



Home of the Tualatin River National Wildlife Refuge

SHERWOOD CITY COUNCIL MEETING MINUTES
22560 SW Pine St., Sherwood, Or
July 7, 2015

EXECUTIVE SESSION

1. **CALL TO ORDER:** Mayor Clark called the meeting to order at 5:06 pm.
2. **COUNCIL PRESENT:** Mayor Clark, Councilors Linda Henderson, Jennifer Kuiper, Jennifer Harris, Dan King and Renee Brouse. Council President Robinson via conference call.
3. **STAFF PRESENT:** City Manager Joseph Gall, Assistant City Manager Tom Pessemier, HR Analyst Sherryl Childers, and City Recorder Sylvia Murphy.
4. **TOPICS:**
 - A. Employment of Public Officers, ORS 192.660(2)(a) and ORS 192.660(7). City Attorney selection.

5. ADJOURN

Mayor Clark adjourned the Executive Session at 5:28 pm and convened to a work session.

WORK SESSION

1. **CALL TO ORDER:** Mayor Clark called the meeting to order at 5:35 pm.
2. **COUNCIL PRESENT:** Mayor Clark, Council President Sally Robinson, Councilors Linda Henderson, Jennifer Kuiper, Jennifer Harris, Dan King and Renee Brouse.
3. **STAFF PRESENT:** City Manager Joseph Gall, Assistant City Manager Tom Pessemier, Public Works Director Craig Sheldon, IT Director Brad Crawford, Finance Director Julie Blums, Community Services Director Kristen Switzer, Field House Manager Lance Gilgan, Administrative Assistant Colleen Resch and City Recorder Sylvia Murphy.
4. **TOPICS:**
 - A. **Recreation Programs**

Community Services Director Kristen Switzer provided a presentation, Recreation Overview-Part 1 (see record, Exhibit A). Kristen provided background information, information on youth sports, Sherwood Field

House and the Marjorie Stewart Community Center. Council questions and discussion occurred throughout the presentation.

Record Note: Councilor Dan King exited the work session prior to conclusion of discussion.

5. ADJOURN

Mayor Clark adjourned the work session at 6:45 pm and convened to a regular Council meeting.

REGULAR SESSION

1. **CALL TO ORDER:** Mayor Clark called the meeting to order at 7:02 pm.
2. **COUNCIL PRESENT:** Mayor Clark, Council President Robinson, Councilors Linda Henderson, Jennifer Kuiper, Jennifer Harris, and Renee Brouse. Councilor Dan King arrived at 7:24 pm.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joseph Gall, Assistant City Manager Tom Pessemier, Police Chief Jeff Groth, Community Development Director Julia Hajduk, Finance Director Julie Blums, Public Works Director Craig Sheldon, Community Services Director Kristen Switzer, Library Manager Adrienne Doman Calkins, Administrative Assistant Colleen Resch and City Recorder Sylvia Murphy. City Attorney Chris Crean.

Mayor Clark addressed the next agenda and stated the following motions.

4. APPROVAL OF AGENDA:

MOTION TO AMEND: FROM MAYOR CLARK TO REMOVE ITEM 5.G. RESOLUTION 2015-063 A RESOLUTION REMOVING COMMISSIONER JAMES COPFER FROM THE PLANNING COMMISSION AS MR. COPFER TENDERED HIS RESIGNATION, SECONDED BY COUNCILOR KUIPER. MOTION PASSED 6:0, ALL MEMBERS VOTED IN FAVOR. (COUNCILOR KING WAS ABSENT).

Record Note: Legislative Number 2015-063 was placed back into circulation for future use.

MOTION TO AMEND: FROM MAYOR CLARK TO MOVE ITEM 5.C. ADMINISTRATIVE OVERHEAD TO 5.A., SECONDED BY COUNCIL PRESIDENT ROBINSON. MOTION PASSED 6:0, ALL MEMBERS VOTED IN FAVOR. (COUNCILOR KING WAS ABSENT).

Mayor Clark asked for a motion to adopt the amended agenda.

MOTION AS AMENDED: FROM COUNCILOR HENDERSON TO APPROVE THE AMENDED AGENDA, SECONDED BY COUNCILOR HARRIS. MOTION PASSED 6:0, ALL MEMBERS VOTED IN FAVOR. (COUNCILOR KING WAS ABSENT).

Mayor Clark addressed the next item on the agenda.

5. CONSENT AGENDA:

- A. Approval of June 9, 2015 City Council Meeting Minutes**
- B. Approval of June 16, 2015 City Council Meeting Minutes**
- C. Resolution 2015-058 amending the existing contract with Murray Smith & Associates (MSA) to include Sanitary Fee and System Development Charge (SDC) Rate Study as part of the Sanitary Sewer Master Plan update**
- D. Resolution 2015-059 amending the existing contract with Murray Smith & Associates (MSA) to include storm water fee and system development charge (SDC) Rate Study as part of the Storm Water Master Plan update**
- E. Resolution 2015-060 authorizing the City Manager to enter into a contract with Blackline Inc. for the 2015 Slurry Seal Program**
- F. Resolution 2015-061 Authorizing the City Manager to surplus equipment to the City of Battleground, Washington**

MOTION: FROM COUNCIL PRESIDENT ROBINSON TO APPROVE THE CONSENT AGENDA, SECONDED BY MAYOR CLARK. MOTION PASSED 6:0, ALL MEMBERS VOTED IN FAVOR. (COUNCILOR KING WAS ABSENT).

Mayor Clark addressed the next item on the agenda.

6. PRESENTATIONS:

A. Proclamation, Robin Hood Festival Weekend July 17-18, 2015

Mayor Clark stated the City will declare the weekend of July 17 and 18 as Robin Hood Festival Days 2015. She read the proclamation and said this is a Sherwood tradition. She stated the Sherwood Robin Hood Festival Committee is made up entirely of volunteers from the community who have willingly given countless hours to make this a memorable and successful event. She encouraged citizens and the surrounding communities to participate fully in all of the festival ceremonies, activities, and events.

B. Police Officer Swearing-In Ceremony

Police Chief Jeff Groth introduced newly hired Officer Timothy Teft and said Officer Teft came from Cedar Rapids, Iowa Police Department where he served for 4 years. Chief Groth stated Officer Teft is filling a vacant position from an officer who has left the department. Chief Groth administered the Oath of Office to Officer Teft.

Mayor Clark thanked and welcomed Officer Teft.

C. Eagle Scout Recognition

Mayor Clark stated the scout scheduled to be recognized was unable to attend and will be recognized at a future date.

D. Recognition of Sherwood High School Students, Academic & Athletic Achievements

Mayor Clark welcomed the students and families and the City Council recognized Sherwood High School students for Academic Achievements, students that received a perfect 4.0 GPA for the 2014-15 school year and recognized students for Athletic Achievements, students that placed 1st in State in a sport or art, as a team or individual. City Manager Gall called forward students and the Council presented them with Certificates of Achievement.

E. Washington County Public Safety and Library Levies

City Manager Gall introduced Washington County Sheriff Pat Garrett and WCCLS Director Eva Calcagno, they presented information on upcoming County levies, Measure 34-236 Public Safety Levy Renewal and Measure 34-235 Library Levy Replacement (see record, Exhibit B).

F. 124th Avenue Extension Project Overview-Russ Knoebel, Washington County

Julia Hajduk, Community Development Director reminded the Council of a work session on the Tonquin Employment Area, where there were many questions regarding 124th Ave. She said although not directly related to the project, staff realized it was time for the Council to receive an update on that project.

Russ Knoebel, Principal Engineer with Washington County provided a presentation (see record, Exhibit C) on 124th Avenue and the Basalt Creek Parkway extension. He referred to the exhibit and stated the areas in bold yellow are all part of the 124th Avenue project. He said there are improvements extending 124th, Tonquin Road improvements, the new Basalt Creek Parkway and improvements on Grahams Ferry Road. He referred to the purple area of the exhibit and said this is the Basalt Creek Parkway extension. He said this is taking the Basalt Creek Parkway from Grahams Ferry on over to Boones Ferry. He said the Basalt Creek Parkway came out of numerous studies of the Westside Bypass, and then the I-5/99W study, and this study talked about a southern arterial. He said out of this study came the concept of building a portion of that southern arterial at this point in time and in the future, looking at that southern arterial on over to 99W somewhere in Sherwood or south of Sherwood.

