



City Council Chambers
206 N. Main Street
Toledo, Oregon 97391
7:00 p.m.

TOLEDO CITY COUNCIL
Regular Meeting
January 2, 2019

- 1. Call to Order**
- 2. Visitors/Public Comment**
(The public comment period provides the public with an opportunity to address the City Council regarding items not on the agenda. Please limit your comments to five (5) minutes).
- 3. Consent Agenda**
Minutes from the Work Session held November 13, 2018 and the Regular Meeting held December 19, 2018
- 4. Discussion and Information Items**
 - Committee Updates
 - Swear in new Mayor
 - Swear in new Council members
 - Swear in Police Officer
- 5. Decision Items**
 - Consideration to schedule a Special Meeting or Work Session to review City Council goals
- 6. Reports and Comments**
 - Department Reports
 - City Manager's Report
 - Council Reports
- 7. Adjournment**

1 **TOLEDO CITY COUNCIL MINUTES**

2 Toledo City Council Chambers

3 Work Session

4 **November 13, 2018**

5 6:15 p.m.

6
7 **1. Call to Order**

8 Council President Joshua Smith called the meeting to order at 6:15pm. Councilors present:
9 Heather Jukich, Jackie Kauffman, Bill Dalbey and Betty Kamikawa

10
11 Staff present: City Manager (CM) Craig Martin, Police Chief (PC) Dave Enyeart, Interim Fire
12 Chief (IFC) Dave Inman, Public Works Director (PWD) Michael J. Adams, and City Recorder
13 (CR) Lisa Figueroa

14
15 Visitors present: Tracy Mix, Gregg Harrison, Adam Denlinger, Teresa Denlinger, Rod Cross,
16 Polly Chavarria, Susie Duncan and Nancy Bryant

17
18 **2. Visitors/Public Comment**

19 There were no visitor comments.

20
21 **3. Discussion, Information and Decision Items**

22 **Committee Updates**

23 There were no committee updates.

24
25 **Council Vacancy Appointment to Unexpired Term**

26 The Council asked if there were any additional applications submitted. Staff indicated there were
27 no additional applications received, but learned an application was submitted shortly before 5:00
28 p.m., which did not get submitted to the City Recorder. A consensus of the Council indicated
29 they would conduct interviews at the next meeting beginning at 6:30 p.m.

30
31 **Fiscal year 2016-2017 Audit presentation**

32 Glenn Kerns of Accuity, LLC presented a report of the financial audit. He said they provided an
33 unmodified opinion, which means they did not come across anything that required them to
34 modify their opinion. He referenced page 12 and noted there is about \$8.8 million in current
35 assets and after factoring the total liabilities, he stated the City is in solid condition. He said the
36 total liabilities of the City are at \$11.6 million dollars, which includes long term debt and
37 ongoing liabilities such as PERS. He referred the income statement on page 14, which shows
38 where the City end from a net income standpoint for the fiscal year on a full accrual basis. He
39 continued to page 15 and indicated it presents similar information to the first page of the balance
40 sheet, but the difference is it is a basis is of accounting difference. He said these statements do
41 not take into account things like the capitalization of assets purchased or constructed or the
42 reclassification of principle payments of debt.

43
44 Mr. Kerns directed the Council to page 17 and said it shows budgetary fund base and how each
45 fund did, which ended in a positive change of about \$208,000. He reviewed the propriety
46 statements, which include the statement of income for funds such as the Water and Sewer. He
47 continued and said the net income for all the proprietary funds ended in the positive.

1 Mr. Kerns noted the statement of cash flows on Page 23, which indicate where the cash came
2 from and where it went. He said with the exception of the Water Fund, the City ended the year
3 with more money than it started. He stated they have to ensure budgetary compliance in doing
4 the audit and they found no instances of non-compliance such as over-expending and the City
5 was within their appropriation authority across the board. He indicated there are additional
6 reports included in the audit stating they found no instances of non-compliance with the adoption
7 and execution of the budget, public contracting rules, having adequate insurance, etc. with the
8 testing they conducted. He said the last report in the financial statement is required by
9 Government auditing standards and requires them to evaluate whether there are internal controls
10 in effect and operating effectively. He said one letter addresses bond proceeds and related
11 refunding of existing debt not being recorded in the books when it came time for audit. He
12 indicated staff was aware that those transactions had not been recorded and were waiting on
13 assistance from Accuity for guidance how those transactions should have been recorded
14 appropriately.

