

August 11, 2008

**City of Milton-Freewater
City Council Minutes**

The Council of the City of Milton-Freewater met in regular session Monday, August 11, 2008 at 7:00 p.m. in the Albee Room of the Library.

The following members were present: Mayor Lewis Key, Councilors Orrin Lyon, Ed Chesnut, Keith Woods, Debbie Kelley, Steve Irving and Brad Humbert.

Staff members present were: City Manager Linda Hall, City Recorder Leanne Steadman, Electric Superintendent Mike Charlo and Public Works Superintendent Dave Bradshaw.

Citizens present were: Skip York, Darrell Key, Margaret Key, William Saager, Randy Grudzinski, Jeff Anliker, Sandy Marcel and Veronica Elliott.

Press member Melanie Hall of the Valley Herald was present.

CONSENT CALENDAR ITEMS:

The consent calendar items consisted of minutes from the July 28, 2008 regular council meeting and accounts payable from July 23, 2008 – August 5, 2008.

Councilor Chesnut motioned to approve the consent calendar items. Councilor Woods seconded the motion which passed unanimously.

OLD BUSINESS:

**SECOND READING AND ADOPTION - ORDINANCE NO. 948 - ESTABLISHING
TRANSIENT ROOM TAX**

City Manager Hall reported that council had held the introduction and first reading of Ordinance #948 Establishing Transient Room Tax on July 28, 2008. She said since that time there had been staff members and Chamber of Commerce members who went out and talked to the affected business owners along with a fact sheet and a copy of the ordinance. She said she had received two phone calls in regards to the proposed ordinance. The first call was from Orlin Hansen who was a former owner of the Morgan Inn. Mr. Hansen said he was against the ordinance being proposed. The second call was from the current owner and manager of the Morgan Inn of which were in the audience for the meeting. Ms. Hall said Community Development Supervisor Mike Watkins met with Veronica Elliott and Randy Grudzinski to explain how the ordinance would work and answer any questions they may have had. Ms. Hall said she believed the ordinance was a good and fair piece of work. She said it was not the intent to hamper any lodging facilities in town in fact it is meant to supply a funding source to assist the local Chamber of Commerce and promote tourism for Milton-Freewater. She said the 7% tax being proposed was in line with neighboring cities and in line with the research and surveys that were done with the League of Oregon Cities prior to bringing the ordinance forward for consideration.

Darrell Key - 618 County Rd. – Said he had read the ordinance several times and had a question under section (a) of the ordinance which read, “provided such occupancy is for 30 days or less”. He said he felt that meant it would affect everyone in the RV or mobile homes that paid rent for each month.

Ms. Hall said that was not the intent of the ordinance. If someone pays by the month they would be exempt from this tax being proposed.

Mr. Key said the wording in the ordinance isn't for 30 days. It says 30 days or less. He said he felt the ordinance was poorly written.

Councilor Humbert referred to Section 5(a) – Exemptions of the ordinance which reads, “any occupant for more than 30 successive calendar days (a person who pays for lodging on a monthly basis, irrespective of the number of days in such month, shall not be deemed a transient).”

Mr. Key said he writes monthly rental agreements which in that case would be exempt from the tax. He said the amount of his business of transients is a very small part of his business. He suggested getting some signs up on the highway so people traveling through are aware of the lodging facilities in the area.

Ms. Hall said that was an excellent point and that is exactly what the intent of the tax being proposed could help fund.

Randy Grudzinski – 3331 Panakres Lane, Walla Walla, Wa. – Owner, Morgan Inn – He said Mike Watkins talked to him about the ordinance proposal. He said apparently there was an earlier meeting scheduled and he said he wished he had more notice. Mr. Grudzinski said he was not opposed to the tax but felt the 7% being proposed was too high especially since his business was going to be the main one affected by the transient tax. He said with the exception of January the occupancy rate has been down for the Morgan Inn. In January they had a lot of people and workers stay at the hotel due to the January 4th storm. Mr. Grudzinski reviewed prior month's occupancy numbers the hotel has had. He said there are customers who walk out if there is a \$5.00 difference. He said 7% tax was too high and suggested a 2% tax to allow the lodging facilities and customers get used to that amount of tax. He said he owns a hotel in Walla Walla and the situation there is totally night and day different than Milton-Freewater. He said if his Walla Walla hotel has a good night so does Milton-Freewater. He referred to the hotel that is outside city limits what would not be affected by the proposed ordinance. He said he was all for some tax but didn't feel it should be on the back of one business.