He stated the project is close to being bid and the cost is at \$30 million now. He said this money comes from the MSTIP 3C Measure and also from MSTIP 3D.

He stated another major part of this project is the Willamette Water Supply program and said they will be putting their pipeline in this stretch of 124th, also in Tonquin and Grahams Ferry Road. He said their cost adding to this project is close to \$20-\$25 million. He said it is going to be a large project with a lot of construction activity over the next three years. He spoke of the Basalt Creek Parkway Extension and said this piece, even though it was small in comparison to the rest of the project, is a very large bridge, about a 600-700 foot long bridge, it's a deep canyon in between Grahams Ferry and Boones Ferry. He said we are just kicking off an environmental/preliminary design effort of that and a MSTIP 3D, out of the \$11 million that was approved in the Basalt Creek Area, \$1 million was taken out of that along with regional flexible funds that are awarded from the federal government through Metro. He said these funds were awarded about 2 years ago. He said there is \$3.2 million and we will need more money in the future and these sources could be from the federal government, they could be from the MSTIP Program, TDT or local SDC's.

Mr. Knoebel highlighted the 124th project and said it's an extension of 124th from Tualatin-Sherwood Road down to Tonquin and the new Basalt Creek Parkway that goes from Tonquin over to Grahams Ferry. He said what people will see out there, in the interim, and is in their transportation plan as a 5-lane arterial and they will build a 2-3 lane interim cross-section with the understanding that as the area develops the development community will build out the rest of that full 5-lane cross-section. He said what the County is doing is building the walls and bridges out there to a full 5-lane width because these are the expensive pieces of any project and development tends to not widen bridges, move walls therefore we are getting this in place at this time. He said Tonquin and Grahams Ferry will also be improved and said this project was expanded to put in the waterline in both of these roads. He said the project will also rebuild the Tonquin and Grahams Ferry intersection. He said there will be an improved rail crossing on Tonquin and the new Basalt Creek crossing will be an overpass, a bridge over the railroad tracks. He said another thing that has been added is realigning the curves on Tonquin in front of the TVFR facility. He spoke of the number of accidents in this area and improved site distance on Tonquin. He said there will also be 6-7 foot wide shoulders to accommodate bikes.

Mr. Knoebel spoke of the schedule and said the County is currently purchasing right-of-way, and said there are about 90 different lots they are purchasing, not necessarily 90 different groups. He said we are looking to bid the project in August 2015 and if this is the case, work will begin in the fall of this year. He said the manner the project is scheduled to build out is, 124th would be built first along with the Basalt Creek Parkway and once this is built and open to traffic, hopefully by the end of December 2016, Tonquin Road would be closed to traffic and traffic would be detoured onto the new Basalt Creek Parkway. He said the reason to close Tonquin is because of the waterline and the raising of the Tonquin and Grahams Ferry intersection about 12 feet. He said January 2017 through December 2017 there will be a lot of activity in this area and the project completion would be June 2018. Mr. Knoebel explained the Basalt Creek Parkway extension.

Councilor Henderson said Mr. Knoebel mentioned a light at Tonquin and Grahams Ferry and asked if a light was going in. He said there will be a light at the Basalt Creek Parkway and Grahams Ferry and there will not be one at Tonquin and Grahams Ferry at this point in time. He said as this area builds out there's a chance a signal will be placed there.

Council President Robinson said she sees it stops at Day Road and asked if there was any coordination with Clackamas County to repave Day Road. Mr. Knoebel replied through the Basalt Creek Transportation Refinement Study, Wilsonville had a lot of concerns about Day Road and it definitely needs improvements and there was a lot of conversation about whether it stays as a 3 lane road or becomes a 5 lane road. He said the recent TSP that Wilsonville did will become a 5 lane road and we will see a rebuild of that road sometime in the future, but it is not funded at this time. He said Wilsonville prefers concrete roads and explained the work performed by the County was in concrete to help set up the future build out.

Councilor Brouse asked, when Tonquin Road is shut down, what will that do to the entry into TVFR.

Mr. Knoebel said TVFR is just west of the Basalt Creek Parkway so they will be able to quickly respond by using the parkway.

Mayor Clark asked about the construction and installation of the water pipeline, she asked if the County was doing this to utilize economies of scale since the County is redoing the roadway anyway.

Mr. Knoebel said yes and referred to the earlier presentation given by Washington County Sherriff Pat Garret and partnerships. He said this was a great partnership that came along half way through this project and we had to apply pressure to TVWD to catch up with us. He said in their analysis \$75 million is what they are saving by putting in this pipe in 124th along with this project. He said it's a great partnership not only for us but for their rate payers to take advantage of that economy of scale. He said they did provide funding to allow us to widen Tonquin and Grahams Ferry Road and rebuild those and said we would not have done that if they had not come to the table.

Mayor Clark thanked Mr. Knoebel and addressed the next item on the agenda.

7. NEW BUSINESS

A. Administrative Overhead

Finance Director Julie Blums stated she was asked by the Mayor to prepare a presentation on administrative overhead (see record, Exhibit D), what it is, why we charge it and if other cities do this. She said this was a question that came from the budget committee this year. She said administrative overhead is something that is charged to pay for administrative staff: administration, human resources (HR), IT, finance, payroll, accounts payable, legal services, and facility maintenance. She said you get economies of scale by having centralized administrative services, you can have a smaller amount of staff doing the same amount of work so it is less expensive than having each department having to hire their own staff, for example their own payroll person. She stated those costs are put together at the end of the month and they allocate those out to all the different funds and departments that use those services. She said charging administrative overhead is more cost effective, efficient and allows for smaller staffing levels. She commented that many cities and private businesses have centralized administrative services for that reason. She referred specifically to the Water Fund and explained how the administrative overhead is calculated. She said the overhead rate for administration is calculated the same way for every department, every fund and every capital project. She said the calculation starts with what the total personal services costs are, and for the Water Fund that is \$660,000. She stated that number is divided by the total non-administrative personal service costs City wide and that provides you with a rate, and for the Water Fund that is 7.8%. She said then you multiply 7.8% by the total administrative costs for the entire year and that equals \$288,600. She said the next step is to add in the direct fleet costs, which are costs for fuel and new equipment and that comes out to what the administrative overhead charge is. She said they use the same exact formula for every fund to calculate the administrative overhead charge. She stated this pays for the City Recorder, City Manager, Assistant City Manager, Human Resources, Finance, IT, and the Legal Department. She said part of the reason the administrative overhead is higher this year than last year is because the Legal Department will now be in house and allocated through overhead versus direct charging.

Councilor Harris clarified with an example of having an HR issue in the water department and rather than hiring a water employee HR person to manage those situations, we use the City's HR person and that is what this fund is covering.

Ms. Blums replied yes and said this cost comes out to be, at least for the Water Fund, about 5% of total expenditures in the Water Fund for the year.

Ms. Blums said she spoke with other cities and pretty much everyone does this, public and private industries, because there is savings by having it centralized. She said Sherwood is not alone, nor are we doing something different or odd, every City calculates it differently and has different models. She said this is our model, and we have had it since she has been at the City. She said one of her next big projects, as spoken about at the budget committee meetings, is to have a cost allocation model to better refine some of these charges and have a more sophisticated system. She said some cities have more sophisticated systems and there are some tradeoffs, they have to do all of their numbers based on budget and can't do them on actuals and we do them on actuals. She said what we put in the budget is based on what was budgeted, but every month we charge the actual rate. Julie shared information from the City of Tualatin regarding their processes. She said moving forward she would like to see Sherwood do something more sophisticated and said this is on her project list.

Councilor Harris referred to the presentation and said for her own clarification, in lieu of hiring all of these people and paying them out of the Water Fund, we are borrowing them from the City and paying the City for them. Julie replied yes.

