

Union County Board of Commissioners
April 2, 2008

Present: Commissioner R. Nellie Bogue Hibbert
Commissioner Colleen MacLeod
Commissioner Steve McClure

Call to Order

Chairman Hibbert called the meeting to order at 9:00 a.m. with all three commission members present.

Public Comments & Concerns

Oregon Forest Legacy Program

Forest Legacy Program Manager John Henshaw and Jennifer Bright from the Forest Legacy Program of the United States Department of Forestry came to talk to the Union County Commissioners about their program and the option they might be able to provide to the Union County Commissioners for the Mt. Emily recreation area. John gave a background of the program and the basics of how the program works. The Forest Legacy program is important for the recreation and social values of a particular area. The Forest Legacy program in Oregon completed an assessment of need that was revised in 2007 to include areas outside of the urban growth areas and Mt. Emily is not included but John Henshaw explained that Mt. Emily is a classic piece of property for their program. John stated that Mt. Emily could be a poster child for other forested areas throughout the state that are not on the assessment of need but are a staple in their community. John explained that a government entity has to have a tie to the property through the Forest Legacy program. The Forest Legacy program talks to the communities that are involved in the process to get their opinion and their views on the decision. If all parties involved are not in agreement the Forest Legacy program will not continue with the project. The application period for 2010 is now open. The projects begin two years after the application date if they are accepted. The deadline for the Forest Legacy program applications is August 29 of this year. When the applications are received they are ranked. Once the projects are ranked at the State level they are then ranked at the national level. It is a very competitive process and it takes a while to go through the entire process. John offered to bring a couple of people who have put their land in the Forest Legacy program in to talk to the Commissioners and the public about their case and how the program is working for them.

Commissioner McClure stated that this seems like a more honest process than zoning.

Commissioner Hibbert explained to John Henshaw that the Commissioners will review the information he gave them and let him know if he can be of further assistance to them.

Steve Donnell expressed his concern to the Commissioners about the Mt. Emily project and the information about the Forest Legacy program. Commissioner Hibbert thanked Steve Donnell for his comments.

Elected Official, Department Head, and Employee Comments:

Buffalo Peak Expenditure Comparisons

Dennis Spray, Director of General Services, and Bill Rosholt, Director of Promotions, presented information on comparisons Bill has done for both beverages and credit card charges for Buffalo Peak Golf Course. Bill explained that because he is a PGA member he receives special rates on different products and services. Bill researched programs that were available through the PGA professionals association and he found both a Pepsi national program and a Chase credit card program that should save Buffalo Peak Golf Course a substantial amount of money.

The Pepsi program was based on Pepsi products and the program would have to be exclusively one company. The program is based on the fountain drinks that were served at Buffalo Peak Golf Course which has more of a profit margin than the bottled drinks. Bill then visited with Coke who offered him a program based on bottled drinks that are sold at Buffalo Peak. Bill explained that Pepsi has supported Buffalo Peak Golf Course with corporate sponsorships in several different programs that Buffalo Peak Golf Course offers, and because of Coke's corporation policies they have not been able to support Buffalo Peak Golf Course in other ways.

Commissioner Hibbert stated that getting the Pepsi fountains in the Buffalo Peak pro-shop last year has been a successful investment and Pepsi has been very supportive of Buffalo Peak Golf Course.

Commissioner MacLeod stated that it is important to supply both products because both companies have loyal customers and having one company instead of the other is poor business practice.

Bill Rosholt continued by explaining the credit card processing program he can bring to Buffalo Peak Golf Course because of his PGA status. Buffalo Peak Golf Course has their credit card processing fees through Sterling Savings Bank now, but Chase has a program offered through PGA that was a considerable savings when compared to the rates at Sterling Savings Bank. Bill explained that when Chase gave him their rates he went back to Sterling Savings Bank to show them what rates he could get through Chase and Sterling Savings Bank could lower their rate but it was still not as low as the rates that Chase offered.

Commissioner Hibbert commended Bill on his research, and explained that Bill has been doing this research to find what will financially benefit Buffalo Peak Golf Course.

Commissioner MacLeod asked Bill if he has talked to the other banks in the area and compared prices with them. Dennis Spray explained to Commissioner MacLeod that he had compared the other banks at an earlier date and Sterling Savings Bank had the lowest rate in this area.