Councilor Woods said it was his understanding that 95% of all the funds raised from the proposed tax would be used directly to market the businesses. The other 5% being retained from the lodging businesses for administration fees for collecting the tax. He said all the funds collected would be put back into the community to promote tourism and businesses.

Ms. Hall stated currently Economic Development and tourism are being funded out of the city's general fund. Ms. Hall said she has personally made several referrals to the Morgan Inn over the years. She said the city was very proud of the facility and that Mr. Grudzinski had done a great job of fixing it up. She said the festivals that the city largely sponsors bring transients in which stay at the Morgan Inn.

Mr. Grudzinski said he was all for a tax but again thought the 7% was too high to start out with especially since he felt it would be on the back of one business.

Councilor Chesnut said he understood that there was an agreement that there should be some method of generating funds to support tourism and improvement. He felt the question was at what rate the tax should be at. Councilor Chesnut said Mr. Grudzinski had suggested 2% but questioned whether that amount would be effective.

Ms. Hall said in her opinion the 2% suggested would not be worth the cost of the administration costs it would incur.

Councilor Humbert asked what the transient tax was for Walla Walla.

Ms. Hall said she thought it was 12.3% which included sales tax.

Councilor Chesnut said he had read that Walla Walla's transient tax was 4%.

Ms. Hall clarified the Walla Walla transient tax rate at 4% plus 8.3% sales tax for a total of 12.3%.

Councilor Woods asked Mr. Grudzinski if people were walking out of the Morgan Inn over \$5.00 where were they going.

Mr. Grudzinski said he was not sure. He said if this ordinance proposal was for his Walla Walla hotel he would not have a problem with it because Walla Walla was a totally different scenario.

Councilor Kelley said the city had been talking about a transient room tax since 2002. She said the city had been cutting back on many things. She stated the city has done a lot of promoting of Milton-Freewater including the brochures that have gone out. She said not every promotional material comes from the Chamber of Commerce.

Ms. Hall said the city had delivered some of the promotional material to the Morgan Inn that had been paid for by the city.

Councilor Kelley said the tax proposed would not be paid by Mr. Grudzinski it would be paid by the transients coming through the area.

Mr. Grudzinski said he felt the city was trying to promote all of Milton-Freewater with just one business.

Councilor Kelley said towns across America have transient lodging tax and Milton-Freewater is one of the last towns to implement the tax. She said the city is very lucky to have its own utilities which keep costs down as far as electric, water, sewer and garbage. She said the costs of utilities in Milton-Freewater are much lower than other places in the United States.

Councilor Chesnut said he has often wondered why cities' general funds pay for tourism promotion. He said he felt it wasn't right to have tax payers dollars supporting tourism. He felt it was the right way by creating a tax that promoted tourism which is paid by tourism.

Councilor Irving said the city manager and city staff had studied the proposed ordinance. He felt the 7% was modest in comparison to the rest of the state.

Councilor Chesnut moved that Ordinance #948, Ordinance Establishing Transient Room Tax be introduced by title only and full reading waived. Councilor Humbert seconded the motion which passed unanimously. The City Manager then read the ordinance by title. Councilor Kelley moved to adopt Ordinance No. 948, Establishing Transient Room Tax. Councilor Humbert seconded the motion. Councilors Chesnut, Woods, Kelley, Irving and Humbert voted yea. Councilor Lyon voted nay.

BUSINESS ITEMS:

BID AWARD - CONTRACT #217-A ELECTRICAL MAINTENANCE PROGRAM

Public Works Superintendent Dave Bradshaw reported that on June 9, 2008 the City Council had awarded the Electrical Maintenance Program to Power Plus Electric of Milton-Freewater. Mr. Bradshaw said on July 30, 2008 Power Plus Electric contacted him requesting them to be released from the contract as there were going to go to work out of a union shop in the Tri-Cities and could not fulfill their contractual obligation with the City of Milton-Freewater. Mr. Bradshaw said staff's recommendation was to award the Electrical Maintenance Program to the next low bidder which was Pendleton Electric of Pendleton Oregon.

Councilor Humbert asked Mr. Bradshaw if he had worked with Pendleton Electric in the past.

Mr. Bradshaw said yes he had and that he was satisfied with their work.