15
16 Mr. Kerns said the other control issue as noted in the letter is a lack of segregation of duties to
17 some extent, which is a challenge in smaller cities. He indicated the city needs to ensure that
18 certain transactions are being reviewed and processed accurately so that one person is not
19 handling the whole transaction.

20
21 Councilor Dalbey asked if the segregation is due to the small number of staff. Mr. Kerns replied
22 yes and said it is not uncommon to cities this small, however it can be managed appropriately
23 with proper mitigating controls. CP Smith asked for clarification about management's evaluation
24 of operations. CM Martin said staff implemented changes so that not one staff person has the
25 sole authority to perform a critical function, which ensures a checks and balances process. He
26 used an example of entering revenues in the system and indicated one staff person would enter in
27 the revenue and another would approve it. The Council asked about a notation of a difference in
28 the balance. Mr. Kerns said while testing, they found some differences in the payables of the
29 General Ledger that did not match the balances in the supporting documents of approximately
30 \$4,000. He said it was enough of a difference above a trivial amount that needed to be reported
31 to management, but not to the level that requires an adjustment in the financial statement.
32 He said it took time to work their way through recording the bonds with the staffing changes and
33 it was Accuity's decision to withhold the audit to ensure the balances were adequately recorded.
34 CM Martin asked if the staffing changes Mr. Kerns referred to were changes within his
35 organization because the staffing changes at the City did not occur until the end of December
36 after the field visit had been completed.

37
38 Tracy Mix asked if there was a Finance Director on staff when the journal entries information for
39 the bond was provided. Mr. Kerns indicated the numbers were available, but the recording
40 process occurred six to eight weeks after the field visit. CM Martin said he shared an e-mail from
41 Mr. Kerns with the Budget Committee which indicated Accuity was having problems reconciling
42 the bond revenue, which is one of the reasons why the City did not have the full audit.

43
44 Rod Cross thanked Mr. Kerns for the presentation and said it was informative.

45
46 CM Martin asked Mr. Kerns will the City be impacted because of delay of the audit. Mr. Kerns
47 indicated there are no impacts that he is aware of.

Seal Rock Annual Rate Adjustment for 2019

CM Martin indicated the proposed rate changes for the Seal Rock Water District will go before the Council in December per the provisions of the agreement. He said the proposed rate will decrease based on the formula within the agreement. He said they are looking at the cost of the water and the capital projects. The Council asked how much water Seal Rock purchases from the city.

Seal Rock Water District General Manager (GM) Adam Denlinger indicated they purchase approximately 128 million gallons. He said Seal Rock has not had a chance to review the data sent to him by PWD Adams but he trusts Mr. Adams calculated the rate based on the 2012 water purchase conditions. He implied the Council may see a different rate once Seal Rock has reviewed the proposal. He said they just completed a \$6 million renovation and they increased the response time to potential leaks. There was discussion about having a presentation to the City Council by the Seal Rock Water District and Mr. Denlinger indicated they could present to the Council at the January work session. Councilor Kamikawa asked if the 2012 agreement has an expiration date. Mr. Denlinger indicated it will expire in 2020.