Commissioner MacLeod suggested that Commissioner Hibbert take the lead in overseeing these services and Commissioner McClure agreed.

Commissioner Hibbert added that she is glad to see that changes are being done at Buffalo Peak Golf Course and explained that it is important to decrease the expenditures and increase the revenue.

Bill Rosholt shared with the Commissioners information about adding cart sheds at Buffalo Peak Golf Course. Bill explained that cart sheds are one thing that is important for many golfers. Bill stated that the process to have a cart shed would be a pre-payment of a lease fee and additional fees of the electrical cost and the taxes on each shed. Bill explained that the cart sheds will be paid for with these fees.

Dennis Spray explained to the commissioners that another project that he and Bill Rosholt have been working on getting together is putting an RV parking area out at Buffalo Peak Golf Course so the consumers that travel will be able to stay right at the golf course. Dennis explained that he believes the RV Park will make Buffalo Peak Golf Course more enticing to travelers.

Commissioner MacLeod agreed with Dennis stating that having an RV Park at Buffalo Peak Golf Course would keep the guests golfing more days.

Commissioner Hibbert mentioned to the other Commissioners that there are two Eagle Scout projects going on at Buffalo Peak Golf Course.

Dennis Spray informed the Commissioners that one of the projects is putting picnic tables at Buffalo Peak Golf Course and the other project is a bridge that will connect the Union Cemetery and Buffalo Peak Golf Course.

Commissioner McClure stated that he supports the activities that are being done at Buffalo Peak Golf Course.

Airport Bid

Dennis Spray informed the Commissioners that the airport went out to bid for a third time to re-surface the secondary runway 16-34 and alternate bids to do work on some of the taxiways. The bid opened on March 13, 2008 and only one bid was received in which the base bid was for \$1,192,366. Dennis stated that he checked with the consultant engineer and with the FAA project manager who both informed Dennis that the airport would have the money to complete the base bid and that is all the airport

would be able to afford to do unless more money became available before the end of the budget year. Dennis recommended that the Commissioners accept the base bid and start the project. **Commissioner MacLeod moved to approve the runway 16-34 project base bid. Commissioner McClure seconded. Motion carried unanimously.**

Use of Union County Public Works Gravel Pit

Public Works Director Richard Comstock came to the Commissioners with a request from Dave Larson of Ladd Marsh who has requested to use the gravel pit for a youth practice shooting event in the spring. Commissioner Steve McClure added that ODFW will be supervising the event and it will be in a controlled environment. **Commissioner MacLeod moved to approve the use of the gravel pit to allow the youth to practice shooting. Commissioner McClure seconded. Motion carried unanimously.**

Public Works Bid

Richard Comstock went out to request quotes for ($\frac{3}{4}$) three-quarter minus road rock used by public works and two different sizes of chip rock. Richard informed the Commissioners that he worked with Howard Perry and Brandon Erye to form a contract and has a sample for them to look at. Brandon suggested that Richard ask for the unit price from their plant period. The added information on the contract is for the price agreement to be extended to (3) three years. Richard didn't believe the bidders would agree to the (3) three years but if they agreed it would be a potential savings.

Commissioner McClure informed the other commissioners that this is not a formal bid but a request for quotes so it will be under \$150,000.

Richard Comstock stated that the idea behind the 3 year commitment is that if they know they have a contract with public works for 3 years they might be more willing to agree with the contract and there would not be surcharges added later.

Commissioners agreed to allow Richard to continue with the process.

Richard will continue with the process and come to the commission meeting on May 7th to award the bid.

Consent Agenda

The March 5 Board of Commissioners Minutes, March 13 and 20 claims journal and March 12 and 20 public works claims journal were approved as presented on the consent agenda.

Vesting Determination – Cochran Measure 37

Scott Hartell, Assistant Planner, explained that the findings document was given to the Commissioners for their review to make a vesting determination.

Commissioner MacLeod moved approval of the Cochran Measure 37 as decided in the last meeting. Commissioner McClure Seconded. Commissioner Hibbert opposed. Motion Carried.