Councilor Humbert motioned to award Contract #217-A for Electrical Maintenance Program to Pendleton Electric of Pendleton, Oregon with an effective date of August 12, 2008.

Councilor Woods seconded the motion with passed unanimously.

BID AWARD – CONTRACT #219 – ONE (1) NEW POLICE SEDAN

Mr. Bradshaw reported that the city had advertised and accepted sealed bids for one (1) new police sedan. He said two bids were received, which were from Gresham Ford and Ford of Walla Walla. Staff's recommendation was to award contract #219 to Gresham Ford as they were the low bidder.

Councilor Irving asked if the bid requirements had any limitations regarding front wheel drive.

Mr. Bradshaw said the bidders had the option of bidding on either a front or rear wheel drive vehicle.

Ms. Hall said there were changes to the bid requirements to try and accommodate for better fuel economy and "green" environmental friendly vehicles.

Councilor Humbert motioned to award Contract #219 for one (1) new police sedan to Gresham Ford in the amount of \$21,350.09. Councilor Irving seconded the motion which passed unanimously.

BID AWARD – CONTRACT #220 – TWO (2) NEW COMPACT PICKUPS

Mr. Bradshaw reported that the city had advertised and accepted sealed bids for two (2) new compact pickups. He said two bids were received, which were from Gresham Ford and Ford of Walla Walla. Again, he said there was an attempt to receive bids for fuel economy vehicles. Staff's recommendation was to award contract #220 to Ford of Walla Walla as they were the low bidder.

Councilor Humbert motioned to award Contract #220 for two (2) new compact pickups to Ford of Walla Walla in the amount of \$16,430.25 each for a total of \$32,860.50. Councilor Chesnut seconded the motion which passed unanimously.

BID AWARD – CONTRACT #221 – PAVING AND OPTIONAL PATCH PROJECTS

Mr. Bradshaw reported that the city had advertised and accepted sealed bids for overlaying a portion of Pierce Street and Orchard Avenue as well as optional patch projects on Davis Street. He said three bids were received, which were from Humbert Asphalt, Inc., Pioneer Construction and Granite Northwest, Inc. Mr. Bradshaw said the city would get reimbursed from Oregon Department of Transportation through the fund exchange agreements for the project. Staff’s recommendation was to award both the overlaying and patch projects to Humbert Asphalt, Inc.

Ms. Hall stated that Councilor Humbert was not financially tied to Humbert Asphalt, Inc.

Councilor Lyon disclosed he worked part time for Humbert Asphalt, Inc. and received base wage for his employment.

No members of the council had any objection to Councilor Lyon voting on the bid award for contract #221.

Councilor Humbert motioned to award Contract #221, Paving Project #2, to Humbert Asphalt, Inc. of Milton-Freewater in the amount of \$59,455.00. Councilor Irving seconded the motion which passed unanimously.

Councilor Humbert motioned to award Contract #221, Project #2, Optional Patch Projects to Humbert Asphalt, Inc. of Milton-Freewater in the amount of \$4,320.00 for a contract total of \$63,775.00. Councilor Irving seconded the motion which passed unanimously.

RESOLUTION NO. 2101 AUTHORIZING SIGNATURE TO AN INTERGOVERNMENTAL AGREEMENT WITH UMATILLA COUNTY CONCERNING FRUIT TREE, VINE PEST AND DISEASE CONTROL

Ms. Hall reported that Umatilla County had passed a fruit tree, vine pest and disease control ordinance in coordination with their “Don’t Bug Me Campaign” in 2007. She said the County wanted the City of Milton-Freewater to “co-adopt” their ordinance, which she reported, could not be done. Instead, there was an Intergovernmental Agreement (IGA) between Umatilla County and the City of Milton-Freewater drafted. She said she felt this was a win/win compromise in order to protect the valued agricultural industry in Milton-Freewater. Ms. Hall said there would be virtually no budget impact on the City as the County would be absorbing the cost of the inspections and abatement of any offending trees and/or vines found in violation of the ordinance. She said she had heard from a citizen, Mr. Bill Saager who was also in the audience, which supported the IGA and encouraged the council to enter into the agreement with the County.

Councilor Chesnut motioned to adopt Resolution No. 2101, Resolution Authorizing Signature to an Intergovernmental Agreement with Umatilla County Concerning Fruit Tree and Vine Pest and Disease Control. Councilor Humbert seconded the motion which passed unanimously.