Mayor Clark referred to a series of questions she asked Ms. Blums and wanted to present both the questions and the answers she received. Mayor Clark stated, when you're talking about, when we were talking about the employees that were working on water, for example, when Craig Sheldon works on water, you had said during our budget meeting, that Craig's portion of the time that he has worked on water, that income that he makes at that time, is paid out of the Water Fund. Julie replied yes.

Mayor Clark asked, is that what you are calling administrative overhead or is it an additional charge? Julie replied, it's additional and said the people that direct charge can do that because they are specifically working on a water project, water maintenance, or sanitary maintenance, they can directly attribute their time to a fund. She said what these are, these are the costs that are not directly attributable to any specific fund, they are general administrative costs that have to be allocated out.

Mayor Clark read the questions that she posed to Ms. Blums prior to the meeting. What is the amount paid last year from the Water Fund to the General Fund on overhead charges? Ms. Blum's response: the approximate amount that the Water Fund will pay to the General Fund for FY 2014-15 is \$276,000. We have not completed year-end processing so the actual final number will be slightly different. What do the other neighboring communities of Wilsonville, Tigard, Tualatin and Beaverton charge their Water Funds on overhead charges? Mayor Clark said that the presentation stated that these cities all charge it, but you could not give me the numbers, and that you would be working on that, but that they were all different. Mayor Clark asked what is the percentage that we charge? Ms. Blums said our charge for the Water Fund is approximately 5% of total expenditures and it will be different for every fund.

Mayor Clark replied and said that is not her question, she said are you saying that the administrative overhead costs, you charge 5% from the water that goes back to the general? Is that correct? What is the 5% coming from? Julie replied the total cost of administrative charges in the Water Fund are 5% of the total expenditures in the Water Fund.

Mayor Clark replied ok, and said her last question is, what is the amount projected to be collected from the citizens of Sherwood next year as a result of the 4% rate increase passed at the last Council meeting? She said Julie's answer was: We are projecting an increase of approximately \$350,000 in water revenue for FY 2015-16. This increase is due to all the charges made to water rates the 4% increase in

change to irrigation rate as well as taking into account for the growth and changes in consumption, so there is a little flexibility in the \$350,000 number. Mayor Clark clarified that \$350,000 is next year's number as opposed to the \$276,000 which was last year's number. Ms. Blums responded that \$276,000 was last year's administrative charge.

Councilor Kuiper commented and provided an example, and said she works for an engineering firm and there are accountants, admin staff, and she works on projects. She said if she has a project she knows what she is charging too, but the folks that are doing the billing for her or answering the phones, don't charge that time to my project. She said they have to charge something somewhere so that my company can afford to pay them. She said therefore, there is a 6% on all overhead charges that gets charged to my project to recoup the time and the pay of paying the overhead. She asked Ms. Blums if that is similar to administrative overhead for every fund we have in Sherwood. Ms. Blums said that is correct.

Mayor Clark referred to the City Council meeting minutes from June 17, 2015 on page 14, when the Council was discussing the 4% increase in the water rate. She read the following: *Mayor Clark said this money is specifically allocated for those water needs. Julie replied yes. Mayor Clark said this money does not go into any general fund? Julie replied no. Mayor Clark said this money does not fund the employment of any individual in the City? Julie replied, water employees, that are part of the operating system. Mayor Clark asked who would be a water employee? Craig Sheldon replied, there is a small percentage of his time, a small percentage of the Utility Manager's time and the meter reader, and a couple of maintenance people. Craig said, that we might get some crossover for people that are actually working in water if we have a main break or any leaks. Mayor said, each one of those employees being paid under this fund are specifically addressing water needs and water issues in the City. Craig and Julie replied yes. Mayor Clark stated that she does not think that the answer aligns with what she is hearing tonight and that is concerning to her. She said when she made her vote it was her understanding that money collected from the citizens would pay for water, not employees and this is why she asked those questions. She said that is why she asked the questions and the answer provided was "no". She stated that changes her feelings about her vote and that concerns her. She said she would have liked to have known that there was an administrative overhead which paid for employees. She said when the water is being serviced by employees she understands that we should be paying those employees under the Water Fund. She does not believe personally that we should be paying administrative overhead and said she thinks that should be paid by the General Fund and said that is what the General Fund is for in her opinion. She said she is open to other comments and that has been her assessment and she did not feel that she received the correct answers to direct questions she asked.*

Council President Robinson stated she would follow up to that and said, if you look at the minutes, it states on page 13: *Council President Robinson asked what if we don't increase the rates on water consumption? Julie replied there are several options, there are some capital projects that could not be done, eventually we will consume our fund balance and we will be out of compliance for our debt, which can affect our credit rating in the future. She said we won't have enough money to cover our fixed costs for operating the system. Mayor Clark asked where does the 4% go? Julie said it goes into the water operations fund to pay for maintenance, debt and some of it will pay for a small portion of capital projects are not eligible for SDC funding.*

Council President Robinson said she is really upset that Council was not advised of the background for the water rate increase. She said she very strongly opposed a water rate increase and she opposes it today even more because the rate increase is about the same as the overhead charge to this fund. She

stated she doesn't think our citizens appreciate that they are having to pay more money to pay for an administrative staff person. She said not only are they paying for an administrative staff person at about a 5% cost, they may or may not utilize that person in HR, you may not get any services from HR for the water fund that year. She said you're paying more money on a water rate increase. She said this is very disturbing to her and she doesn't think that was made known to Council and she is very upset about it. She said so much so that she would like to make a motion.

MOTION: FROM COUNCIL PRESIDENT ROBINSON TO DIRECT THE CITY MANAGER DRAFT AND RETURN TO US A RESOLUTION THAT TAKES AWAY THE WATER INCREASE AND REESTABLISHES THE OLD RATE.

Councilor Kuiper said there is a lot more information that is out there that Council has not discussed in terms of understanding what a 4% administrative cost really is. She said 4% of a total Water Fund is not going to be the same as 4% of total overhead charges. She provided a scenario and said when talking about percentages they need to determine percentages of what. She stated she is not in favor of amending anything and said she thinks this is a knee-jerk and said she thinks we need to reevaluate and discuss, and if we need another work session then she suggests the Council do this, but she is not in favor of making any motions or amendments to do something that is off-the-cuff after there has been discussion on it.

MAYOR CLARK SECONDED THE MOTION.

Mayor Clark said she is more concerned, because she feels they do equate and feels that the numbers have aligned, but she is more concerned about the practice of administrative overhead, because as in everything, it is a budget. She said it is a balancing of a budget and said if you remove the administrative overhead from the water budget, not from everything as there are checks and balances in different areas of the City, but if we remove the administrative overhead from the water that would remove the necessity for a 4% increase. She stated the following motion.

MOTION: FROM MAYOR CLARK TO REMOVE THE ADMINISTRATIVE OVERHEAD FROM OUR WATER BUDGET.

City Recorder Murphy informed the Council they need to deal with the first motion and the second and vote on that motion and then another motion can be made.

Mayor Clark commented to Council President Robinson and said she feels that her motion should be addressed before your motion, and asked the Council President if she was willing to withdraw her motion from the table.

Council President Robinson said she can withdraw the motion after your motion.

Mayor Clark asked Council President Robinson if she effectively withdraws her motion. Council President Robinson said sure. Mayor Clark withdrew her second and made the following motion.

MOTION: FROM MAYOR CLARK TO REMOVE THE ADMINISTRATIVE OVERHEAD FROM BEING CHARGED TO OUR WATER FUND WHICH TAKES THE WATER FUND MONEY AND PLACES IT INTO THE GENERAL BUDGET.

Councilor Harris asked if we do that, how do all these get paid? Do we hire employees and have them come in on a temporary basis to cover the IT services?

Mayor Clark said no, they are already paid by the General Fund. She said the employees from the City who work on the water specifically will still be paid because that is not an administrative overhead. She said they will still be paid from the Water Fund for their services on the Water Fund. She said she is against the practice of utilizing administrative overhead, which she thinks is a fancy word for slush fund that pays for employees who should already be paid under our general budget.

