

MINUTES
Warrenton City Commission
Town Hall Meeting – January 5, 2017
7:00 p.m.
Warrenton City Hall - Commission Chambers
225 S. Main
Warrenton, Or 97146

Mayor Kujala called the meeting to order at 7:01 p.m.

Commissioners Present: Mayor Mark Kujala, Henry Balensifer, Pam Ackley and Rick Newton
Excused: Tom Dyer

Staff Present: City Manager Linda Engbretson, Legal Counsel Chad Jacobs, Finance Director April Clark and Deputy City Recorder Dawne Shaw

Mayor Kujala welcomed everyone and proceeded to introduce Chad Jacobs from Beery, Elsner and Hammond, and noted the meeting will start with a summary from Mr. Jacobs. Mr. Jacobs stated there are ambiguities that exist in Measure 4-181, noting this is where the difficulties will lie for the city moving forward. He proceeded to explain the double majority that would be needed to dispose of certain assets. Mr. Jacobs noted there are ambiguities around which assets would apply and noted typically it would be an asset with at least a value of at least \$100,000. He stated the value is in “2014 dollars” and will increase with inflation every year. Based on the language in the measure, assets include real property, leasehold interests, any tangible physical asset with a value of \$100,000 or more, any system operation or infrastructure with a combined tangible asset of \$100,000 or more, any system operation or infrastructure for which a gross value and any income stream generated by that asset is \$100,000 or more, as well as contractual obligations. He continued to outline the details in section 4 of the measure, as written by the petitioners. Mr. Jacobs noted it would be helpful to get feedback from the community to try to figure out what is the scope and what was intended by all of the terms included in the measure. Mr. Jacobs stated the city has a couple of options to move forward - the first option would be to adopt an ordinance to define the terms that are not defined in the measure, noting under the city’s charter the Commission has the authority to adopt ordinances to clear up ambiguities and to say “this is what we think this means and this is how we are going to apply it,” and again noted getting feedback from the petitioners of what the intent was would be helpful to craft the ordinance. The other option would be to place another charter amendment on the ballot to amend the language, to clarify and to present it in a way that makes sense, to clear up any ambiguities so it can be followed correctly. Commissioner Newton asked for clarification on whether the measure would include selling a quarter of a million dollars’ worth of water to a cannery. Mr. Jacobs stated water is more of a service and not an asset; however, it could be interpreted as an asset. Discussion continued on interpretation and potential consequences – they could challenge and take the city to court, so the need is to clear up ambiguities.

Mayor Kujala asked for clarification on leases, referencing the Sturgeon Paul lease for example, noting that over the 25 years of the lease the city will collect over \$100,000. If there is a sublease

or a transfer, would it have to go back to the voters? Mr. Jacobs stated again there is an ambiguity there and he would interpret the intent of the voters that when the city is divesting an asset it would need voter approval; a sublease by the current lessee would not need voter approval; if the lease ended, or if the lease requires city approval for a sublease, it would need to go to the voters. It was noted that subleases do have to come before the city for approval. Brief discussion continued on leases and the need for clarification of the voter's intent. Mayor Kujala also asked for clarification on grants, noting that sometimes, i.e. like in the case of the food bank, the city is the sponsor and takes ownership during the grant cycle. After the grant is closed out it is transferred or deeded to the other party. Mr. Jacobs stated this is another example of ambiguities in the measure language and noted there are State and Federal laws that could preempt voter approval, but it varies from grant to grant and would create a lot of public confusion. Mayor Kujala stated he would like to get public input and to hear from the voters on what the intent of the measure was.