LIQUOR LICENSE REQUEST – WATERMILL WINERY, REQUESTING AN ADDITIONAL PRIVILEGE FOR WAREHOUSING OTHER LOCAL WINES

City Recorder Leanne Steadman reported that Earl E. Brown & Sons, Inc. currently holds a “winery” liquor license privilege. She said they were requesting an additional “warehouse” privilege which would enable them to store other local area wines in their warehouse.

Councilor Chesnut motioned to approve the additional warehousing privilege to Earl E. Brown & Sons, Inc. also known as Watermill Winery. Councilor Woods seconded the motion which passed unanimously.

MANAGER’S REPORT:

Manager Hall reminded council about the League of Oregon Cities registration deadline of August 28th. The conference will be held October 2 – 4, 2008 at the Salem Conference Center. The deadline to avoid a late fee for registering is September 12, 2008. There will be a Gang Taskforce town hall meeting on Tuesday, August 12, 2008 at 7:00 pm at the Community Building. There will be representatives from Umatilla County, Walla Walla and the City of Milton-Freewater Police Departments. She said Chief Boedigheimer had done a great job of getting the word out about the meeting by going door to door, putting flyers in grocery bags at Safeway, he also had a radio interview and had television coverage. Ms. Hall also reminded council about the Muddy Frogwater Parade that was on Saturday, August 16th and she said the invitation to ride in a buggy was still open but that she needed to know how many people were planning to ride. Mayor Key, Councilor Humbert and Councilor Woods said they would be there. Councilor Irving, Chesnut and Lyon were unsure if they would make it. Ms. Hall said she was trying to schedule a joint work session with Umatilla County Planning Department and the County Commissioners regarding wind turbines proposed for the Blue Mountains. She said her intention of the joint work session was to find out what wind farm projects were proposed for the Blue Mountains. She said she received a message from Tamara Mabatt who is from the County Planning Department that there was going to be a County Planning Commission meeting on August 28, 2008 at 4:00 pm at the Justice Center in Pendleton. The meeting was going to be a joint meeting with the County Planning Commission and State of Oregon representatives and not with the City of Milton-Freewater. Ms. Mabatt said the meeting would consist of some formal presentations from the State and it would address power transmission sighting, transmission line sighting and tax information regarding wind turbines. Ms. Mabatt said the meeting would be informal and if someone wanted to do a presentation they could. There would also be a question and answer period for anyone to ask questions. Ms. Hall said she was planning to attend the meeting and that if anyone was interested they could ride with her. She would be leaving around 3:00 pm from City Hall. Councilor Kelley confirmed she would be going. One last item was the sponsorship packet from the Chamber of Commerce for the Muddy Frogwater Festival. Ms. Hall handed the Mayor the package to hand out to other councilors.

COUNCIL ANNOUNCEMENTS

Mayor Key announced he had attended the Oregon Mayor’s Conference which was held in Pendleton, Oregon on July 31st – August 2, 2008. He said the gift basket that Ms. Steadman put together ranked about fourth out of fifteen baskets that were brought. The top basket was from Depoe Bay Oregon which included a crab pot, fishing trip and a stay at a bed and breakfast. He said at the League of Oregon Cities (LOC) convention there is a contest for the kids, “If I Were Mayor”. Mayor Key suggested when this contest comes up again that it would be a good idea to do a press release in the newspaper. He said the topic of water bottles came up. Mayor Key said why should the City be promoting water bottles when it has

perfectly good water from the tap and the plastic bottles are becoming a problem at the landfills. He suggested having pitchers of ice water and glasses and not promote water bottles. Another topic at the conference was the Ethics reporting. He said originally when the LOC approached the State about the Ethics reports they were told to back off but after hearings were held all around the state they later considered there could be a problem. Another big item was the right-of-way issues and whether or not there will be a cell phone tax. If there were to be a cell phone tax the question was who would get it and how much. Mayor Key also said that Pendleton has a "Progress Board" that is separate from the city business. It's made up of community leaders that meet once a week for breakfast.

Councilor Chesnut said he would be sending out an email package to the other councilors of some candidates for the "Sprucing-Up" project. He also recognized council elect, Jeff Anliker, who was in the audience.

There being no further business, council adjourned at 8:02 p.m.

Lewis S. Key, Mayor