Mt. Emily Grant Resolution

Resolution 2008-05, In the matter of authorizing the Union County Board of Commissioners to apply for a local government grant from the Oregon Parks & Recreation Department for acquisition of the Mt. Emily recreation area & delegating authority to the chair to sign the application, was presented for consideration. The resolution authorizes the Board of Commissioners to apply for a grant, but does not obligate Union County to accept the grant if the acquisition of Mt. Emily is voted down. **Commissioner Colleen MacLeod moved approval of resolution 2008-05. Commissioner McClure seconded. Motion carried unanimously.**

Community Connections Subrecipient Agreement

Administrative Officer, Marlene Perkins, explained that the Community Connections Subrecipient agreement would allow Union County to be the liaison for a grant that was received by Community Connections through STF. The grant that Community Connections has in place now requires Community Connections to pay for 40% of the cost but this grant would reimburse Community Connections for 20% of the 40% they are paying now. Commissioner McClure added that because of federal rules Community Connections cannot receive the grant directly from the State and it has to go through a form of government so this agreement would allow Union County to accept the funds from the State for Community Connections and forward it on to Community Connections. **Commissioner MacLeod moved approval of the Community Connections Subrecipient agreement. Commissioner McClure seconded. Motion Carried Unanimously.**

Vesting Determination - Cherry Crest Farms Measure 37

Scott Hartell explained the staff report to the Commissioners. The Measure 37 claim for Cherry Crest Farms was brought before the Commissioners and was approved by the Commissioners. It was submitted to the State and approved by the State. In light of Measure 49 now being in effect the applicants have an opportunity to convert their 37 claim into a 49 claim or have it determined that their claim is in fact vested in which, it would not be a 49 claim but stand as earlier reviewed and approved by the State. Cherry Crest Farms has submitted a subdivision request; Timber Crest Estates. Union County Planning department sent a letter to the applicants stating they had met the substantial construction requirements on lots 1,3,4,5, and 6. Scott explained that Lot 2 should be included on that because it has an existing dwelling which means that they meet the substantial construction requirements. Since it is a subdivision the remaining property, which is 160 acres in size, currently does not meet the requirements of substantial construction but the applicants are looking at the whole picture of their subdivision being vested or not to include the remaining 160 acres.

Commissioner Hibbert asked Scott if the remaining property could be buildable through Measure 49. Scott responded saying that he could not say whether they could build under Measure 49.

Commissioner MacLeod stated that when the Measure 37 claim was approved before, all seven lots were approved. Scott stated that in the definition of a subdivision if there is a remainder that is a large area it does not need to be identified as a lot. It is identified specifically as a remainder.

Jeff Pucket was present in support of the vesting determination. He addressed the Commissioners and explained that his family feels that they are fully vested in all of the parcels except the timber parcel. They never intended to build on the timber area, but would like the opportunity to possibly build a cabin in that area in the future. Jeff stated that his father wanted to break the timber off from the other land to keep it in the family forever.

Commissioner Hibbert asked Jeff Pucket if he knew of Measure 49 passing which might have changed the goal post on Measure 37 requirements.

Jeff Pucket responded that he was never mailed anything on Measure 49 by either the State or the County.

Commissioner McClure asked Jeff if the other lots were built on or being built on. Jeff Puckett told Commissioner McClure that the construction on the lots has started.

Commissioner Hibbert explained to Jeff Puckett that under the land use planning there is an ordinance that was developed in 1983 which says there must be substantial construction in order to be vested. She explained she is not opposed to building but she is hung up on the fact that there is an ordinance that is not in compliance with where they are with vesting the entire thing. She feels the dwellings need to go through the substantial construction evaluation or pursue non-farm dwelling applications. Commissioner Hibbert asked Scott if it is possible to apply for non-farm use dwelling on this property. Scott replied that it would not apply to this parcel because it is predominantly forest area parcel therefore the non-farm criteria would not apply to this land. Commissioner Hibbert then asked Scott if there was any other method in the land use planning ordinances that there could be a dwelling placed on this.

Commissioner MacLeod stated that she sees many similarities with the Cochran claim and believes that if Union County tells people that they have a subdivision than that is a decision and they should be held to that decision. She goes on to say that the Commissioners recognized it once before and that these applicants have shown good faith in doing as much as they could within the opportunity. The Commissioners included the 160 acres in the subdivision when they gave them an approval. Jeff Pucket added that he was present at the Cochran claim hearing before turning in their

paperwork for their vesting and they thought that if the vesting applied to the Cochran claim it should also apply to their claim.

