

TOLEDO CITY COUNCIL MINUTES
REGULAR SESSION
June 20, 2018

1. Call to Order

Mayor Billie Jo Smith called the meeting to order at 6:15pm. Councilors present: Michele Johnson, Joshua Smith, Council President (CP) Terri Strom, Jackie Kauffman, Bill Dalbey, and Deanne Dunlap

Staff present: City Manager (CM) Craig Martin, Police Chief (PC) Dave Enyeart, Public Works Director (PWD) Michael J. Adams, Library Director (LD), Deborah Trusty, City Recorder (CR) Lisa Figueroa, and City Attorney (CA) David Robinson

Visitors present:

Sue Forty, Cascades West Council of Governments (COG), Rodney Cross, Polly Chavarria, Victoria Williams, Edward Patrick, Becky Wagner, Tracy Mix, Heather Jukich, Ralph Grutzmacher, Chuck Wilcox, Greg Harrison, and Cindy George

Mayor Smith reviewed the public comment procedures.

2. Visitors/Public Comment

Ralph Grutzmacher, resident, said he served on the Council and indicated he serves for the sake of truth. He said the truthful concept does not seem to be present on this Council. He said he believes the Council should not have hired the City Manager. He commented on the contract extension with COG on the Agenda and suggested the Council buy out the City Manager's contract.

Rodney Cross, resident, addressed the Council. He said the citizens do not want Toledo to not function properly. He commented on the removal of former employees and suggested the Council make changes in the right direction.

Chuck Wilcox, community member, addressed the audience and asked for a show of hands in support of Will Ewing.

Polly Chavarria, resident, indicated there are currently over 40 volunteers and stated the chance to find someone who can maintain the department the way he did is slim and at the taxpayers' expense.

A resident commented on the Council's responses to the public comments and expressed concern over the actions of the Council.

Victoria Williams, Newport resident, commented on the recent issues and said she believes the City Manager made a mistake in regards to firing Will Ewing.

Edward Patrick, community member, expressed concern regarding Will Ewing and asked the Council to listen to the community.

Paul C, Siletz Fire Department, said he supports Will Ewing. He commented on Mr. Ewing's service and said the Council will never find anyone like him again.

Becky Wagner commented on the removal of Will Ewing and expressed concern because he was removed for not being liked and he distributed a piece of paper.

3. Proclamation

Mayor Smith read a proclamation and declared June 21, 2018 as ASK Day. Cindy Jacoby, Oregon ASK, expressed appreciation to the Council for the proclamation.

4. Consent Calendar

There were no items submitted for consideration.

5. Discussion and Information Items

Committee Updates

Councilor Dalbey updated the Council about the Community Housing Services meeting he attended with Mayor Smith and CM Martin. He said they discussed how they could access funds to assist the citizens with housing rehabilitation.

6. Public Hearing

Mayor Smith opened the Public Hearing at 7:33 p.m.

CM Martin presented the report. He indicated the budget was reviewed on the following dates; May 2, May 15, May 17, May 23, and June 6, 2018. He said the Council received a recommendation from the Budget Committee [nine in favor and three opposed of the 12 members present] to adopt the 2018-2019 fiscal year budget. He said adjustments were made throughout the process with the citizen involvement process. He indicated the Council may reduce any fund or resources as long as the budget remains balanced. He stated the Council may increase expenditures, but it may not exceed \$5,000 or 10%, otherwise, they would need to republish and re-notice the budget in the Newport News Times. He said there are a series of resolutions the Council must adopt to adopt the budget.

Mayor Smith accepted public comments.

Ms. Chavarria said this budget process has been very difficult for the public to follow because of mistakes, procedural errors and the publication of the budget failed to meet the state's notice requirements. She said they did not use the state's recommended format and said the way it is presented online obscures the truth about what happened at the budget hearings. She said the numbers changed constantly and they were calculated wrong and presented wrong. She indicated the budget that was published in the paper is not the same as what was posted on the city website or included in the City Council resolution. She commented on the 20% increase in materials and services as indicated on the website. She said there is a \$2.5 million difference in the budget from the published notice and the proposed resolution. She commented on several other issues in the budget such as the electrical franchise, the totals in the proposed resolution and the unappropriated funds. She said this budget puts minimal money away for the future.

Cindy George, resident, said she did not see an agenda posted or a copy of the budget available before the meeting.

Greg Harrison, resident, commented on serving as the Budget Committee Chair. He said he is a licensed Accountant and has served as a Municipal Auditor. He commented in favor of the budget. He indicated the Department Directors were involved in the budget process and presented their department budgets to the Committee and explained their needs. He indicated it took more time to review but it was helpful. He explained transfers are necessary but they inflate budgets. He declared this budget will decrease transfers by over \$1.9 million dollars, it is easier to understand and itemizes personnel costs. He said the negative consequences to the City are more dire if the Council does not adopt the budget, because the budget can be corrected.

