

MINUTES
CITY COUNCIL CHAMBERS, CITY HALL
29592 ELLENSBURG AVE
GOLD BEACH OR 97444
THURSDAY, DECEMBER 13, 2007
SPECIAL MEETING: 2:00 P.M.

CALLED TO ORDER BY MAYOR POPOFF AT 2:00 P.M.

THE PLEDGE OF ALLEGIANCE:

ROLL CALL:

	<u>PRESENT</u>	<u>ABSENT</u>
Mayor Karl Popoff	___X___	_____
Council Position #1 Sue Johnson	_____	___X___
Council Position #2 Don Flynn	___X___	_____
Council Position #3 Peter Peterson	___X___	_____
Council Position #4 Vacant	_____	_____
Council Position #5 David Alexander	___X___	_____
Public Works Supt. Jeff Denney	___X___	_____
Wastewater Supt. Will Newdall	___X___	_____

****NOTE:** Comments and participation from the audience shall be limited to 5 minutes without redundancy.

SPECIAL ORDERS OF BUSINESS:

PRESENTATION REGARDING JOINT GOVERNANCE OF THE DEL NORTE COUNTY AIRPORT (A)

BORDER COAST AIRPORT AUTHORITY JOINT POWERS OF AGREEMENT (A)

Dan Brattain, Del Norte County Advisory Commission, Brookings resident, delivered a presentation (excerpts are written below) regarding the concept of the City joining the Joint Powers Agreement (JPA) and Border Coast Regional Airport Authority. Del Norte County is in the process of expanding the airport significantly. We have embarked on \$40-\$50 million project over the next 5-10 years to get a terminal, attract an airline to the north, do runways and so forth.

Del Norte County decided about a year ago that it was important to bring Curry County into the picture. They have now formed a joint powers authority. On Monday night, Brookings has agreed with the concept to join and the County has agreed to retain ownership of the airport but what they are going to do is transfer management of the airport to regional representatives, so Curry County can have a say at

the table as far as we look at development of the airport in the future.

The County will continue to fund the airport. Right now the airport operates at about a \$300,000 year deficit and Del Norte County has committed to continue to fund that amount of money, but they really feel it is important that we get a more regional aspect of looking at making decisions for the airport. As an example, this last year we changed the schedule. We used to have 3 flights a day, 2 went through Arcada and one went direct to San Francisco. After talking to the community, it was decided that it was better to get 2 non-stop flights to San Francisco. We did that in October of 06 for a 20% jump in enplanements.

The bigger issue is that we need a northbound flight. About a year ago, we had Congressman DeFazio and Talson (California) met with us in Crescent City and in Brookings. Both of them committed to help fund these improvements. Both recognized the regional airport, thus the idea came to form the JPA.

That's the context of it. The way it will work - Jerry Herbage has done some research for the county, he has confirmed that Oregon entities can join. The thrust of today's discussion is to make sure you understand what we are trying to accomplish.

You'll be granted a seat on the JPA Board. The Board will meet once a month. The airport manager will brief you on the project and what is going on. Our advisory commission, which I sit on, just advises the JPA of certain matters-it will give us things to work on and look at. The invitation is open to the Gold Beach City to join the JPA and be a big part of our future as we plan and develop the airport.

Jerry Henderson and Bob Black, additional representatives of the Del Norte County Airport arrived at the meeting.

Popoff->I previously spoke to one of your representatives. It was made clear to me that there would be no financial commitment required of the City of Gold Beach and I reiterated in a follow up letter to Ms. Samples that if it required any financial commitment on our part that we would not be in a position to do that. Then in the Pilot, shortly after that, there was something said concerning liability. Would you please clarify that?

Bob Black, 160 Dogwood Lane-Gaskin, California, I am the attorney for the JPA. The JPA has already been formed under California law. By proposing to bring in entities from Oregon, we would be looking to California law, which also says that JPA's can include entities from outside the state. Oregon has a similar law that says Oregon local entities can partner across state borders with other entities in other states. Under California law, a JPA is an entire separate legal entity. That's the way we regard this organization. It is a legal entity that is separate from its' member entities. Again, under California law, and under this JPA, that has been entered into to date will have to be changed if you decide to come in.

