

CITY OF WHEELER

CITY COUNCIL – WORKSHOP MINUTES

March 14th, 2024

Call to Order

Mayor Kemp called the meeting to order at 1:10 PM.

Roll Call

Present onsite:

City Council: Councilor Deanne Ragnell, Councilor Heidi Stacks, Councilor Gordon Taylor,
Councilor Walt Porter, Mayor Clif Kemp

City Staff: Pax Broder

Guests: *None*

Present via Zoom:

Guests: *None*

Absent:

City Council: Councilor Karen Matthews (pre-arranged absence)

New Business

1. *Water IGA with Manzanita / Water Billing Frequency*

Mayor Kemp stated that he had met previously with the Mayor of Manzanita and their City Council President. He and Pax had also met online with the City Manager of Manzanita and their Chief of Police. Initially Mayor Kemp had told them he was unhappy with the Police Contract and with the way the Water IGA was looking as both cities move forward into the future. In his discussions about the Water IGA, he had told Manzanita that Wheeler was going to look at the long-term future and explore additional water sources to see if Wheeler can produce its own water closer to home. Then Wheeler could give Manzanita six-month notice that they could buy all the water from Wheeler's Wells on Foss Road. Manzanita asked Mayor Kemp what Wheeler wanted. Mayor Kemp was concerned about Manzanita's accelerated growth and their increased usage of water. They currently use about 85% of the water that comes out of the well and that number will likely only increase as we move forward. Wheeler doesn't have the same level of growth as Manzanita. Mayor Kemp told them that he'd like to see them come back to Wheeler with an amended IGA that will include increased revenue for Wheeler. He is concerned for the future of Wheeler. The IGA with Manzanita probably made sense at the time, but based on our growth profiles, Mayor Kemp would like to see some revenue come back to Wheeler, whether in the form of a credit for operating costs or a check every month.

Councilor Ragnell was concerned about the water use in Manzanita being seasonal due to summertime visitors. She felt that the cost sharing should only be based on EDUs rather than on consumption. When the original agreement was set up, Wheeler had 210 EDUs and Manzanita had 1,022. According to the August 2021 report their EDUs had more than doubled. Manzanita is still collecting the tap charges for the empty homes even when they aren't using water. If something happened in Portland and everyone who had a second home here came to the coast and started using water. We need to really consider what the proportions are if every home in each city was actively using water.

Pax clarified that the existing IGA does have two different ways that the cost sharing is

calculated. The charges associated by the actual production of water (chlorine, electricity, and labor) are divided based on each city's consumption of water. The charges associated with the readiness to serve or standby capacity of the water system (permits, line repair, electricity base charges, and labor) are divided based on each city's EDUs. The vast majority of well operation charges are currently divided based on the EDUs.

Councilor Stacks mentioned that Manzanita just got a \$2.1M grant for water infrastructure. They also have 250 housing units going up at the old driving range and a 45-unit hotel going up on the golf course. That is a lot of people and a lot of growth. She doesn't mind splitting the cost as Wheeler can't afford to buy their own filtration system, etc. Wheeler and Manzanita don't look the same way they did in 1995. Councilor Stacks said that Wheeler has to be an advocate for itself. If Wheeler has to pay more for police service, perhaps Manzanita can pay more for their water.

Councilor Ragnell mentioned that Garry Gitzen had said the water filtration system was put in for the benefit of Manzanita, but from what she understood Wheeler didn't need it as it was required due to the longer distance from the well field to Manzanita. Councilor Stacks replied that Wheeler didn't have their own filtration system, so it made sense to share this with Manzanita. Wheeler can't serve people unfiltered water.

Councilor Porter said these numbers are all operating costs. He said it is important to figure out what the water itself is worth coming out of the ground. Manzanita is taking the water out of Wheeler's wells. If they are making money off of Wheeler's wells, they should be giving Wheeler something for that. The unfair part is the allocation of water. What is the product worth coming out of the ground?

Councilor Ragnell wished to confirm that Wheeler owns the wells. Pax confirmed that in the IGA from 1997 Rural Development was going to purchase the well fields and water rights, but when that agreement fell apart Wheeler ultimately acquired ownership of the wells and water rights.

Councilor Porter asked how many wells exist at the well field and if they are all good. Pax said that he thought there were 6-8 wells but only two are actively hooked up and running. *Pax later confirmed that there were 13 proposed well sites at the property off Foss Road, but only 2 appear to have been fully installed and are operational.* Councilor Porter said that when the wells were first put in they were tested by running them for 48 hours and that amount of water coming out of the ground raised the river and "didn't even phase them." If the water is available, it's pretty hard to tell Manzanita that they can't build any more houses. The cities will have to agree on what the water coming out of the ground is worth.

Councilor Stacks asked Mayor Kemp how this conversation had been received in Manzanita. Mayor Kemp said that they were very pleasant and seemed to be understanding. They wanted to know what would "make this go away." Both councils will have to approve something. Mayor Kemp told them that there is a proportion of people in Wheeler who believe we are getting a bad deal on the water IGA with Manzanita. Based on what Mayor Kemp saw for each city's growth in the future, he felt they owed Wheeler some money. Manzanita was certainly open to talk about it.