Councilor Smith inquired about the increase to \$1.5 million in the Sewer Reserve Funds. CM Martin indicated that is a proposed loan should the City decide to pursue a loan from the Department of Environmental Quality. He believes that change was made at the last budget meeting. He said the Council

may decide to use those funds at a later date, however if it is not appropriated, then it cannot be considered in the next fiscal year.

Councilor Dunlap indicated last year's process was intense, long and baffling with having only one meeting. She expressed appreciation for being able to hear from the Department Directors and to be able to hear from the people. She said it was very helpful to ask questions and was grateful for all the meetings.

Councilor Dalbey said he does not have a lot of confidence in this budget. He expressed concern on having to pass it before July 1 but stated he is somewhat encouraged to see that expenditures exceeding a certain amount will be presented to the Council and they will have the opportunity to decline to spend some of the money that has been allocated.

Councilor Kauffman concurred with Councilor Dalbey but commented on the fact that the budget is a working document. She said there will be more issues if the Council does not adopt it rather than adopting it and fixing it in the future.

CP Strom said this is her sixth year working with the budget and felt it was the most transparent process she has ever seen. She said she can understand it and felt confident having the experience from the Council of Governments, CM Martin and Mr. Harrison in its preparation. She said she knew there were corrections but the Committee was able to take their time to review the budget. She indicated in the past, she felt the Budget Committee was pressured to pass the budget in one night and was not encouraged to make changes, which made it uncomfortable. She said this process was exciting and she looked forward to coming to the meetings.

Councilor Smith acknowledged the attendance in the room and commented on the lack of participation at the budget meetings. He indicated there were several opportunities for public participation and hopes to see the amount of participation at this meeting in the future. He encouraged people to stay involved.

The Council asked if the City Council could meet again before June 30 regarding the budget. CM Martin said if they choose to meet again, the City would not be able to meet the notice requirements.

Councilor Johnson noted the budget has decreased each year during her six year tenure on the Council. She said it is a working document and she will continue to review the expenditures they are purchasing the things the City needs.

Mayor Smith said the cash carry over in unexpended funds is about \$1 million more than last year, it is a conservative budget and the prognosis of the City going broke has been pushed back. She indicated the budget must be passed to pay its bills, its employees and to receive local taxes.

7. Decision Items

Proposed Resolution No. 1402, Resolution to adopt the Budget for Fiscal Year 2018-2019 and declaring the City's election to receive State Shared Revenues

Motion: It was moved and seconded (Strom/Dunlap) to adopt Resolution 1402, A Resolution Adopting the Budget, Appropriating Funds, and Levying Taxes for the Fiscal Year 2018-2019. **Motion passed 5-2,** Councilors Dalbey and Kauffman opposed.

Proposed Resolution No. 1403, Resolution to declare the City's election to receive State Revenues

Motion: It was moved and seconded (JSmith/Strom) to adopt Resolution 1403, a Resolution declaring the City's election to receive state revenues. **Motion passed 7-0.**

Proposed Resolution No. 1404, Resolution setting the Street Lighting Utility Fee for the 2018-2019 Fiscal Year

Motion: It was moved and seconded (Strom/Johnson) to adopt Resolution 1404, a Resolution setting the Street Lighting Utility Fee for the 2018-2019 Fiscal Year. **Motion passed 7-0.**

Proposed Resolution No. 1405, Resolution to transfer funds from the General Fund Administration to General Fund General Services to cover expenditures for professional services for City Attorney and Financial Services

CM Martin indicated Resolution 1405 is a transfer resolution for fiscal year 2017-2018. He indicated the budget policy requires Council approval for any changes that affect the overall amount of a department budget. He referenced the resolution and stated the transfer in/out is the same line item and they have an updated copy of the resolution. He explained the transfers cover expenses for the City Attorney as well as staffing costs for the Police and Fire Departments.

Motion: It was moved and seconded (Strom/JSmith) to adopt Resolution 1405 a Resolution transferring funds. **Motion passed 7-0.**

Mayor Smith thanked the public for their concerns, which has caused the City to look at their current and past financial records. She asked CA Robinson to explain what will happen next.

