



NORTH BONNEVILLE
CITY COUNCIL

Mayor Don Stevens

Councilmember Bob Bianchi

Councilmember Terry Norris

Councilmember Judie Whitcomb

North Bonneville Workshop Meeting Minutes
Tuesday February 28, 2017
6:30P.M.

Council Workshop: Note - the workshop discussion period is from 6:30 P.M. to 7:00 P.M. followed by the Regular Council Session - it is possible that workshop discussion items are continued into the regular council session.

Workshop Meeting Call to Order

Mayor Stevens called the meeting to order

Unfinished Business

Update on the ice storm: The Arborist is continuing to mark trees and will come up with an estimate hopefully by the end of this week. Fees will include climbing trees, cutting, chipping, disposal. County Commissioners are engaged in this effort as well. Still looking for a source of federal funding but so far, no answer yet.

New Business

Councilor Craig Forster asked if anyone was familiar with AWC's SB 5827 regarding the hotel/motel tax. Although we will get far less hotel/motel tax with the sale of the Resort, he contacted Senator Murray about this bill.

There was a Trail Meeting last week and Discovery Trails gave a presentation. The former trailhead parking at the Hot Springs is closed to the public. Websites regarding the trail are being changed to reflect that. The proposed trail will not be up and running for two years. They need to have discussions with private land owners re: easements. Foundation Recovery Network has already put in a gate. They need to put in a sign which says: No public access for Aldrich? Butte and notify the Sheriff. State parks are onboard. Next meeting by Discovery Trails is at the Bonneville Event Center on March 21, 2017 at 3 pm.

Adjournment The Council adjourned the workshop meeting at 6:50 PM



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**City Council Meeting Minutes
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Regular portion of the Council Meeting convened 7:00 P.M.

Roll Call: all present

Audience: 7

Pledge of Allegiance

Agenda Changes & Additions: Councilor Bianchi suggested that we re-label the Workshop Meeting Minutes to use the word "Workshop"

Public Hearing: None

Consent Agenda

Approval of Meeting Minutes and Invoices

A motion was made and seconded to approve the minutes and invoices and it was unanimously passed.

Guest Presentations: None

Public Comments: Julie Sabo spoke regarding the Conditional Use Permit asking if it strikes the authority of the planning commission. Councilor Forster also asks if we are taking control away from the Planning Commission. Tom Jermann says we should defer to his agenda item and discuss it then.

Unfinished Business:

Concerning the PDA Ordinance 1076, the Council had requested some changes which PDA Director Robyn Legun addressed.

Counsel Ken stated: this was the first PDA and models were used from other jurisdictions. The other jurisdictions required a bond but it is not required for our PDA, ie, general insurance should suffice.

Councilor Forster moved to approve the ordinance. Councilor Bianchi seconded.

Comments: Councilor Sabo felt that the PDA is not yet benefitting the city.

Robyn Legun stated as soon as the loan is paid off, that money will come to the city.

Councilor Sabo agreed that \$67,000 is a sizeable amount and Robyn stated that was a projection.

Discussion re: dissolving the PDA if there is no benefit to the city (privatize it).

The Mayor mentioned that \$95K was spent paying on the loan and it will take awhile to recognize the benefits.

Robyn Legun stated the PDA has not achieved the \$4M sales volume.

The Mayor mentioned that the license was collateral for the lease.

Councilor Sabo asks if when the loan is paid off, will the PDA be dissolved?

The Mayor says we cannot go private.

Counsel mentioned that if the city ever sold the asset, it would be sold at fair market value and the city would benefit from that. A PDA is a wholly owned and run entity. But it is run by the government. Due to the gift of public funds, it would have to be sold for fair market value. The PDA can sell it. It is not likely to happen but it could.

Robyn Legun states that another edit is the reduction of Board members from 5 to 3.

Councilor Sabo noted that the Ordinance was written with the federal government not prosecuting. If that memo is rescinded by the new Administration, what kind of risk will the city take?

Counsel says it has not happened yet. With multiple states in the retail and medical marijuana business, we need to wait and see. If rescinded, then we would talk about it.

Robyn Legun states that Feb 28 is the due date rather than January 31 for the reports going forward. On or before May 30 is the due date for financials. The invoices are not all in by the end of December which was the reason for changing the dates.

Councilor Terry Norris asked about the PDA's insurance.

Robyn Legun stated they are insured at \$1M occurrence/\$2M aggregate and she will email a copy of the insurance policy to him.