Councilor Porter asked what Manzanita's water rates were. Mayor Kemp replied that they are pretty close to Wheeler's rates.

Councilor Taylor wondered how one would go about determining the value of water and if there are any basic standards. He questioned what would be “normal” and how far out of line we are under the current IGA.

Mayor Kemp wanted to have the Council inform Pax of what they’d like to request from Manzanita to see if their Council and City Manager will accept it. There has been a lot of turnover in both cities so not everyone involved has been involved from the beginning. Now is probably the time to make a move because the cities are on different trajectories. Manzanita is on a very aggressive new development program. This is the time to try to get a concession from them for now and the future. They are good partners and have been very helpful to Wheeler, but we need to go after some revenue from them at this point.

Councilor Ragnell asked if we could work with the projected growths for both cities. Mayor Kemp said the original formula was an 85/15 split for water usage, but now they may be closer to 90/10. Councilor Porter mentioned that there is a large development that is going to be happening behind the gas station. Pax confirmed that he had received notice in the mail that Manzanita was planning to annex another 12+ acres in that area.

Councilor Ragnell said that Manzanita charges higher for water service to areas outside of City limits. Mayor Kemp confirmed that Manzanita cannot sell water to another community without the approval of Wheeler’s City Council. Pax confirmed that in 2020-2021 there were sales of water to “Zaddack Creek and Tideland,” and that proceeds were split between Manzanita and Wheeler based on the 84.11/15.89 EDU ratio. Councilor Porter disagreed with that ratio and felt that outside water sales should be split 50/50 between Wheeler and Manzanita.

Pax mentioned that both cities need to have their draft budget posted by the end of the month so both cities need to know very soon how much to budget for the police contract.

2. *Manzanita Police Contract 2025-2028*

Mayor Kemp stated that he and Pax had met with Manzanita’s City Manager and Police Chief and told them we weren’t happy with the substantial price increase for the same coverage. He doesn’t question that Manzanita has been losing money for several years on their police service. Mayor Kemp had Pax look at outside private services and the Tillamook County Sheriff’s Office. The Sheriff’s office weren’t interested in entering an agreement with Wheeler as they didn’t have the manpower to handle it at this time (they just entered agreements with Garibaldi and Rockaway Beach). The Sheriff does have the primary responsibility for responding to 911 calls, Manzanita is in a secondary position on those. In the discussions with the Manzanita Police Chief, it was mentioned that we’d rather have them patrol the neighborhood than just write traffic citations and they were immediately responsive to that. The contract as presented is for the same coverage and likely less citation writing (which has been on decline the last couple of years anyway). We don’t want to be without a police presence, and the independent contractors we researched would cost way more than what Manzanita would charge us.

Councilor Porter thought it strange that the Sheriff could supply service to other cities but can’t to Wheeler, however they are required to do everything in the unincorporated areas in the south of the County. The Sheriff cars drive through Wheeler every day. Their presence is here, all they would have to do is loop around town more. Mayor Kemp said that the Sheriff does respond to Wheeler, but they don’t want to enter into an IGA with Wheeler. Councilor Stacks said there has been an increased Sheriff’s presence lately on Pennsylvania

Ave, sitting at the top of the hill. That's the only Sheriff she has seen roaming around unless someone is in trouble or they are going after a warrant.

Councilor Stacks said that Wheeler realizes that Manzanita needs more money, so if the extra charge gets extra police presence around town on our city streets, it would be a better use of their time when they are here. She would be willing to pay more for that. If the only other option is having nothing, at least we could make a little progress by getting the Manzanita Police to better address our needs.

Councilor Taylor said that perhaps Wheeler hasn't been clear on what they expected from the police in the agreement. Councilor Porter said that no matter how much police presence there is, the police can't seem to help solve the two biggest issues in Wheeler. Just driving around in a cop car doesn't do any good. Councilor Ragnell asked what crimes we are actually stopping by having them drive up and down the roads? Councilor Stacks said police presence in town says a lot and that the police department hands out citations in Manzanita. This would certainly be beneficial to Wheeler, but only once we have our code enforcement ordinances up to date. If the Manzanita police issued ordinance violations, they would be handled by the Manzanita court. Those citations may have more bite coming from a police officer rather than a city representative.

Pax mentioned that Nehalem accepted their new police contract as written. They also had a considerable increase in the price of their contract for the same amount of coverage that they had before.

Councilor Taylor asked if they had dealt with drug houses Manzanita. Councilor Stacks said that the police do follow-up on city ordinance violations in Manzanita, though she was unsure exactly which ordinance violations those were. Pax confirmed that in his conversation with Police Chief Harth he was told that drug enforcement had been dramatically scaled way back after Oregon decriminalized small amounts of drugs. Councilor Porter felt that there may have been a legislative fix recently that could have an effect on this later this year.

Pax mentioned that Manzanita had a compliance officer who may be working under the police department to issue the city ordinance violations. Pax had reached out to them several months before to ask about sharing a compliance officer, but they were not interested. Pax had also checked with Bay City after hearing that they may have recently hired a compliance officer, but he was told that wasn't true.