Review of proposed amendments to the City Council rules

CA Robinson reviewed the proposed draft of the Council rules and referred to Chapter 2. He noted a change of four Councilors being able to call a meeting to three so as not to violate Open Meeting Law. He noted a proposed amendment of striking 'a smaller number' under Chapter 1(2)(B). He summarized Public Records Law in regards to minutes and audio recording retention periods and asked for clarification from the Council in regards to executive sessions record keeping. There was discussion in regards to how much information should be included in the minutes and several members of the council. CA Robinson recommended the Council retain audio recordings for five years, which is a similar retention period to handwritten notes but advised the Council it is a risk in retaining audio recordings for that long because they could be subject to a subpoena for disclosure. Councilor Dalbey expressed the opinion that those instances would be infrequent. CA Robinson provided an example from last year when he represented the City against a request in regards to a former police officer's personnel file including internal affairs. He said he filed a motion to quash but the judge still reviewed the personnel file. A consensus of the Council concluded audio recordings of the executive sessions shall be kept for five years. CP Smith noted the rules indicated Mayor rather than Presiding Officer and suggested it state Presiding Officer instead. A consensus of the Council agreed to strike Item B from Chapter 3(III) and suggested Chapter 3(IV)(A) read as, "...shall vote unless they declare a conflict...". Councilor Kamikawa noted line 19 on the same page should state "reconsideration" instead of "consideration". There were no additional recommended changes.

Legal Service Contract

Councilor Dalbey indicated he wanted to know when the contract would expire and suggested the City solicit for professional services. CM Martin noted the contract is in its third addendum, which can be extended by the Council and will expire December 31, 2018. He indicated the City Attorney is normally appointed by the Council. Councilor Dalbey indicated he has additional comments regarding the legal services but felt it should not be discussed during a public meeting because it is a personnel issue. CM Martin indicated the legal services are contracted through a professional services agreement and not subject to executive session. CP Smith recalled the City Attorney/City Planner position must be available while Michael E. Adams is on military Uniformed Services Employment and Reemployment Rights Act (USERRA) leave.

1 The Council asked for an update on the recruitment of the Finance Director and City Planner
2 positions. CM Martin reported the Finance Director recruitment will close in one week. He said
3 he has not moved forward with the recruitment of the City Planner position because he is
4 uncertain of his future with the City because of the statements made regarding the City Manager.
5 He indicated he is unsure whether this Council or the new Council will continue with him as the
6 City Manager and feels that discussion needs to occur prior to recruiting a City Planner. He
7 noted applicants will have to be notified that they may be released from the city as early as
8 September 2019 if Mr. Adams returns to the City Attorney/City Planner position. CP Smith
9 asked if there is a way to proceed with the recruitment and keep the position available for Mr.
10 Adams potential return. CM Martin said USERRA states the employee is allowed to return to the
11 same position without loss of duties or pay. The Council discussed whether they can contact Mr.
12 Adams in regards to his return. CM Martin noted the Council could contact him because he is an
13 employee of the Council per his contract.

14
15 Mr. Cross suggested the Council contact Mr. Adams by e-mail, which indicates a consensus of
16 Council would like to know where the City stands. There was a consensus of the Council to draft
17 a letter and Councilor Dalbey volunteered to draft the letter for review at the next meeting.
18

19 The Council recessed at 8:09 p.m. for a short break and reconvened at 8:15 p.m.
20

21 **Quarterly consolidated budget update**

22 CM Martin introduced Sue Forty, Interim Finance Director and provided information regarding
23 the quarterly report. He said the quarterly report would be in addition to the check register they
24 see in their packets and will be a tool that displays all of the accounts, what was budgeted, year
25 to date, and cash flow.
26

27 Ms. Forty indicated the report is created in the Springbrook financial program and can be
28 exported into an Excel document or a PDF document so it cannot be manipulated. Ms. Forty
29 indicated they are working with the Department Directors and indicated if there is anything the
30 Council would like to see or include to let them know so that they can include it into the report.
31 CP Smith thanked staff and indicated he has asked for this kind of report since he started on the
32 Council.
33

34 CP Smith asked if there is a reason some of the personnel costs exceed the 25%. Ms. Forty said
35 when they projected the budget, they used the numbers that existed at the time, but there may be
36 a cost of living that was not anticipated. There was a question about the beginning balance. Ms.
37 Forty said the beginning balance is an unaudited number and the only changes would be based
38 on an audit adjustment. Councilor Smith asked if it could include timeline and connection to
39 capital projects. CM Martin indicated there is a project management component within the
40 Springbrook program which would provide a detailed report of revenues and expenditures, and
41 allow staff to track specific projects such as the bullet proof grant better. There was discussion
42 on the Council seeing a similar report in a smaller scale on a monthly basis.
43

44 **Lawsuit update**

45 Councilor Dalbey asked if there have been any significant updates to any pending lawsuits. CM
46 Martin said the matters are proceeding forward and recommended the full Council meet in an
47 executive session and he can invite the attorneys representing the City to provide an update to the
48 Council. A consensus of the Council directed staff to schedule an executive session on December
49 5, 2018.