Councilor King asked Mayor Clark if she is stating that this applies to all the other departments.

Mayor Clark said no, she is specifically talking about Water budget only.

Councilor Kuiper and Harris asked why not the other funds.

Mayor Clark said because the water budget is a budget that we talked about, the budget itself is a pie, the water budget is its own piece of the pie, and she does not feel that in the water budget situation that we should be taking from that piece of the pie and paying for overhead charges from the general budget.

Councilor Harris asked aren't there other pieces of the pie that do the same thing? She said in her opinion if we do it to one, we have to do it to all of them.

Mayor Clark said she disagrees.

Councilor Harris asked staff, what's another piece of the pie? Ms. Blums replied Sanitary Fund, Storm Fund and Street Fund. Councilor Harris stated she is trying to understand how it would be different or why it would be different.

Mayor Clark said the biggest thing for her, is our water rates are not commensurate with our neighbors. She said our water rates are dramatically higher than our neighbors and she thinks this administrative overhead is a piece of that reason why our costs are so high. She said she thinks by taking away the administrative overhead and leaving the water budget, be just the water budget, that it will no longer have to grow to build on what should be paid for by administration.

Councilor King asked if this money is supposed to stay in the General Fund and be allocated from the General Fund, in the original plan, if the money is coming out of the Water Fund going back to the General Fund, wouldn't there be extra money.

Mayor Clark said that is a good point. She said what would happen is, the Water Fund, instead of being depleted, would remain taking care of what our needs are and we would no longer need a 4% increase, because they are almost identical numbers, give or take, because they are projected, one is last year's numbers and one is next year's number of two different things.

Ms. Blums said if we do this, we will leave a hole in the General Fund of \$300,000 and will need to cut something, or something's out of the General Fund budget to make that up.

Mayor Clark replied, right and staff can bring that before the Council.

Ms. Blums said she would look for recommendations from Council of what to cut.

City Manager Gall said that is a significant amount of the money and that would be people.

Mayor Clark said out of a \$49 million dollar budget she has trouble believing that.

Councilor King stated he believes the Council should have further discussion. Councilor Kuiper and Harris stated they agreed on having further discussion.

Councilor Harris commented that she understands these things with real life situations, and gave an example of an employee who works for the City and has to do something for the water the employee is getting a salary no matter what projects he/she works on but some of that took place for the Water Fund. She clarified that the employee is getting a salary so for the Water Fund to pay into the General Fund again it is not like the employee is getting a bonus for going to the water, it just goes into the General Fund and that is part of what pays the employee's salary. Ms. Blums said that is correct.

Mayor Clark said it goes into the General Fund and does not necessarily go straight to the employee's salary, it gets allocated within the General Fund.

Councilor King said he thinks when they calculate the General Fund they are counting on a certain amount of dollars being billed to these different pools of money and that is how they build the budget. He said the \$300,000 is not just sitting there in the General Fund to pay for the water issue.

Mayor Clark responded, except the 4% that we just added. She said she is not creating a hole, it is repairing what she thinks is a practice that she does not agree with.

Councilor Harris asked if we don't have the \$350,000 then the facilities employee isn't able to go do the Water Fund work.

Mayor Clark said yes he is because he is paid under the General Fund to do it.

Councilor Harris said but that is part of the \$350,000.

Mayor Clark said she is not taking money away and said what we are doing, she feels, is that the administrative overhead....

Councilor Kuiper said Council needs to discuss this further and be able to understand the issue and with more discussion the Council will have a better idea on where to go. She said her main concern is that we are setting precedence for all of the other funds. She noted that all of the neighboring cities using this practice can't be wrong, she requested a work session to further discuss.

Councilor Harris said she believes this is new information that maybe all of us did not understand and she does not understand the issue the same way Mayor Clark does.

Councilor Brouse referred to the comments made by Julie that it is based on actuals and asked, if there is a budgeted amount and the actuals are less, what happens? Ms. Blums replied we charge less. Councilor Brouse replied, it's all based on actuals.

Councilor Harris asked where does that money go? Ms. Blums said if the charges in the General Fund for administration staff is smaller, than we don't need to collect as much money and allocate as much cost to the other funds, so the charge to the other funds would go down.

Ms. Harris said for instance, \$350,000 is your amount. Ms. Blums replied, it's \$305,000, is the estimated.

Ms. Harris said that's the estimated and let's say it comes in at \$250,000 or \$300,000, that other 5 just never gets put into the General Fund? Julie replied correct, because it wasn't charged there to begin with.

Councilor Kuiper stated it's just a percent of the actual. Julie provided an example and said if we have vacancies in the administration division, someone leaves and we don't replace them for 2-3 months, that means that our expenses will go down, so the actual charge to the other funds will go down.

Councilor Brouse referred to the portion of the minutes read by Mayor Clark and Council President Robinson on pages 13 and 14, and asked Ms. Blums what her response is knowing what is being brought up now.

Ms. Blums said there was no intent to mislead and said that she thinks of overhead as a normal part of how the budgets works and just part of a normal cost that is allocated. She said her intent was not to mislead the Council and she does not think of it as paying for employees, because it's not just employees, its supplies, training, it pays for conferences, pays for the Council to attend conferences. She said she doesn't think of it the same way and that was why she responded the way she did, there was no intent to mislead at all.

Council President Robinson said the difference being to the Water Fund is that it was the only department that we are asking the public to increase their fees for, and that is a problem for her. She said she does not disagree with administrative costs allocations, they may be part of every budget in every City worldwide, she doesn't know, but she doesn't think it is appropriate to, when the numbers are very close together, it's not appropriate to make the public pay for administrative overhead as a general cost allocation, when on top of that we are billing to the water fund for certain individuals. She said if we want to not have a water rate increase and include those costs, my position would be different. She said she thinks that making it a rate increase to fund that particular thing, in her mind is just wrong.

Mayor Clark said she agrees and said she does not hear a second to her motion.

COUNCIL PRESIDENT ROBINSON SECONDED THE MOTION TO REMOVE THE ADMINISTRATIVE OVERHEAD FROM THE WATER FUND.

Mayor Clark asked if there was any more discussion.

Councilor Harris and Kuiper said they need more information before they can make an educated decision. Mayor Clark called for a vote.

MOTION FAILED 2:5 (MAYOR CLARK AND COUNCIL PRESIDENT ROBINSON VOTED IN FAVOR, COUNCILORS KING, HARRIS, KUIPER, BROUSE AND HENDERSON VOTED AGAINST).

Mayor Clark asked for any other motion.

Council President Robinson stated she will renew her motion and stated the following:

MOTION: FROM COUNCIL PRESIDENT ROBINSON THAT THE CITY MANAGER RETURN TO US AT THE NEXT MEETING FOR CONSIDERATION A RESOLUTION THAT TAKES AWAY THE INCREASE IN THE WATER RATE OR CONSUMPTION RATE OF 4% AND WE CAN HAVE ANOTHER FURTHER DISCUSSION ABOUT IT WHEN WE CONSIDER THAT RESOLUTION AND SHE WOULD LIKE TO BE PRESENTED WITH THAT RESOLUTION AT THE NEXT MEETING, SECONDED BY MAYOR CLARK.

Councilor Harris asked if it has been billed yet, and if so, will the customers be repaid.

Mayor Clark clarified that the motion is not to remove the increase, her motion is bring it back to Council to discuss. Council President Robinson added, and to remove then.

Mayor Clark replied, it's for him to write it up.

Mr. Gall said he would assume that if he brings a resolution back and the resolution is adopted by the majority we would then figure out what to do about what has been paid.

Mayor Clark clarified that this vote would not change that in any way, this vote is only directing the City Manager to bring the item back to Council.

Councilor Kuiper asked if there would be a work session before the meeting to determine whether or not we need such a resolution. Mr. Gall said that is the motion.

Council President Robinson clarified that her motion is to bring it back to Council and as part of the adoption of a resolution we have a discussion. She said that is what her motion was intended to do.