Gil Gramson thanked the Commission for scheduling the town hall meeting. He noted the chief petitioner (Ken Yuill) submitted paperwork to the city that met the requirements to amend the city charter, and noted the city had the responsibility to prepare the ballot title to summarize the petition's intent. Mr. Gramson stated the summary prepared by the city included an inaccurate statement and noted the initiative is not related to the purchase of anything, receiving grants or monies; it is for the sale of city assets with a value of over \$100,000. He noted the measure does not affect the city's ability to vacate streets, sell water, take grants or enter into certain leases within the proposed parameters and perform other normal routine city deals. Mr. Gramson handed out a summary document which outlined the intent of the measure and noted an asset with a value of over \$100,000 could be sold with voter approval; a lease less than 25 years would not need voter approval and clarified it is not based on the total lease amount, but on the initial base property value; a lease more than 25 years, needs voter approval; the city cannot sell rights to a lease without voter approval if the value is more than \$100,000, based on the value of the asset, not on the amount of lease income. Mr. Gramson stated in his opinion this initiative will have little or no impact to normal city operations. He noted if the city intends to sell off high value property, or as an example, attempts to merge the fire department with a special district or merge water/sewer departments into a special service district, it will need voter approval. Mr. Gramson stated he feels the measure is clear without big ambiguities that create problems for the city. Mayor Kujala noted the broad language in the measure. Mr. Gramson noted instances in the past such as privatizing services, merging with a special water district and the proposal of selling the Hammond mooring basin and Tansy Point and feels that the voters have a right to vote on disposing of these significant assets. Mayor Kujala referenced the purchase of the Peterson property and noted the initial intent of the Commission was to resell the property and get revenue back, and noted half was dedicated to the Urban Renewal Agency but the other half is city owned and would be subject to voter approval, which creates a problem. Mr. Gramson stated the Urban Renewal portion would not be affected by the measure, but the city half would. Commissioner Balensifer clarified for the record, in regards to the Hammond marina, a Water Resource Redevelopment Act was passed in 2013, to transfer the Hammond marina to the City of Warrenton's ownership, and there is a clause that anytime the property becomes closed off to the public, it immediately remands back to Federal custody, so the city would never be able to sell the property or block off public access. Mayor Kujala noted the Tansy Point issue and stated

MINUTES

Warrenton City Commission

Town Hall – 01.05.17

Page: 2

the Commission received a proposal and conducted numerous work sessions and public meetings and allowed public comment. The Commission listened to the public and decided not to move forward with the sale, so the process worked. Mr. Gramson stated the intent of the measure is for future commissions that may not be inclined to listen to the public.

Scott Widdicombe stated he had never been involved in local politics and became concerned when he heard about the Tansy Point offer. He continued to voice his concerns over there not being enough transparency and not having the opportunity to speak on the issue. Mr. Widdicombe noted the intent of the initiative was to stop major transactions from happening without the voters agreeing. Mayor Kujala stated there was a concerted effort to let the public know what was happening, with discussions during public meetings at work sessions and regular meetings with public comment and input. Brief discussion continued on Tansy Point and the matter of transparency.

Ken Yuill presented a chart which outlined the value of \$100,000 in 2014 dollars vs. the current value, showing increases of 3% per year. Mr. Yuill noted the state mandate on property is limited to an increase of 3% per year. Mr. Jacobs clarified that the asset definition for real property is the real market value of \$100,000; the 3% increase under state law is on the assessed value not the real market value and noted assessed value differs from real market value. Mr. Yuill suggested using the Urban Renewal Agency as a sponsor for the memorial statue grant and other short term grants. Mr. Jacobs clarified there are restrictions how URA money can be used and how monies from Federal grants are used. Mr. Yuill noted the measure is referring to long term assets, not short term and stated the voters have spoken. He further discussed the Peterson property, noting Quincy Robinson Trust funds were used to buy the property. Mr. Yuill also stated that Mr. Carruthers gave the Tansy Point property to the people of Warrenton and the people are upset that the proposal to sell it was even considered; that's why the measure was made. Discussion continued on the need to find a resolution and common ground.

Dixie Dowaliby stated she trusts the Commission but does not know who will be in charge 30 years from now and stated the need to protect voter's rights. She also voiced her concerns over the Peterson property and the Tansy Point matter. Mayor Kujala and City Manager Engbretson clarified the Urban Renewal Agency took over the remaining debt on the Peterson Property and when the property is sold, Quincy Robinson will be paid back and any the remaining funds will go to the Urban Renewal Agency.

Dennis Faletti stated he likes and trusts the Commission but has concerns that if the Commission does anything with the measure they will look bad like the State government; "like a dictator and the voters' voice doesn't matter", noting this measure is what the people wanted. Mr. Faletti also voiced his concern that the Commission is doing this now instead of when the petition was brought up, noting the Commission could have proposed an alternative. Mayor Kujala stated he takes responsibility for not communicating well on the unintended consequences of the measure. The discussion continued on lease transfers versus transfer of ownership and Mr. Jacobs noted the differences of opinion are what we are trying to clarify.