1 **Department of Justice Investigation update**

2 Councilor Dalbey had requested an update regarding the investigation. CA Robinson said the
3 matter is an ongoing investigation.
4

5 **4. Reports and Comments**

6 Interim Fire Chief Inman indicated Interim Fire Chief Robeson is in California assisting with the
7 fires. He said Toledo sent an engine with personnel on Friday and will work 24-hour shifts. He
8 indicated there have been five new applicants and the City responded to a house fire over the
9 weekend. He noted there was a technical issue with one of the hydrants but they are working. He
10 said after the incident, they could not get the hydrant to shut down and he contacted the Public
11 Works Department. The Council asked if the hydrant is still active. IFC Inman indicated it is still
12 charged but it is not leaking.
13

14 Susie Duncan asked if there is an Ordinance that requires a certain number of hydrants on each
15 block. IFC Inman responded hydrants are typically spaced every 300 to 500-feet depending on
16 the location.
17

18 IFC Inman reported on the haunted house and the Fire Department provided an escort to the
19 Veterans wall and to the High School football team on their way to playoffs. He said they are
20 still receiving the new breathing units and were instructed to hold the invoice from the
21 manufacturer until all the equipment has been received and is considered satisfactory. He
22 introduced Greg Musil, who will help backfill some of the administrative duties in the
23 department.
24

25 CM Martin reminded the Council there is an Elected Essentials Council training in Waldport and
26 encouraged the Council to contact staff if they would like to attend.
27

28 Councilor Jukich said she was able to attend the Summer Festival meeting last week and will
29 continue to attend those meetings each month.
30

31 **5. Adjournment:**

32
33 The work session adjourned at 8:14 p.m.
34

35 ATTEST:

36
37
38
39 _____
City Recorder Lisa Figueroa

APPROVE:

Council President Joshua Smith

1 **TOLEDO CITY COUNCIL MINUTES**

2 Toledo City Council Chambers

3 Regular Session

4 **December 19, 2018**

5 7:00 p.m.

6
7 **1. Call to Order**

8 Council President Joshua Smith called the meeting to order at 7:00 p.m.

9 Councilors present: Stu Strom, Heather Jukich, Jackie Kauffman, Bill Dalbey and Betty
10 Kamikawa

11
12 Staff present: City Manager (CM) Craig Martin, Police Chief (PC) Dave Enyeart, City Recorder
13 (CR) Lisa Figueroa, Library Director (LD) Deborah Trusty, Interim Fire Chief (IFC) Larry
14 Robeson, and City Attorney (CA) David Robinson

15
16 Visitors present: Polly Chavarria, Stephanie Blair and Rod Cross

17
18 **2. Visitors/Public Comment**

19 There were no comments.

20
21 **3. Consent Calendar**

22 There were no items submitted.

23
24 **4. Discussion and Information Items**
25 **Committee Updates**

26
27 Councilor Dalbey said he attended the Council of Governments Board Meeting and it was a
28 housekeeping meeting to close the end of the year and prepare topics for consideration in the
29 new year.

30
31 CP Smith said he attended the Cascades West Area Commission on Transportation meeting and
32 noted it involved sexual harassment awareness training.

33
34 Councilor Strom said he attended the biosolids meeting and said they had some handouts and
35 interesting maps and the subject will continue to be on the forefront.

