



NORTH BONNEVILLE CITY COUNCIL

Mayor Brian Sabo
Councilmember Terry Norris
Councilmember Margie Lee

Councilmember Travis Randall
Councilmember Judie Whitcomb
Councilmember John Acton

City Council Meeting Minutes February 11, 2020 7:00 p.m.

Meeting Call to Order: 7PM

Roll Call: Present; Mayor B. Sabo, Councilmembers J. Acton, T. Randall, T. Norris, M. Lee, J. Whitcomb

Pledge of Allegiance

Agenda Changes & Additions: Review of pump quote. Valmont installation. PDA unfinished business.

Public Hearings: N/A

Consent Agenda:

- **Approval of January 28 meeting minutes. Approval of the February 1st Half Vouchers:** Motion by T. Norris, second by J. Acton. **Passed 5-0**

Guest Presentations:

- **Ryan Vollans Port of Cascade Locks Bridge Update:** Ryan Vollins, Bridge Manager, mentions damage to one of the beams from a log truck. They will be starting repairs from the end of April through the beginning of May, 2020. These will be night closures from 9:30pm to 5:30am Sunday through Thursday and 10:30pm to 6:30am Friday and Saturday. The new breeze by technology went into effect on January 6th of 2020 and have already gained 50% participation for transponders since inception. This has helped traffic flow and will improve as more people obtain transponders. It was decided to partner with the Port of Hood River for affordability and Skamania County commuter ease, only requiring one transponder for both bridges. The decision to increase fees wasn't taken lightly and the ultimate increase was 25 cents across the board. For now, the Hood River Bridge remains at \$1 with transponders. It is recommended to reduce speed to 5mph when passing the booth to ensure pedestrian safety. The cost for the program is around 300k/yearly, and the estimated return with the fee increase comes to around 200k. Josh Good of NB mentions that many people travelling to Hood River are now using the other bridge due to the cost still being \$1. Gregg Johnson of NB asks if there will be a breeze-by lane. Ryan responds that they are looking at 3 different possibilities to make that happen, but each cost around 6Million to complete. Tom Jermann of NB asks why they chose this program when they are out 100k annually. Ryan replied that it is a service to our citizens and tourists to increase traffic flow and was never intended to raise money. J. Acton states that Ryan had previously stated that Hood River was going to increase to match the BOG price and Ryan responds that it wasn't yet determined at that time.

Public Comment: N/A

Councilmember Comments: T. Randall thanks all for coming and thanks Ryan for the information

Mayor's Comments: PUD recently raised the rates and we are feeling the increase. Public Works is working on upgrading the maintenance shops and the inside of City Hall to low-energy LED to add some savings.

Chief Administrative Officer Report: Deanna reports that she is still gathering quotes and comparing rates and service for our IT overhaul as well as document management programming for better records

maintenance and storage. Jen Black has been and will continue painting City Hall.

City Attorney's Report: N/A

Unfinished Business:

- **Approval of revised EDC annual 2020 contract:** Revised due to scrivener's error. Motion by T. Randall, second by J. Whitcomb. **Passed 5-0**

New Business:

- **PDA Discovery Discussion:** Our new PDA board has been working to resolve and repair issues at Cannabis Corner. Josh Good has been acting as consultant and even gave us our first actual balance sheet. Josh Good presents findings. The new board has been working for about 3 weeks and made some progress. What they thought was salvageable is now uncertain with the finding that accounts payables weren't being tracked until actually paid, grossly misfiguring the bottom-line numbers. It was found that the bank accounts were also not attached to quickbooks, not allowing for accurate reconciliations. It has been found that the loans/leases/payments to those associated with the business were paid in a timely manner, but PERS, State Excise Taxes, and LCB payments were NOT paid on time, in some cases not made at all. Mayor Sabo mentions that the Executive Director also had names under two different social security numbers in the PERS report for several months and PERS dollars (taken from employee checks for retirement) have not been paid to PERS since September of 2019 and is now about 9k in arrears. He also states that the CC is owing the LCB upwards of 60k that was not timely paid or accounted for in the payables ledger, there are receipts that aren't able to be matched to anything in the store's possession. Mayor Sabo states that he does not want our new board members to own the liabilities from the previous board and Director and that there are several issues that may need to be handled through attorneys and court system. Josh Good states that they were hopeful for the future but in light of the new findings, he suggests we go immediately into receivership. With creditors at their heels and records that are likely not accurate, there's no runway. In light of this, he doesn't want to see the remaining employees have the rug pulled out and should start looking for other employment. J. Whitcomb asks if they found the records for 2019, Steve Helms mentions that they have paperwork and there are auditors coming the first part of March who will look further into records. Josh replies that there are records, but it seems they are likely not accurate and poorly tracked. Attorney Ken Woodrich asks if the Director is still there, to which Josh replies that she is not, and he is doing the payroll and books for now while Tiffany Jordan is managing operations. Ken asks if they can continue temporarily in this capacity and that once the judge has control, there will be some protections. Ken continues that the advantage of the receiver is that they will have court permission to deal with the Port, tax entities, and other agencies, but it is expensive, and it would not be the city's responsibility. Josh explains that there may not be anything salvageable. Ken states that we don't have a lot of options here and payments out have to come from the assets of the business and that if council truly wants receivership, they need to approve for him to petition for receivership. Judy W. asks if the LCB could shut them down due to the circumstances and Ken responds that it is likely. She also asks if the new board will be protected. Ken states that they may want to look into errors and omissions coverage. Mayor Sabo continues that they have found a lot of skeletons that just seem to keep popping up and we don't want the new board to be involved because it just keeps getting deeper. Tom Jermann suggests that if you have a process in place, the state usually considers this. Josh continues that they have contingency plans in place, but the finding of all the "phantom liabilities" has changed the situation. Steve and Mary mentioned that they are still waiting on access to certain items but are having trouble due to not being on the license. Mayor Sabo mentions that Robyn was supposed to have the ex-members removed from the license and new board members added, which Robyn had assured the Mayor had been done