Mayor Kemp had mentioned to Police Chief Harth the idea revenue sharing on parking citations if the police would give us a bit more coverage once Wheeler gets into restricted parking and parking citations. We are not quite there yet, as Mayor Kemp would like approval from the property owners on Highway 101 for putting signs up that indicate those spaces are for shorter term parking only (2- or 4-hour limit) from July 1st to October 31st during daylight hours. This will force all-day parkers who are crabbing or fishing to pay a \$10 parking fee and park in certain areas. Wheeler could run this on an honor system, but if we had patrol cars checking the parking every once in a while it may encourage greater compliance. The liquor store would like 15-minute parking in front of their establishment. Wheeler will need letters from the business owners saying they are in favor of the parking restrictions in order to get permission from ODOT.

Mayor Kemp said he would like the Manzanita Police to patrol the community, and write a

few less warnings and a few more citations. Councilor Ragnell said it would be nice to find out when the most lucrative time is for speeders and have that be when the police are present. Mayor Kemp said they don't like to do that as they don't like a consistent schedule that can be profiled.

Councilor Stacks questioned if the travel time between Manzanita and Wheeler counted against our total coverage hours. Pax said it doesn't. Chief Harth said they come 2-3 times per shift (and they have 2 daily shifts). Historically Wheeler City Council has wanted increased citations so their focus has been on Highway 101, but now they will increase their patrols through town. Chief Harth said they are usually in Wheeler more than 15 hours a month.

Pax said Manzanita was willing to lower the cost of the contract if they got to keep a certain amount of citation revenue to compensate, but that ultimately this "would be a wash" for Wheeler. Manzanita does all the processing of the citations currently, so there would be no reduction in administrative work for Wheeler by going this route.

3. *Memorandum of Understanding with EVCNB*

Councilor Stacks said Wheeler had a very old agreement with the EVCNB from 2008. The updated agreement indicates that Wheeler will have insurance coverage to cover the volunteers if we were to activate them. This is coverage that Wheeler already has through CIS. This MOU is an updated and cleaned-up plan. Wheeler pays \$650.00 a year to the EVCNB to be our teachers and give us best practices to bring back to our City. They do a very good job, and we would not be anywhere near where we are without them. Pax said this would be on Tuesday's agenda for a vote.

Mayor and Councilor Comments

Pax mentioned that a customer had noticed Wheeler's current water rates list "to the tap" charges and the "water debt service" charge as *monthly charges*, but Wheeler's billing software has been calculating water consumption based on the total amount of water used during our 2-month billing cycle. The customer believed that this was incorrect, and that the water consumption rate tiers should also reflect *monthly* water allowances rather than bi-monthly water allowances.

Pax reached out to Tim Tice of the Oregon Water Utility Association and confirmed that the intent was for the consumption tiers to be applied to *monthly* water usage rather than bi-monthly usage. Pax said that during the calculations of who was overcharged, it became apparent that there was a second glitch in the billing software that actually mitigated the amount customers were being overcharged, so staff actually caught and fixed a 2nd issue while working through this. All said and done, about 2/3 of the water accounts had been overcharged this fiscal year. The total amount they were overcharged varied between \$0.02 and \$65.18 (an average of \$13.20 per affected account) and those credits have been applied.

Mr. Tice's suggestion for the easiest fix going forward (which was mirrored by the RVS utility billing software technician that Pax reached out to) was to double the allowance at each consumption tier in the billing software. This would give users 8,000 gallons at each price tier (4,000 for each month). This fix will never cause a customer to be overcharged, but it could slightly undercharge a customer that has wildly different water usage between month 1 and month 2.

Pax stated that Wheeler could switch to monthly billing at the next fiscal year. Monthly billing would make everything calculate perfectly every month, but this would require twice the water bill processing, twice the postage, and twice the checks coming back in. It was Pax's suggestion to continue the bi-monthly billing with the increased allowances at each consumption tier as per Mr.

Tice and RVS Software's recommendation.

Mayor Kemp asked if Wheeler would be able to offer monthly billing to a single customer if they were adamant about it. Pax said that with a bit of extra time we could hand-calculate the bill monthly by looking at the water usage, but that he didn't believe there would be a way to make the utility billing software do it automatically unless it was being done for all accounts.

Councilor Stacks asked Pax to send out a copy of the Protocol of Chain of Command and On-call status for the Mayor and Councilors. She would like this to be signed as a resolution at the next meeting.

Councilor Ragnell asked if assigning seats to Councilors would have a bearing on elections. Councilor Stacks said that going forward we could start using the "seats" to keep track of who is up for election and when.

Pax mentioned that currently he only has one application for someone wanting to join the Budget Committee and asked the Councilors to spread the word and try to drum up some more interest from the community. The vacancies are posted on the website and in the Post Office. Ideally, the members of the Budget Committee would be appointed at the regular City Council meeting next week.

Adjournment

Mayor Kemp called the meeting to close at 2:30 PM.

Dated: March 14, 2024

Clif Kemp, Mayor

Pax Broder, City Manager/Recorder

Recorder: Pax Broder