36
37 **5. Decision Items**

38 **Addendum 4 to Legal Services Contract – City Manager Craig Martin**

39 CM Martin summarized recent Council discussions in seeking proposals for legal services to the
40 City and an extension of the current contract with Osterlund Law. He said there was discussion
41 to retain services until the City retains another provider. He said the current contract expires this
42 month on December 31. He noted the current rates are \$100 per hour for the first 40 hours and
43 after 40 hours, the price increases to \$250/hour. He referred to a handout included in the packet
44 regarding the expenses the City has incurred with Osterlund Law.

1 Councilor Dalbey said he hopes the City would be able to procure someone sooner than six
2 months and noted the duties outlined in the Request for Proposals (RFP) could include more
3 detailed duties. CP President indicated he does not have any issues with the current legal services
4 provider, but he is not opposed to seeking proposals occasionally to ensure the City is receiving
5 the best services for the City.

6
7 **Motion-** It was moved and seconded (Kauffman/Jukich) approve Addendum #4 to extend the
8 Legal Services contract through June 30, 2019 and authorize the Council President to execute the
9 document on behalf of the City Council. Councilor Dalbey stated he would abstain from this
10 vote. **Motion passed 5-0. Councilor Dalbey abstained.**

11
12 **Oregon Cascades West Council of Governments Intergovernmental Agreement for**
13 **Financial Services – City Manager Craig Martin**

14 CM Martin provided a report and indicated it is a new agreement with Oregon Cascades West
15 Council of Governments (COG) to continue to provide the City with Financial Management
16 Services. He said the current solicitation for a Finance Director resulted in four applicants, one of
17 which has withdrawn. He said the City still needs COG to assist them as they proceed into the
18 budget season after the first of the year. CP Smith asked if the Budget Committee would expect
19 to see more accurate numbers. CM Martin said all of the records are up-to-date and maintained
20 regularly.

21
22 There was discussion in regards to meal and lodging expenses included in the agreement. CM
23 Martin explained COG does not typically charge the City to stay overnight because they include
24 their visits in conjunction to operating out of the Toledo office, but there were no more than four
25 instances where COG charged the City because they attended late meetings such as a Budget
26 Committee meeting.

27
28 Rod Cross, resident, expressed concern as to why lodging is included in the agreement since
29 Albany is about an hour away.

30
31 The Council discussed the terms of the contract and it was noted the services and costs could
32 decrease once a Finance Director has been hired and trained.

33
34 **Motion-**It was moved and seconded (Strom/Kamikawa) to authorize the City Manager to
35 execute an Intergovernmental Agreement between the Oregon Cascades West Council of
36 Governments and the City of Toledo for Interim Financial Management Services. **Motion**
37 **passed 6-0.**

38
39 **6. Reports and Comments**

40 CM Martin reported on behalf of the Fire Department and said they are seeking several grants.
41 They will start Emergency Medical Response classes in February and have responded to a couple
42 of fires, one of which included a fatality and is under investigation.

43
44 Councilor Strom asked if there were any issues with the Stormwater System due to the recent
45 rainstorms. PWD Adams said there was a break at Mill Creek and said the Ammon tank
46 Reservoir went down recently but the incidents were not storm related.

1 CM Martin indicated the employee and volunteer event was well attended and the City
2 recognized several employees for their years of service to the City. He indicated there will be an
3 orientation provided by staff for Council members which will include facility tours. He said
4 January 24 is City Day at the State Capitol and City Hall offices will be closing at 12:00 p.m. on
5 Monday, December 24.

6
7 Councilor Strom commented on the Elected Essentials meeting and expressed appreciation for
8 the years of service recognitions. The Council wished everyone Happy Holidays and Merry
9 Christmas.

10
11 Councilor Kamikawa said she attended a housing meeting and said they outlined priorities and
12 indicated there will be funding available in the future to rural communities. She commented on
13 the biosolids meeting and said it was informative and a lot of people attended.

14
15 **7. Adjournment**

16
17 The meeting adjourned at 7:30 p.m.

18
19 ATTEST:

APPROVE:

20
21
22 _____
23 City Recorder Lisa Figueroa

Council President Joshua Smith