before she left. He also mentions that we have good employees left, are working at ½ the labor as before, and still getting the job done. Josh says that he is disappointed that the board just resigned the day before questions were to be answered and that the council should trust their instinct and fight for what's right when they sense something is off. Ken asks if the two remaining employees are keyholders and Tiffany Jordan responds that she is. Josh says that there are systems in place for accuracy in cash controls and he is watching closely and maintaining daily paper trails. Ken says that there's not much else we can do, and we knew this may be a possibility, and he needs a motion to file the petition. T. Randall moves to approve the attorney to petition the court for receivership. Second by T. Norris. **Passed 5-0.** J. Whitcomb votes yes but would like to ensure that the volunteers are protected. Mary Helms of the board mentions that they also discovered that the side business, "Bonneville Events, LLC" was added under the PDA and started as merchandise, but ended up also selling CBD products and that employees were sometimes directed to shut the CC and move over to Bonneville Events to complete sales, but should have been paid by the separate company and reported to Lni/taxes/etc.. for, but were paid under the CC instead. Tiffany Jordan says that WA state can't sell merchandise (swag) and that was the original reason for starting the business. They all had questions about it, and they were supposed to get paid for work over there but didn't. Ken asks who owns it and Mayor Sabo replies that the PDA does. Ken asks if there's anything in the charter and Mayor Sabo responds that they found it through the state on the license and had an emergency meeting and suspended that business immediately. Josh adds that they had not kept records of time off and accrued and there is paid PTO owing to a few employees and it has been questioned. He also mentions that one employee lived in Oregon and the director was aware but continued using a Washington address and now owes Oregon some payroll taxes and now owe the state. They also had ADP payroll services and didn't use it for tracking as they should have. Josh finishes by stating that facts were hidden, money was mismanaged, and this is a publicly owned business. T. Randall asks how we hold them accountable and Sabo responds that is why we need the court involved. Josh says that PDA's can be such a positive entity, but it was so grossly mismanaged that it's image may have been tarnished. Chatter amongst council, T. Norris calls for point of order. B. Sabo closes that Josh came in and said he could keep on with this but came to the point that he doesn't think there's much left to do without involving the court. ****Hear recording for full conversation****

- **Approval of Personal Services Contract for Joshua Tree:** Motion by T. Randall not to exceed \$2500, second by J. Acton. T. Norris asks if this is for work already done and Mayor Sabo responds that it is for current and future updates on the PDA and working with Ken towards receivership. J. Whitcomb asks Josh if this is enough and Josh says he's here to serve. Mary reminds the attorney that PERS is owed and not listed on liabilities, but \$9287 is owing and accrues interest at 12% each pay period. She also states that PERS had repeatedly tried to contact Robyn regarding amounts owing and even issued a subpoena. Ken lets Mary and Steve know that he will need to get affidavits from the board members. **Passed 5-0**
- **Review of pump quote:** B. Sabo says one of the newer pump stations had almost obsolete pumps in from the beginning to save money, but they're on their last legs and have been rebuilt a few times. Flight pumps has more efficient pumps. These pumps run both directions and reverse and grind to allow for better digestion. The EDC wants to work with us and provide a loan at 2% to replace. We've built up our reserves to about 80k, but we would like to retain that for emergencies. I want council to consider that one pump is definitely going out and it costs about 10k each time we rebuild. We have raised water sewer hook up rates and with new building would likely gain additional reserve monies for future replacements. Ken reminds that with that amount of money, you have to go out for public bid, unless you piggy back with the

state. Sabo says we don't have to do this, but with the PUD grant and upcoming new substation and possible development, it will become immediately necessary.

- **Proposal for mini-tower:** We received a proposal for a cell mini-tower which can hold up to 3 carriers for better coverage. This is just informational for now.

Closing Public Comment: Gregg Johnson, Assistant Fire Chief of NB. Gregg speaks on the Emergency Radio Board's gathering hosted by NBFRD last Thursday. They were working on turf between the response district vs. the enhanced response district. Sheriff helped work it out and will respond and send alerts to the proper units ongoing. They also are working on fire prevention education and measures, for which there's a meeting Thursday at 5:30.

Tiffany Jordan, CC employee from NB. Tiffany states that the last 18 months has been rough surrounding the CC. This new information was hard to hear after being so close to seeing black ink. She wants to remind all that they are not all bad apples and that she wished she would've used a strong voice sooner and that being the whistleblower is hard when you are still employed in the place of question. She expresses appreciation to the council and mayor for being diligent and looking into these matters and also expresses that the last few weeks have been a breath of fresh air and not as much walking on eggshells.

Closing Council Comments: T. Randall jokingly thanks everyone but Josh for attending, then thanks Josh for finding out the true state of the business and expresses hope that receivership gets down to the bottom of the issues and holds the correct people accountable.

Adjournment: 8:22pm