Councilor Henderson said if the City Manager brings back a resolution eliminating the water rate increase and that has consequences on the budget we adopted, when and how do we adjust that?

Mayor Clark said they will discuss the implications of that at that meeting.

Councilor Henderson asked what is the direction to staff? To come up with 100 different ways to cut \$300,000 out of a \$48 million dollar budget?

Mayor Clark said no, because the 4% was adopted after the budget and the 4% is an increase, so it's in addition to the budget that was adopted.

Ms. Blums stated the overhead charge was budgeted.

Mayor Clark replied, correct, but her motion was on the 4% increase which was made after the adoption of the budget.

Ms. Blums clarified, to reverse the 4% and reduce the revenue?

Mayor Clark said, correct to be brought forward to us, not for that to occur, but for it to be brought before the Council again as Councilor Kuiper brought up, to discuss, to have another work session on this

because this issue was not brought up before and to have another discussion about it and to have a resolution written.

Mayor Clark asked Councilor Robinson if that was correct, Councilor Robinson replied yes. Mayor Clark said it would not be a direct action, it would be a request to bring it forward as an action item that will be discussed.

Councilor Kuiper clarified at the next Council meeting, Mayor Clark replied correct. Ms. Kuiper asked before a work session?

Mayor Clark replied we can have a work session as well and the information will be presented in the resolution.

Councilor Harris said the resolution is to take away the 4% increase for now and get more information and vote on it again.

Mayor Clark said no.

City Manager Gall said he heard the motion fairly clearly as, to bring back a resolution that would remove the 4% increase, basically for a discussion at the Council meeting and possible action. He said we can have a work session the same night ahead of time for more information. He said that is the motion, to bring that resolution back and the Council will vote on that resolution at the next meeting.

Mayor Clark said as the Mayor she sets the agenda and she is more than happy to have a work session on the same night before the Council meeting.

Councilor Kuiper said she understands that and she does not like the idea of having a work session and then immediately a resolution afterwards to say aye or nay to something as important as this. She said she feels this is extremely important and she thinks there needs to be thoughtful, thorough discussion and she would rather see a work session and then if in fact the decision is made to go with a resolution do that at the next session. She does not like this idea of addressing it all quickly as she needs time to assimilate and to make sure everyone else on the Council is getting what she is getting.

Councilor Harris said there is a work session scheduled this month but not another Council meeting until the 4th, she said feasibly that could happen.

Mayor Clark said yes, she could place it on that one and is happy to do that. She said our next Council meeting is not until after our already scheduled work session, which would not be an action item.

Mayor Clark said there is a motion on the table and a second and asked for any other clarification needed or comments.

Councilor Brouse asked for clarification, what would be the cons of this coming back before, if that 4% is eliminated?

Mayor Clark said there are no cons to just talking about something.

Councilor Harris said, it doesn't change what has already gone through, it allows us more opportunity to talk about it, understand it and see how we feel about it. Mayor Clark replied exactly.

Councilor Henderson asked if we plan to take public comment on the resolution?

Mayor Clark said she would be happy to take public comment and noted that there is public comment at every Council meeting.

Councilor Henderson said she doesn't think the resolution that is on the table clarifies what happens if we don't have a water increase.

Mayor Clark said that will be discussed at the work session.

Councilor Henderson replied, which the public doesn't get to comment on.

Councilor Kuiper said the public can attend the work session and comment at the Council meeting.

Councilor Henderson stated, public comment is after the business.

Ms. Blums commented, the formal action, if we have a work session and the consensus of the work session is to move forward and remove the 4%, is an adjustment to the fee schedule which requires a public hearing and then the actual adjustment to the budget requires a supplemental budget which also requires another public hearing.

Mayor Clark said we will have the correct order for the public to have their comments.

Julie said, we can't, unless we publically notice, because some of those action require different public noticing than what the City Recorder has to do. She said it would be better if we did the work session on the 21st and did action at the next meeting if needed.

Mayor Clark replied, perfect. She asked if this works for the Council. Yes, replies were received from the Council members.

Mayor Clark called for a vote.

MOTION PASSED 6:1. (MAYOR CLARK, COUNCIL PRESIDENT ROBINSON, COUNCILORS KING, HARRIS, BROUSE AND KUIPER VOTED IN FAVOR. COUNCILOR HENDERSON VOTED AGAINST)

Mayor Clark addressed the next item on the agenda.

B. Resolution 2015-062 Authorizing an IGA between the City of Sherwood and the Urban Renewal Agency for the Center for the Arts building financial and operational responsibilities

Assistant City Manager Tom Pessemier recapped the staff report and said this resolution has been put together to deal with some idiosyncrasies relative to the construction of the Center for the Arts. He said at the URA meeting there will be a similar item on the agenda that basically mirrors this and it needs to be adopted by both agencies. He reminded the Council that the City of Sherwood and the URA are actually

separate entities and this in an IGA between the City and the URA and the IGA was meant to cover different things that happen with similar employees or similar types of actions that are happening where there could be some overlap between the two agencies. He said in this particular situation the Center for the Arts building is partially constructed but not fully constructed and at this time the URA owns the property, built the building and they own the building, but the City is operating portions of the building. He said the retail area has not been leased yet and there are improvements that need to be made with URA monies. He stated we have ended up with a situation where it is not a clean transfer and on many occasions on our projects between the URA and the City, the project is completed and is transferred between the agencies and everything is clean. He said in this case, there are multiple things happening because of the timing. He said this IGA clarifies the different responsibilities between the City and the URA, who's operating what, who's paying for the tenant improvements inside the space as well as who will be negotiating lease contracts.

Mayor Clark asked for Council questions, with none received she asked for a motion

MOTION: FROM COUNCILOR HARRIS TO APPROVE RESOLUTION 2015-062, SECONDED BY COUNCILOR KING. MOTION PASSED 7:0, ALL PRESENT MEMBERS VOTED IN FAVOR.

Mayor Clark addressed the next item on the agenda.

C. Council Discussion - Initiative Petition Request to Place on Ballot

City Manager Gall reminded the Council that there is a brief staff report in the packet.

Sherwood resident Bill Middleton approached the Council and said what he is trying to do is get an initiative, a charter amendment, on the ballot that would limit the amount of increases every year of our fees, the only ones paid by the City. He said everyone knows what the fees are; they are storm water charges, sewer consumption charges, sewer base charges, sidewalk repair fees, streetlight fees, street maintenance fees, safe sidewalk fees, and other franchise taxes that increase when we have contract negotiations, and water fees. He said we would like to get on the ballot and have started gathering signatures and have gathered 400 signatures in three weeks with 92% of people signing. He said rather than continuing to gather signatures he would like the Council to put this on the ballot as a charter amendment so that every year the City can increase the water rates 2%, so the homeowner knows how much he is paying every year. He said the General Fund has increased nearly 30% in three years and said obviously we have some money that can be reduced. He said this would help the taxpayers. He commented about the councilors campaigning period and people stating our taxes were too high. He said property taxes are set and we can't change those. He said the citizens should have the option of voting on any type of increases of more than 2%. He said 2% can be added as an escalator every year, this way people can budget. He said the City budget increased 10% this year and commented about MODA insurance increasing 20% in healthcare costs. He said if the City had a big catastrophic issue and needed to increase more than 2% they can bring it to a vote. He said the police department was built by a vote of the public. He commented about putting this on the ballot and letting the people decide and said the Council members are elected to provide input on a minute (small) scale but on the bigger scale you're part of the public too. He said a 2% increase on anything is about what a cost of living is.

He said the Council could put the Charter amendment on the next general election so we don't have to do a special election. He said it would be good to have it on the next general election. When he confirmed

when the next general election was, he said he did not think it would be good to have it on a ballot this year unless the Council made it for the next budget because the Council is already having trouble with the 4% and it would be a mess if it passed in November, unless it went into effect in July. He said he could live with a water bill going up 2% every year, but if it increased 6,8,10 or 12%, people's incomes don't increase like that. He said our water rates have increased since 2005, 158%. He said this is difficult for people who don't make a lot of money or are retired. He recommended placing it on a May 2016 ballot. He said he and the former City Recorder wrote this initiative. He offered to answer questions.