But under the Agreement, as it exists today, and other California law, the member entities of a JPA do not assume the liabilities of the JPA. Unless the Agreement provides otherwise. This Agreement provides that the member entities do not assume the liabilities of the JPA. As far as money is concerned, the JPA also provides that no member entity can be assessed and no member entity has made any pledges or promises of financial contributions, with the single exception of the County of Del Norte, which has agreed to put into the JPA, on a minimum basis, - it is the amount that the County budgeted. There is a clause in the JPA that sets a budgetary responsibility for just the County of Del Norte. The County of Del Norte shall provide funding to the Authority, up to the level of the County budgeted commitment to support the airport for the fiscal year 2006-07. I don't know what that total budgeted amount is but I do know that the general fund contribution of the County of Del Norte 06-07 was approximately \$250,000. There were additional revenues and grant funds that flowed into the airport.

The \$250,000 is certainly a key component because that is the general fund commitment and that is the base funding for the JPA. Without contributing any money, you would be a fully equal partner in the JPA with two exceptions. One is, as it stands, the County of Del Norte appoints three representatives to the JPA. Two of them are supervisors and one is a public member. The second difference is that only those members that contribute funds have the right to veto the JPA budget.

So what happens is the JPA has this funding source, which right now is only the County of Del Norte, as far as the local members are concerned. The JPA will develop a proposed budget

but that budget, because they are spending Del Norte County's money, has to be approved by Del Norte County. If another entity becomes a funder-say the City of Crescent City decided that "yes, we can afford to put in \$25,000"-then they would also have the option to say "we don't want to contribute to as this proposed budget stands, we want to change it", and we'll approve it on that basis".

That's kind of how it is structured. If you decide that you would like to participate, there will have to be some negotiations to amend this JPA. At this point, mentions that we are seeking Oregon participation but it is not structured and doesn't have sufficient verbiage to cover that. We'll want a re-drafting of it. Of course you would be participating in that because it's basically for you.

Popoff-I assume it would not only be us but the City of Brookings and Curry County as well?

Black-Brookings has directly expressed interest. Curry County, I don't have the latest information on whether they are actively seeking membership at this point. I would expect that it is almost inevitable that they will want to come in because they represent a very key component of the service area. Not everyone lives within the city limits of Brookings and Gold Beach. I would think they would want to come in but the timing is up to them when the time is right. Brookings is clearly interested and we would certainly hope for your interest.

Popoff-It is my understanding that the airport would like to increase the size of their terminal and also the length of the runway to be able to handle bigger planes.

Brattain-About three years ago we had the opportunity to attain grant funding to upgrade and improve the existing terminal. The caveat was if we used those funds, FAA would not fund a new terminal for us for about a ten-year period. You're probably not used to dealing with the FAA, but in most of our funding mechanisms with them, we have to pay a 5% match and they pay the balance, so they are funding 95% of these improvements that are directly related to the airport. For those reasons we elected not to take the money-it was about \$800,000-\$900,000. On the plans right now, we have about \$7.5-\$8 million grant funding approved to develop and construct a new terminal at Crescent City. It's very important for a couple of reasons.

One is, right now, we could not have another airline at Crescent City, we have no room. This terminal will be designed to have multiple airlines-probably up to three. The plan is to have some offices, a restaurant, etc., and so forth and be able to add on for growth. That is the first step. The second step being studied is the runway length. That's been on going for about four or five years. Our runway is 5,000 feet. As an example, Gold Beach is 3,000 feet. The jet service is being expanded throughout the US, which is the regional jets, we call them RJ's. They need about 6,000-6,500 feet of runway to adequately operate in all kinds of conditions whether the runways are wet, tailwinds, and so forth. So they can come in and out of Crescent City today, under ideal conditions, but they may have to leave some weight off if they were to come in with a wet runway which increases their landing distance. We're going to try and get 2,000 more feet. Those two projects by themselves, equate to about a \$30-\$35 million dollar improvement to the airport. If we do it right, today FAA will fund 95% of it.