Commissioner Hibbert explained to Jeff and the other Commissioners that she is not opposed to building a cabin on that property but it is her experience that when you have an ordinance, administrative rules and statutes that everything has to conform. As a result of that Commissioner Hibbert says she is having a problem accepting this claim.

Commissioner McClure argued that the question about what was required was not in the ordinance. That was simply to address the issue that came up about the unclarity of Ballot Measure 37 that was the transferability and the ordinance does not require that. If it had been conditioned in the plat or something else he would look at it differently. Commissioner McClure doesn't see where the ordinance was violated. He explained that he feels that to say the Commissioners gave them the right to subdivide the property and not the right to build houses on the lots is wrong.

Commissioner Hibbert stated that if there is an ordinance that is not in conformance it should be amended so they are working together. Commissioner MacLeod suggested that the definition of a subdivision needs to be defined. **Commissioner MacLeod moved that Cherry Crest farms have met the Measure 37 claim vesting determination. Commissioner McClure Seconded. Commissioner Hibbert opposed. Motion Carried.**

FY 2006-07 Audit Report Review

Mike Poe, Seydel, Lewis, Poe, Moeller & Gunderson, LLC presented the 2006-07 audit report. He reviewed the management letter and offered to answer any questions regarding the data included in the financial statements. He stated that no adjustments were proposed by the auditors. There were no disagreements with management or difficulties encountered during the audit. The audit performed is a financial statement audit which is an opinion on the overall financial statements and whether they are an actual reflection of the county's financial status. The work performed is based on a sampling of transactions.

The management letter comments for the current year audit were then reviewed. The first item deals with changing audit standards. Many changes are coming that will be in effect for the next audit. The SAS112 was effective for the June 30, 2007 reports, and it has a significant deficiency on what findings need to be reported in the reporting packet and under significant deficiencies there is a comment that is in every audit they performed this year. The new standard is saying that the federal government is worried about auditors doing financial statements. By Seydel, Lewis, Poe, Moeller & Gunderson, LLC doing the report with the note disclosures that creates a weakness in the control structure. The only way to avoid that comment is if the County prepares all of the financial statements themselves and all the note disclosures to the standard that there will not be a lot of changes to be made in that report. In order for this to be done Union

County would need to hire additional accounting staff including someone trained to prepare financial statements and notes.

Item 2 is when voiding outstanding checks from the Union County Correction Facility checkbook, their system is not changing the amount to zero and is, therefore, still subtracting the amount of the check from the cash balance. This needs to be fixed as currently outstanding checks totaling \$922.56 of which a large portion could be voided checks.

Item 3 is that a new bank account was opened at the Sheriff's office for a Canine Grant. It wasn't approved by the Commissioners. All new bank accounts should be approved by the Commissioners and recorded in the minutes. When separate accounts for County Funds are kept they are easily missed during the budgeting process.

Item 4 is a recommendation of the following procedures to strengthen controls over fuel inventory at the Airport; a) Reconcile the perpetual inventory records kept in Quickbooks with a physical inventory count monthly; b) Record the daily fuel sumpage from tanks into the perpetual inventory records; c) All inventory adjustments should be authorized and approved by management; d) Develop a system to reconcile sales receipt #'s to verify all receipts are entered into Quickbooks and there are no skips in the number sequence.

Item 5 is regarding the golf course, since the County took over the golf course, the County has been working on implementing controls over the assets of the course. However, in our opinion, there is an area of weaknesses: Employees of the course are supposed to enter all use of the course in the computer so use and dollars can be tracked; however, there is no verification of this by management. Our suggestion is to have management periodically check golfers on the course to be sure they have a receipt and management should be reviewing the daily deletion report.

Marlene Perkins had a few things to say about the budget that were specific to the golf course. Marlene explained that there is a new agreement that will change the accrued interest which will change the deficit on the audit report. The terms and conditions are to pay \$100,000 at the end of December 2008 but this will not be seen until the audit done two years from now. Marlene feels that when the golf course property is appraised the amount that it is worth should be put in the footnote of the audit. The foot note will be very helpful when the public looks at the bottom numbers because the value shown in the audit is the value that Union County bought the golf course for and not the actual appraised value of the golf course.

The Commissioners thanked Mr. Poe for his report and indicated that staff would continue to work on areas identified as needing improvement.

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Adjournment

The meeting was then adjourned at 11:55 p.m.

Respectfully submitted,

Ashley Wilhelm
Department Specialist