Council President Robinson said the language, according to the staff report says, any increase in tax, charge or fee garnered from taxes, charges, fees imposed shall not be effective unless ratified by a majority of the City's qualified voters where at least 50% cast a ballot. She said she cannot remember a time when 50% of the eligible voters, about 10,000 now, actually voted.

Mr. Middleton said he would be willing to remove that language and he agreed that it will probably never happen. He suggested Council make an amendment to the proposed language.

Council President Robinson stated we pass our budgets in June so this initiative would require us to wait 5 months to basically do what we need to do for the fiscal year.

Mr. Middleton said he can guarantee that it will pass so the City will base their budget knowing an increase will have to go before the voters or the City can have two budgets. He said it will only affect the water rates by 2%.

Council President Robinson said she doubts that and said we have a Storm Water update being done currently, a new plan. We have a Street Master Plan being updated too. She said she anticipated these coming down the road. She asked what if we have a catastrophic failure and we need to spend \$2 million on a repair of the reservoir, what if it leaked?

Mr. Middleton stated that is what you have your funds for, that is why you have a budget every year, there are other allocated monies out there, we have a reserve fund.

Council President Robinson said she thinks this would bankrupt the City to make that repair and wait.

Mr. Middleton said there might be insurance in this case. He commented on the master plans that are being done, and having to increase everything by 45%, and asked, you think the public is going to tolerate this much longer? He said we need to bring our budget back to the real world, 30% in three years is crazy.

Council President Robinson said she agrees with the concern and she has these concerns. She said she obviously does not want the water rate increase, that's very clear, but she does not think the average voter will take the time to review what needs to be reviewed in order to make an educated decision on whatever tax or fee that may be imposed, that might be over 2%. She said if you knew the amount of time that we spent going through the planning commission to get these updates, water master plan, there was at least four sessions that she attended, and then public hearings at both the planning commission and the City Council, she doesn't think the average voter is going to be that educated in what we actually need to do.

Councilor Harris said she agrees and said she would not have a clue about where all our water.....she said she was with the general population with our water bill, it doubled in one month when we went from TVWD to Sherwood. She referred to the hours of presentations she has sat through to understand where this issue started in 2005. She said there is no way as an average citizen you would have the time to be educated enough. She said most people are just so financially focused because of budgets and it would be hard to educate the public to the level that some of the Council gets educated too, to make these decisions. She said she often wonders why do you need a Council if you are going to send everything to the voters.

Mr. Middleton said we aren't sending everything to the voters, we are sending one thing. He said one thing he thinks needs to be looked at, the 30% budget increase in 3 years and said maybe the City could look within itself and say they are going to save the taxpayers a little. He said this is coming directly on the backs of the citizens, the water budget. He said you're saying it is okay that the City takes the 10% and increases the budget everywhere and then we can raise fees on the public rather than trying to save fees and save money in the budget and give back to the people. He said what you are doing now is allowing the City to write the ticket on what they need and then raise fees. He stated they will get the signatures.

Councilor Kuiper commented on the 30% budget increase in 3 years and noted there has been a 50% increase in population over probably 8 years. She said there is some equivalent expansion of the City budget, it's somewhat equivalent to the growth of the City.

Mr. Middleton said 280 people in the last 2 years does not allocate 30%.

Councilor Kuiper said her concern is those costs that the City cannot control such as fees that the City is subjected to that might be more than 2%.

Mr. Middleton said you can't vote on those and that has nothing to do with this.

Councilor Kuiper noted the City has to afford for these cost, such as PERS.

Mr. Middleton stated maybe the City should be saving right now.

Councilor Kuiper said those kinds of things are going to have to be addressed in some way. She said she is not saying these will be passed on to the taxpayer, but there are other things out there that the City will have to address internally with its budget and she is concerned that being bound by a 2% by vote is going to strap the City.

Mr. Middleton noted this initiative is only on the fees that the citizens pay on their water bills. He said it has nothing to do with PERS and the City should be saving now for PERS and health insurance cost increases. He said the problem is the taxpayers see everything increasing constantly and asked why the taxpayers should have their sidewalk fees raised for PERS. He said this deals strictly with the fees. He said the City should have a 5 year budget so they know what is going on. He noted 10 years ago these fees did not exist and they are solely put on the taxpayer. He said he is subsidizing the increase in the budget because the City does not want to look and start saving. He stated no other city has raised their budget as much as Sherwood has in the last three years. He said that is not because of the earlier growth. He commented on the reserve fund and said the City added 6 new employees. He asked if this is

the time to add employees with PERS and health insurance increases. He said we need to start thinking about the taxpayers for a change and let the taxpayers decide. He said he takes offense to the comments that the Council hears about things and other people don't have the big picture, he said a lot of people do and the ball park picture given to the Council is given by staff.

Councilor King said there is one thing left out, is that the City went through a bubble and tax collection decreased yet the City has a very healthy reserve coming out of the bubble and staff has done a good job in managing that crisis. He stated Sherwood is in a much better position than most cities.

Mr. Middleton responded that this should be a no brainer and these little fees irritate the people.

Council President Robinson said it sounds to her that Mr. Middleton is limiting the initiative to the City fees that are charged on the City of Sherwood bills that go out.

Mr. Middleton said except for Clean Water Services (CWS) which the City does not have anything to do with. He said included in all those bills are all the rates that we approved as an increase because it's passed on through sewer, storm water, we don't have a choice in that and it's more than 2% every year.

He said currently we pay approximately \$26 in City fees. He noted the CWS fee is about \$43 and we have no choice on this. He said this only affects the fees on the back of the water bill and water rates at 2%. He said if there is a catastrophic issue, and you take out the double majority, people will vote on it and pass it if necessary. He said Council has to listen to the public and stated the signatures gathered are getting a 92% positive. He noted the water rates could increase 2% every year which is reasonable. He said be good to the people for a change and let the voters have a livable wage and be able to pay our water bill. He commented that rates have gone up so much in the past he does not think it will need to increase more than 2% anyway.

Council President Robinson said she hears him completely and understands and appreciates that we want to try and cap fees, but it's also a little disappointing to think that we as elected officials are not representing the City's interest. She said she thinks that we all take it upon ourselves to educate ourselves fully and don't think we vote our own interest and we think about it and we questioned our budget meetings and we questioned everything, there was a lot of discussion. She said we spend an exorbitant amount of time going through that budget and trying to keep things low. She said she did throughout the process and knows the Mayor did, and others. She said she is fearful that there is not enough time for the average person. She said quite frankly, you ask the average person whether or not they want to vote for an increase in fees, the answer will undoubtedly, 90% of the time will be no.

Mr. Middleton stated that she just commented that she does not want to raise the water rates. Council President Robinson stated that she voted against the water rate increase. Mr. Middleton asked why not let the public have a say. He said the fees need to be reasonable. He asked the Council what they cut from the budget this year and how many positions they cut.

Councilor King asked Mr. Middleton what he would have preferred to be cut from the budget.

Mr. Middleton said he would have cut 4 positions right away. He asked if the City needs another person to work at the Center for the Arts when it isn't even up and running. He said the City does not need another Police Officer.

Councilor King said that is if you base it on a 2 car or 3 car patrols. Mr. Middleton commented that there are 8 people working day shift and asked why they don't put them on nights. He said Council King knows little or nothing about it, and he would not get into an argument about it.

Councilor Henderson said it is important to maintain respectable responses back and forth and that was not a respectable response. Mr. Middleton replied he did not care what she thinks.

Councilor Henderson asked City Attorney Chris Crean if a ballot measure can be retroactive if placed on the ballot? She said, it reads, "After July 1, 2015 any ordinance, resolution or order approved by a majority of the Council".

Mr. Crean said in general, whether a resolution can be retroactive depends on the resolution itself. He said this one could be retroactive and would place the City in a position to have to come up with the funds first and means of distributing them back to whomever they came from. He provided the example of Measure 49 and 50 which rolled property taxes back to an earlier tax year.