Councilor Sabo asks about the Auditor's report and is told it is on the website.

The Ordinance is put to the vote and it passes 3 to 2 (dissenting are Councilors Sabo and Norris).

Councilor Forster moved to approve, Councilor Bianchi seconded and all approved except Councilors Sabo and Norris.

New Business:

Next Agenda Item: City Administrator, Sam Hughes

Executive Session for 10 minutes per the RCW

Meeting called back to order at 7:48

A motion was made by Councilor Bianchi to confirm Sam Hughes as City Administrator which was seconded by Councilor Whitcomb.

Discussion re a background check. Counsel states that the confirmation is subject to rescission if the background check fails.

Councilor Forster moved to amend the motion with Councilor Bianchi seconding the motion. Passes 3 to 2 (with Councilors Sabo and Norris dissenting stating they were not told anything about the candidates for City Administrator).

Nonetheless, Councilor Sabo welcomes Sam Hughes and thanks her for joining the city.

The City will do the background check prior to the next meeting.

Next Item: The PDA 2016 Annual Report

Robyn Legun: The net income for 2016 was \$50,105. The net sales was \$1.5M. The taxes were \$453,000. The debt redemption: debt and balances were brought current. Originally, the PDA was behind on interest payments. There was one audit for the PDA and another for the LLC per the state auditor. Sales were \$1.5M in 2016 vs \$1.2M in 2015. Sales were down a bit due to competition in Oregon. Projects for 2017 include: focus on restructuring the debt. The PDA has six interest only loans which by the end of 2019 should be paid off. The PDA pays interest currently and there is a balloon payment of \$300,000 in 2019 which the PDA would like to avoid. The PDA's legal counsel is working with the lenders to re-negotiate the loan over 5 years instead of 3. There is no collateral for this business except the business license itself. The license is tied to the lease so that if there is a default, the lease gets turned over to the landlord.

Next Item: The PDA 2017 Budget

Robyn Legun: \$1.7M is projected in sales and the tax liability is estimated at \$500,000. There will be \$1.6M in projected expenses. \$95,000 of that is debt payments with \$67,000 in net income. Of the \$95K, it is anticipated that \$45K will be used to pay interest and \$50K will be used for debt redemption. The excise tax rate for the PDA is 37% whereas the excise tax rate in Oregon is going from 25% down to 17% (more favorable tax rates). Total board expenses are flat. The store expense is slightly less than last year. There is no audit this year so no expense there. Landscaping cost \$40,000 last year but will not cost much this year. Payroll is the same. Rent will go up for the next three years. Liability insurance costs \$13K. The anticipated profit of \$67,000 will be used in part for the emergency fund. The PDA is required to have 3 months of operating money or \$75K for the emergency fund.

Councilor Whitcomb: The rent was reduced from \$6700 to \$6250 per month but it goes up by 5% for the next three years.

Councilor Sabo: Regarding the license that is attached to the lease, if the lessor gets the license, then the city gets nothing. Can the PDA renegotiate that?

Counsel does not represent the PDA and says he has not seen the lease but Robyn can make it available.

Next Item: Planning Ordinance 1078

Tom Jermann: Foundations Recovery Network had to get a conditional use permit and a Hearing Examiner reviewed it for housekeeping. It spells out who does what. We needed to add review criteria so we could say yes or no to issues.

Mayor: The City Council may be the appellate body so we do not attend Planning Committee meetings that deal with Conditional Use Permits.

Tom Jermann: If appealed, an issue goes to the Council who will need criteria to rely on and that is all this is. When it says "city", it could mean "the Planner".

Mayor: The Planning Commission is part of the city.

Call to vote: Motion passes unanimously.

Next issue: the storm and the clean up.

Mayor: The city needs more help that it will ever get. There is a constant smoke plume at Utilities. The city could only get to half the meters and the arborist is still tagging trees.

- Green tags mean the tree is fine.
- Yellow tags mean the tree needs trimming.
- And red/orange/pink tags mean the tree is dead and needs to be cut down.

Citizens will need burn permits if they wish to burn with water nearby and a person observing. City Hall has the permit forms. Do not put gas, tires or plastics on fires. Last time this happened, it took until September to clean up and this storm was worse. A licensed, certified arborist will take down the trees.

Adjourned: Motion by Councilor Sabo, seconded by Councilor Whitcomb and unanimously approved. Meeting was adjourned at approximately 8:08PM

Mayor

City Administrator