Paul Mitchell stated he agrees there should have been better communication on the measure and agreed there is an issue on ambiguities and the need to determine where we go next. He noted a double majority will be difficult and could ultimately stop city business and does not want to vote every time the city wants to get rid of a piece of land. Mr. Mitchell stated we need to trust the people we vote into office and should also seriously consider whether or not we can continue to look at the city as it is and say these are all sacred grounds and noted various properties. He stated the public is allowed to attend the various committee meetings where everything is discussed in the open but very few people show up. He noted when you can't get the public to come to meetings, it will be very hard to get double majority vote.

Kathleen Adams stated she has lived here 4 years and voted yes on the measure, noting her main concern was property being sold off, and she is not concerned about water lines or fire trucks.

Loren Gramson asked the Commission how often the \$100,000 limit has affected what the city has done over the recent years. Mayor Kujala and City Manager Engbretson noted several instances in the recent past as well as several coming up in the near future, including leases. Mayor Kujala noted several leases that meet the threshold, noting the difference in interpretation of whether it is the value of the property or the value of the lease; legal counsel is under the opinion it is the value of the lease/revenue stream. Mr. Gramson also discussed the Nygaard/Tansy Point lease agreement, noting it is a deep water port and a very valuable asset to the city with a good income stream. He stated Mr. Carruthers was an honorable, honest man and did things by handshake agreement and believes that Tansy Point is something you cannot ever get rid of. Mr. Gramson stated the focus should not be on who voted for what, but on the need to hammer things out.

Commissioner Newton stated he wants to make sure he understands that the intent was not to handcuff the Commission; the intent was to weigh in on large deals and not to micro manage everything. Mr. Yuill agreed the intent was not to handcuff the Commission but to make sure the voters have their say on the selling of major assets. Mr. Yuill noted the need to sit down and clarify some things in the measure. Brief discussion continued on the interpretation differences and confusion due to the ambiguities and the possibility of litigation. Mr. Yuill asked Mr. Jacobs what the options were and Mr. Jacobs stated the city could adopt an ordinance or go back to the voters with a charter amendment. Commissioner Ackley stated there are actually 3 values - real market value, fair market value and assessed value and disagrees with a flat 3%. She noted this entire issue seems to be about real estate. The discussion continued on past issues of the Commission considering proposals to sell property and Mayor Kujala noted that things do come up and when they do, the Commission listens to the proposal, discusses them publically and allows public comment and often does not go forward. Mr. Gil Gramson noted fair market value is probably the best number to use instead of assessed or real market value. He asked Mr. Jacobs if these concerns can be addressed in ordinance to clarify what to use for the value of the property. Mr. Jacobs noted the charter now states "real market value" so it cannot be changed in an ordinance, as it would conflict with the charter. He stated each issue would have to be looked at to see if the ambiguities can be clarified by ordinance or charter amendment. Mr. Gramson stated that to go back to the voters with a whole new amendment could make the Commission look bad. He stated it makes sense to sit down and try to clarify some of the issues that have been

MINUTES

Warrenton City Commission

Town Hall – 01.05.17

Page: 4

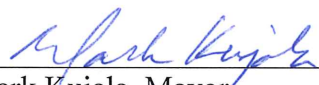
raised, such as leases and grants. Nancy Brock stated she went out and got signatures on the petition, and the citizens said they wanted to have a voice on what is happening in the community.

Commissioner Balensifer stated they have heard a solid message from the voters, noting this meeting has helped clarify the intent of the measure. He noted there are some issues such as real market value versus assessed value, but it is clear that it is about real estate. The discussion continued on short term and long term leases. Mr. Yuill stated it would be best to sit down and work it out, noting the measure was not to handcuff anyone and further discussed lease values and lease extension options. Mr. Jacobs noted the measure talks about a leasehold interest with a \$100,000 value but what was really the intent was to affect a leasehold interest with the value of the property being over \$100,000, noting the discrepancy between what was written versus what was intended. The discussion continued on the ambiguities in the language of the measure.

Gil Gramson noted the purpose of including leases in the measure was to have a limitation so the city would not be able go out and lease a piece of property or an asset for 99 years, which would bypass the citizens who want to have some control. Mayor Kujala noted the language in the measure does not refer to the value of the property; it refers to the value of the lease. He proceeded to conclude the meeting, noting this will be discussed again and it will be on the agenda so the public is aware and noted legal counsel will be at that meeting as well.


There being no further business Mayor Kujala adjourned the meeting at 8:56 p.m.

APPROVED:



Mark Kujala, Mayor

ATTEST:



Dawne Shaw, Deputy City Recorder