Mr. Middleton said he is done and left the room.

Councilor Henderson read, "fees solely or partially garnered from taxes, charges or fees imposed on residential properties" and asked if businesses can be taxed at any rate and would they have to be taxed separately. For example, separate water bills, separate street fee bills, separate light bills, separate sewer bills, separate telecom or enterprise funds. She said we essentially would have to create two separate billing systems, one for residential and one for nonresidential. She said she needs help understanding "owners and/or occupants," and read, "residential properties occupied by owners and/or occupants within the City of Sherwood boundaries" means?

Mayor Clark asked Mr. Middleton to return. She said it seems to her that there is... you're circulating a petition and getting a lot of support.

Mr. Middleton said they have 400 signatures and will continue to get signatures and make it retro.

Mayor Clark said she agrees with Council President Robinson and agrees with Mr. Middleton on the fee increases, that a 2% increase is more commensurate with incomes. She referred to his remarks that there are parts of the language that could be changed and improved. She said she would rather have the initiative improved before going to the public for signatures. She asked Mr. Middleton if he would be willing to have a work session.

Mr. Middleton said no, they will just gather signatures since they are having such an easy time doing it.

Mayor Clark referred to Mr. Middleton's suggestion of putting the initiative on the May 2016 ballot and said there is a lot of time so let's make it great.

Councilor Harris asked Mr. Middleton if he would be willing, if a motion was made, to have the City staff work with the language. Mr. Middleton said no, he does not trust staff. She said this is something she would vote yes on.

Mayor Clark said you could review it. Mr. Middleton asked why the staff didn't take this year, when there was a surplus of funds, to start saving a little bit.

Councilor Kuiper said if staff drafts a resolution Mr. Middleton could review it. Mr. Middleton said his initiative has been approved and he has time to get the signatures.

Councilor Harris said she would vote yes if she could have the staff remove the 50% language and fix the dates. She said Mr. Middleton could then decide if he likes the resolution. She said as it is written it is hard to understand.

Mayor Clark said even Mr. Middleton agreed that part of it he would take out so the staff can clean up the language.

Councilor Harris said if Mr. Middleton does not agree with what is drafted he can continue gathering signatures. She said she is more likely to vote yes if the changes can be made, like the 50% issue.

Mayor Clark said she wants to see us working together on solutions. She said there is time to make changes, changes we can both agree on, and work together in coming up with a great product that serves everyone and moves everything forward.

Record Note: Dialog continued from the audience, unable to transcribe.

MOTION: COUNCILOR HARRIS MOVED TO DIRECT STAFF TO LOOK THIS OVER AND COME UP WITH A BALLOT TITLE AND INFORMATION TO TAKE TO THE VOTERS ABOUT AN INCREASE OF 2 PERCENT OR MORE ON FEES GOES TO THE VOTERS ON THE FEES THAT ARE PROPER AND WE CAN ACTUALLY HAVE A SAY IN.

Record Note: Dialog continued from the audience, unable to transcribe.

Councilor Harris commented that we don't have to just allocate water it could cover everything.

Mayor Clark clarified with Councilor Harris, that the motion is giving direction to staff to rework this from the discussion just held and bring it back. Councilor Harris replied yes.

MAYOR CLARK SECONDED THE MOTION.

Councilor Henderson noted that neither of her 3 questions were answered.

Councilor Harris said if the language is rewritten that is where you will get the answers.

Councilor Henderson said her question about this only applying to residential properties, so business should be taxed separately?

Mayor Clark said she thinks we should address that, and Councilor Henderson talked about it and Councilor Harris' motion addresses everything we talked about tonight.

Record Note: Dialog continued from the audience, unable to transcribe.

Mayor Clark asked for other discussion and noted there is a motion and a second on the table and called for a vote.

VOTE FAILED 3:4. (MAYOR CLARK AND COUNCILORS HARRIS AND KUIPER VOTED IN FAVOR, COUNCIL PRESIDENT ROBINSON, COUNCILORS KING, BROUSE AND HENDERSON VOTED AGAINST).

Mayor Clark addressed the next item on the agenda.

Councilor Harris excused herself at 9:00 pm stating she had to leave town due to a death in the family and said she would listen to the citizen comments on the video.

8. CITIZEN COMMENTS:

Sandy Wallace, Sherwood resident, approached the Council and said her purpose is to bring additional awareness to the Robin Hood Festival and thanked the Council for the proclamation. She said it is a tradition that started in 1954 and in 1956 the International Archery Match began which is sponsored by the Robin Hood Festival between Sherwood, Oregon and Nottingham, England. She said there are volunteers needs to continue the archery match. She thanked the City for their in-kind services and financial services and invited the Council to attend the archery match and noted the opening ceremony is Saturday, July 18 at 8:30 am at Edy Ridge.

Tony Bevel, Sherwood resident, came forward and referred to comments that Sherwood citizens were called stupid, nit specifically that word, but uneducated and they do not care. He said he did not think that is not the case and it is a failure of not engaging the public and making the public aware of what is happening. He said the Sherwood Gazette does a good job of doing that and provided examples of ways to reach the public. He commented on the budget and said it looks like a lot of smoke and mirrors and there is a lot of shifting and there needs to be some clarity. He said he thinks that the 2% is a reasonable request and makes the job of the elected officials harder, he said their feet will be held to a fire if the 2% limit is installed, but thinks it's a good thing. He commented on how much the water bills have increased and the need for fee restraints, commented on the elected Council members being an elite group and they not always knowing what is best for the larger community all of the time.

Nancy Taylor, Sherwood resident, approached the Council and said she is insulted by what was said tonight, about citizens and their inability to make wise decisions on ballot issues. She said in her years as a Sherwood resident, she has never seen anything fail in Sherwood that was on the ballot. The school issues have passed, the water issue passed, all bonds have passed, she doesn't know why the Council doesn't think the citizens have the capacity to vote correctly when the issue is important. She said there have been things she has voted yes on that she did not agree with and stated she is insulted. She said we are the citizens and the people who forked over the 4% extra and we are the people who pay those bills monthly. She said we are a little disgusted and made reference to the budget committee meetings and the finance director, and the director's compensation and being well paid and the Council members giving staff kudo's and the staff doing their job, no more and no less and said they are paid a lot of money to do that job. She referred to a report in the recent news and Oregon being rated the 49th amongst 50 states as a good place to work and said this is because of taxes and fees and the burden of being a worker here is amazing. She referred to the ratings of other states and told the Council to think about the

next time they want to impose a fee on her and to think about what they are doing to the working population in this state. She said they are only doing a small amount and if they can't see in their hearts, to cap 2%, a very small amount of money, they are maybe looking at \$36 per year per person to do this cap and yet they say no. She said she doesn't get it and thinks some of the Council members are extremely educated and she is ashamed and insulted by the Council.

Mike Maaranen, Sherwood resident, came forward and addressed the issue of parking on Pine Street. He said he understands that the Planning division has proposed to install No Parking signs on Pine Street below the proposed dog park. He said this affects himself and most of his neighbors and said when Pine Street was rebuilt the parking on his driveway went from 4 vehicles to 2 vehicles and he now has no on-street parking which he had before the rebuild. He said putting No Parking in this one small area of 4-5 cars, makes it difficult for himself and all the neighbors on Pine Street from Division Street to the rebuild site, there is no space for visitors or family to park within a reasonable area of their residence.

Councilor King asked what was the reason for them eliminating the parking? Mr. Maaranen said, he understands it had to do with the dog park and a problem with people parking in that parking area as it is immediately below the dog park.

Councilor Kuiper asked if there are No Parking signs now.

Mr. Maaranen said there are not any signs out at this point but it is his understanding it was passed by the Planning Commission and they did not receive any notification.

Council President Robinson replied, she is not quite sure that is accurate.

Mr. Gall said this is news to him and stated Mr. Maaranen submitted his contact information and will talk to staff. He asked Julia Hajduk if she can clarify.

