to take questions for additional research for the next session; and to discuss a proposed utility rate increase.

#### **HEALTH INSURANCE UPDATE**

The new annual rate increase from CIS is an average of 2.9%. The annual premium will be \$109,832, a \$3184 increase over last year. The packet includes a breakdown of the 2017 health package with the proposed employee contribution from the last meeting.

Questions were asked about what neighboring cities are doing, and about specifics of the health, dental and vision plans the employees have now. Administrator Fischer will provide that information for the next work session.

Discussion items included information Mayor Cline presented about fluctuations in health care costs since 2011, requiring a higher contribution from employees or capping benefits, and setting a target dollar value the council wants to save.

Administrator Fischer asked that Councilors mark their availability for future meetings so that additional work sessions can be scheduled.

### **UTILITY RATE INCREASE**

Administrator Fischer presented materials that show the history of rate increases over the last 5 years, and the amounts placed in the water and sewer reserve funds during that same time period. More money has been placed in the reserves than the increases generated. The goal for increasing the reserves is to begin doing some upgrading and deal with unanticipated repairs. Also, if the city can raise the levels in the reserve accounts, it will reduce the cost of a bond to the taxpayers.

Councilor Lorensen asked if the current water tank repair is being paid for by the reserve funds. Administrator Fischer clarified that this year's expenditure is coming out of the contingency fund. Next year it will be built into the budget, but that will probably mean that no additional funds, beyond those generated by the increase, will be budgeted into the reserve funds.

The proposed rate increase is \$2 per service each year for the next five years. This would allow Council to not have to reconsider the issue every year. It would also cap increases and let residents know what they can expect.

Councilor Jennifer Johnson stated that she doesn't believe it should be increased each year. She also asked why sewer is not prorated in the summer to account for water usage in watering gardens and lawns that does not go into the sewer system to be treated. Some cities use a "winter average" system to adjust for summer watering rates. As less of the water used in the summer needs to be processed through the sewer system, customers are paying for a service they aren't using.

Administrator Fischer stated that the annual operating budget is the same. So in order to lower rates in the summer, winter rates would need to be raised to compensate for the lower summer revenue. Mayor Cline explained that if those rates have to be raised to allow for a summer discount for high users, that the rest of the residents will be subsidizing those discounts. She reminded the council that by state law, the Sewer and Water funds have to be self sustaining.

Councilor Rella Johnson mentioned that in Coos Bay, she pays \$68 for sewer service alone, so paying \$68 for both sewer and water here is a good rate.

Councilor Skinner stated that if the city doesn't do increases or build the reserves, if an emergency happens, then the city has to pick and choose projects and sometimes small communities have been forced to double or triple their rates. He would rather pay a small increase gradually then have the rate doubled abruptly if there is an emergency.

Councilor Jennifer Johnson expressed a concern that the city hasn't been doing maintenance on the water tanks, and that is the reason for the current repair. Administrator Fischer clarified that the city does regular maintenance on the tanks, in fact maintenance was being done when the problem was

found. The presenter from Engineering America was trying to sell a maintenance package from his company. The city has not previously had that maintenance contract with Engineering America. Councilor Lorensen stated that a part of the issue affecting the current reservoir tank was the decision, when it was installed, to not install the extra anodes inside to protect it, and those are being installed now. This will help to prevent build-up, and will reduce the need for similar repairs in the future. Mayor Cline also mentioned that Administrator Fischer has been working on developing an overall maintenance plan for the whole city.

Power is one of the biggest costs of operating the system. The city has been lucky in the last few years that Pacific Power has maintained steady rates. With the new legislation about power in Oregon, that may begin to affect power rates, which will greatly affect the cost of operating the utilities.

Lorensen noted that doing more preventative maintenance will increase costs in the next few years. In the long term, having a regular preventative maintenance schedule will extend the life of the system and will be more cost effective.

The rate increase recommended by the RCAC was discussed. Councilor Jennifer Johnson suggested getting a loan on the cities revenue instead of a bond. Mayor Cline stated that this option has been researched in the past. The council can approve a loan without the approval of the residents, but then rates have to be increased to pay for the loan. Councilor Johnson said that a loan might be a lower increase than a bond for each year, and that all options should be researched and made available for the citizens to consider.

#### **ADJOURNMENT**

Meeting adjourned at 6:55 pm.

---

**Mayor Marjean Cline**

---

**Assistant City Recorder Hilary Norton**