CA Robinson indicated the City has two attorneys; City County Insurance Services (CIS), which provides legal support for all personnel matters and the City Attorney, who handles land uses and other legal matters not handled by CIS. He said this has been a challenging process with negative comments. He stated he has taken Ms. Chavarria's comments to CM Martin, COG and have asked them to prove or disprove what she has said. He said just because you do not agree with the budget does not mean it is incorrect, corrupt or that staff is incompetent. He stated there were negative comments in regards to how COG prepared the budget and it was cynical to say the community members who reviewed the budget were corrupt and defective. He said it was a transparent budget process with changes. He indicated Ms. Chavarria's comments were heard and those statements warranted further investigation. He said part of the investigation he conducted showed defects. He said there have been two independent investigations hired for the City; the first was an investigation regarding a personnel matter which included CM Martin. He said after those results came out there were additional negative comments. He indicated the second investigation was conducted by COG, which received more negative comments. He said his investigation found unauthorized intrusion into the City's computer system that resulted in an unauthorized and illegal release of non-disclosable public records. He noted the newspaper was wrong when they stated they were budget documents. He said there were four occasions where Polly Chavarria and Will Ewing plugged in a thumb drive into the computer took it home with them or whatever. He stated part of that information was private and they trampled on the rights of other taxpayers in the process. He indicated she should know that if she wanted to write a budget manifesto, she could have just asked. He stated he will make a recommendation that the next independent investigation of the city budget process, city finance and the unauthorized records go to the appropriate state agencies: the Secretary of State (SOS); the Department of Justice (DOJ) and the Oregon State Police. He said the public has called for an investigation, this time it will be conducted by those who have authority. He said the public wants answers and he does too.

Councilor Dalbey asked if CA Robinson will recommend a criminal investigation. CA Robinson replied yes and indicated he and the Toledo Police do not have jurisdiction to investigate criminal or felony infractions. He said when he interviewed COG as they prepared the budget, they could not figure out how or where the records were kept and there with inaccuracies. He said they found spreadsheets and files, but did not find line items ear marked for grants. He commented on the cash drawer that they referenced in their June report; nowhere in accounting is there a slush fund for cash.

Grant Agreement Authorization, Authorize the City Manager to execute 2018 Small City Allotment Agreement No. 32629 for \$50,000

PWD Adams indicated in September of 2017 the Council through resolution applied for a \$50,000 grant. He said this year it was chosen to be funded for the full amount and the agreement is before the Council to consider. He said they are just authorizing the signatures for now. He indicated the Council may

consider another project if they choose. The Council discussed the grant and whether they should apply for it. They questioned whether they can withdraw the grant and apply for another project.

Motion: It was moved and seconded (Kauffman/JSmith) to table the grant agreement until July 18, 2018.

Motion passed 7-0.

Contract Services Agreement Extension – Authorize the City Manager to extend the agreement with the Oregon Cascades West COG

CM Martin presented the report. He said it was anticipated their services would initially be needed for about six months but the Finance Director recruitment did not yield any viable candidates. He said the City will need to continue using their services. He noted they requested the mileage be directly reimbursed to the COG staff. **Motion:** It was moved and seconded (JSmith/Strom) to approve a six month extension from July 1, 2018 to December 31, 2018 of the Intergovernmental Agreement between the City of Toledo and Oregon Cascades West Council of Governments for continued financial management services. **Motion passed 7-0.**

Contract Services Agreement Addendum – Approve Addendum #3 to extend personal services agreement for city legal services with the Paul B. Osterlund, Attorney, P.C. through December 31, 2018

CM Martin indicated the City Attorney/City Planner position is vacant due to Mr. Adams' military leave and the City Attorney's services are still needed.

Motion: It was moved and seconded (Strom/Johnson) to approve Addendum #3 to extend the Legal Services contract through December 31, 2018 and authorize the Mayor to execute the document on behalf of the City Council. **Motion passed 7-0.**

The Council recessed for a short break at 8:55 p.m. and reconvened at 9:00 p.m.

8. Reports and Comments

Department Reports

LB Trusty updated the Council on the Library activities. She said the children made trebuchets today and will have activities every Thursday for the summer reading program.

City Manager's Report

CM Martin said the Waterfront Market will have music tomorrow.

Council Comments

CP Strom said she was disappointed in regards to the recent issues lately and was affected by the insults. She said she is sad to see how people reacted.

Mayors Comments

Mayor Smith announced all the activities available at the Thursday Waterfront Market and the Ham Radio Operators event on Saturday and Sunday. She said the ham radio operators run all day from 11:00 a.m. Saturday to 11:00 a.m. on Sunday. She reminded the Council they need to prepare their float for the Grand Parade. The Council decided to meet on June 25 at 2:00 p.m. in the Council Chambers for float preparation.

9. Adjournment:

The regular session adjourned at 9:20 p.m.

ATTEST:

APPROVE:

/s/City Recorder

/s/Mayor