Community Development Director Julia Hajduk replied, she is pretty sure it was not a condition, a requirement, that is was discussed that this would happen because of the parking because of the street width and what is out there now. She said she believes the discussion was that there should have been No Parking signs there already and they were going to do that as part of this project. She said she would confirm this information and get back to the Council. Mayor Clark thanked Mr. Maaranen and said someone would get back to him.

Jim Claus, Sherwood resident, approached the Council and said he has never heard citizens called stupid before. He shared a story regarding going after a national account for a big company. He referred to a case of Reed vs. Gilbert. He commented that Mr. Crean said the sign code was passed and Pat Allen said it was constitutional and Mr. Claus said it was not constitutional. He commented on how we got the billboards permits and said they challenged the code, they did not build them on the code, they challenged the code. He suggested Council read Gilbert and said Sherwood has a content based code. He referred to political decisions being made by prior City Council's and provided examples. He said Mr. Gall is starting to change all of that and he and the staff are working hard but until the Council gets a staff attorney here the political decisions won't stop. He commented on possible initiative petitions and referendums in the future by citizens. Mr. Claus stated he left a copy of the Gilbert code for the Council.

Neil Shannon, Sherwood resident, came forward and commented regarding his term on the budget committee, which has expired and said he has reapplied. He said he heard discussion on the water rate increases and the administrative overhead discussion. He said he thinks the Council is applying a link between the two that should not be there. He said it may be a coincidence that it's 4% on both sides, but there is no link to those two increases. He said the purpose of the water rate increase as he understands it, is a refreshment or increase in the reserve. He said it would require a supplemental budget before the City can spend that money so any rate increases would be added to the Water Fund reserve for future expenses or in case of emergency. He said the concept is the reserve is being spent down and the recommendation was to increase the rates to refresh the reserve. He said he thinks there has been a great deal of poor discussion or poor ideas in regards to try to control fees. He said the concept of trying to control fees means we are going to not bill people for services that are being provided. He said as a Council if you want to control the water rates you need to control the spending. He stated the spending is driving the rate increases. He said if its necessary as part of the budget, the Council needs to tell Craig Sheldon, he can't replace equipment and gave examples and referred to the automatic meter reading system. He said this was a fair expense with a 7 year payback and he is not sure he would have recommended it. He commented on the administrative charges and said as a former member of the Budget Committee he would have suggested that this was a discussion that should have been brought before the Budget Committee as opposed to a knee jerk reaction of the City Council. He said there is going to be overhead charges and the City and you will have administration writing payroll checks, calculating taxes, placing ads to hire people and the City administration so far has decided to try and control those costs by just allocating on a percentage basis and this is what they have done. He said you can clearly say you don't want to allocate that percentage, and then what, do you submit a bill every time a paycheck is issued? He said the other way that you're currently looking at, is to not charge the administration fee, which means that the General Fund is then subsidizing the Water Fund and said he believes this would be a serious mistake.

Mayor Clark addressed the next item on the agenda.

9. CITY MANAGER REPORT:

None.

Councilor Henderson excused herself at 9:20 pm. Mayor Clark addressed the next item on the agenda.

10. COUNCIL ANNOUNCEMENTS:

Councilor King announced the Sherwood Main Street meeting will be Thursday, July 16 at 8 am at the Rebekah Lodge. He referred to the water issue and said out of all of the municipalities in the State, Wilsonville and Sherwood have the most secure water future and everybody is moving in that direction, including TVWD. He said fortunately Sherwood had people focused on what the future needed to be and what it would look like, and this is where we are today. He said people may not be happy with the rates, but when they turn on their faucets water comes out, as opposed to cities in California. He asked how much is water worth? He said previous Councils put Sherwood on a course to where Sherwood will always have water. He said it is important to have water and there is a cost. He said it takes a lot of money, planning and work to deliver that water every day.

Council President Robinson reported there was a Citizens Advisory Committee meeting at Edy Ridge and they had an Ice Cream social and staff served ice cream with her. She said she believes there are a few more meetings to attend and encouraged people to look on the calendar for those future meetings. She reported that Council has been very busy interviewing for the City Attorney position and said we are hopeful that we will soon conclude that process and have an in house attorney relatively soon. She said we are taking our time and doing background checks and interviews and said she is proud the Council has put a lot of effort into finding the right person. She announced the Planning Commission will meet on July 14 to discuss chickens. She said the Council had their first work session today on recreation in Sherwood and said they are learning how many different pieces there are, they are not in one centralized system, and we are exploring what we have and possible options. She said in our second meeting of the month, we will continue to have further work sessions on this topic. She encouraged people to attend.

Councilor Kuiper reiterated Councilor King's position on water and suggested listening to a recent program on NPR regarding water issues in California, and said it is enlightening and sobering. She said our Council does not make decisions lightly where there is a lot of discussion and a lot of hard thought that goes into these discussions and decisions, and water is just one of those issues amongst many that the Council has discussion, does research, and has staff time involved. She commented about there never being enough time to invest as a Council in a topic that is as important as dealing with the citizen's money and said decisions that are made will be approved by some and not others. She reported on the dog park and said things should get rolling by the first of August or mid-August and said it will take 3-4 weeks to get the park built. She said Phase 2 of Woodhaven Park is nearly approved and should go out to bid in the winter, January-February of 2016. She announced the annual production of the Sherwood Foundation for the Arts, a production of Into the Woods is Wednesday through Saturday at 7:30 pm at Stella Olsen Park.

Councilor Brouse apologized for the conversation that took place at the dais that offended some citizens. She reported she did not have updates on her liaison assignments and said the School Board doesn't meet until August and the Water Consortium doesn't meet until October. She said she had local updates on businesses that will be coming into our community. She reported that on Saturday, July 11 Hungry Heroes will have a grand opening. She said other new businesses include: Jalapeno Taqueria, Baja Fresh, Anytime Fitness, Killer Burger, Jersey Mike's is opening July 22 and has chosen the Sherwood YMCA as a benefactor for that week, and T-Mobile's grand opening and ribbon cutting is August 13. She reported 503 Uncorked is moving to the former Bank of Oswego building. She said the Chamber of Commerce Golf outing is July 28 at Meriwether. She announced that the Sherwood YMCA has received a grant from the YMCA USA and the Center for Disease Control to launch a local diabetes program and said it is currently being operated out of the Salem YMCA and housed at our facility and will be an official program starting in September.

Mayor Clark interjected and said she loves the announcements and Councilor Brouse is an employee of the YMCA and she thinks it is inappropriate for Councilor Brouse to use her position on the Council to promote the YMCA. She suggested that Councilor Brouse give those announcements to another Councilor to get the information out.

Councilor Brouse replied, duly noted and announced that she will not be in attendance at the City Council meeting on August 4 as she will be in Colombia on a humanitarian project.

Mayor Clark said she also feels bad that citizens felt that they were put down. She said she doesn't want the public to feel like they are not welcomed and wants the public to come forward with their concerns and she wants to reach solutions. She said whether she thinks a petition that someone brings forward is perfect or not, she would like to try and work through our issues and believes that working through stuff is the way we get somewhere. She said if anyone was insulted she apologizes on behalf of the Council. She said she did not feel this was the intent. She commented about a prior statement she made at budget meetings, that we can disagree without being disagreeable. She thanked Council for the lively discussion and said it was kept cordial and that is how it should be. She reported that she attended the July 4th Woodhaven parade and thanked Michelle Graham who drove her in the Mayor's car. She announced that she will be attending the Mayor's Bocce Ball Tournament at the kickoff of the Special Olympics. She said Robin Hood Festival is next weekend and Music on the Green will begin Wednesday, July 15 at 6:30 pm.

Mayor Clark asked for a motion to adjourn.

MOTION: FROM COUNCILOR KING TO ADJOURN, SECONDED BY COUNCILOR KUIPER. MOTION PASSED 5:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (COUNCILOR HARRIS AND HENDERSON WERE ABSENT).

12. ADJOURN:

Mayor Clark adjourned the meeting at 9:38 pm.

Submitted by:



Sylvia Murphy, MMC, City Recorder



Krisanna Clark, Mayor