One thing I think Bob mentioned and it's worth bringing up... I've had a couple of people say "It's almost too good to be true to join the JPA and have the right to make decisions even though we're not contributing any money, why are they doing this?". It's very simple. We need both communities to make this airport work and we need the help of both of our governmental bodies to do that, Congressman DeFazio and Thompson. Congressman DeFazio, as you know, is high ranking when it comes to transportation. We've had very in-depth discussions with him and he has really come out of the woodwork and said "hey, whatever it takes to make that work" and you probably know he put a lot of time and effort into the

North Bend Airport and was very instrumental in getting funding for them-we have a very good feeling that he and Thompson will do something for our airport too.

Popoff-Is it your vision in the future, to rival the airport in North Bend?

Brattain- Absolutely. We all know what turned North Bend on was Bandon Dunes-that's what made them viable. In our county, the Elk Valley Ranchero is in the processing of developing a big destination resort. Probably the thing we are looking at very closely is called "leakage". People that are driving to Medford, driving to Arcata - we really know there is a very strong need for a north bound or an east bound flight. Those of you that go through San Francisco know what I'm talking about. We've talked to Horizon and Sky West about serving us with a north bound flight. Horizon flies over the top of us every day to Arcata, direct from Portland. Sky West goes from Portland to Medford and from San Francisco to Crescent City, we've got that little 15-minute flight between the two communities. We've talked to Sky West about offering a trip like that. It all comes down to numbers and emplacements-there are about 13,000 people that get on the airplane in Crescent City. That's the key financial number that the FAA and the airlines use to look at the demographics of the area.

Several years ago Bend Oregon had 40,000, now it is well over 100,000. Arcata is up to around 80,000. Our goal is to get that to about 25,000 - 30,000. We know the passengers are flying, they're just not using Crescent City and probably won't until we can develop a plan to get them to use it, and we need to work hard to do that.

Flynn-Without the City of Gold Beach donating to the project-you talked about having a vote on the Board but not being able to veto.

Brattain-Excuse me for interrupting. For budgetary purposes only. The things that are going on today are the priorities of the projects we're going to do. Airline schedule changes, rename the airport, proposed new airport hangers or lease proposal-those are the things on a day-to-day basis that you will be deciding on. Those are critical. If Gold Beach joins, it really shows your community that you have an interest in the airport. It's not costing you money but it shows the community that you feel strong enough that this is a

regional airport. That's what we're trying to do. Take down the state line (law??) and make this our regional hub.

Flynn-If we do or do not join your organization, what affect is that going to have on your ability to get grants, etc.?

Brattain-The more Oregon support we can have, the stronger our position for funding will be for the airport. The two Congressmen have shown they can work very well together. Obviously if Oregon isn't interested, DeFazio probably won't be interested in assisting. If you didn't join, it's probably not going to be the end of the world, but it's not going to help our position.

Flynn-Our airport has some strong requirements here also. We have been working with FAA and other entities for grant funding. If we put our support behind Crescent City, has anyone looked into how that may tap into any potential funds for Gold Beach?

Brattain-We have. Brookings has the same questions as well. It is our understanding that it is a whole different piece of the pie. We're talking about an airport served by the airlines. I own CAL-OR Life-Flight, so I'm very interested in Gold Beach. The fencing was a requirement. The AWOS/ASOS, the resurfacing, the things you've done-those kinds of things are there for the small airports. What we're talking about is really airline passenger. So it's a whole separate deal. As an example, we're trying to get a approach slope indicator for one of the runways for Crescent City. They just got one in Brookings at both ends. The FAA has set aside safety funds for those-they are not a competing deal. I don't think that would have any impact on Gold Beach's funding.

Peterson-Right now, with Sky West airlines, you have 3 flights south. Will Sky West take their flight to east or will it be another airline?

Brattain-We met with Sky West. Let me tell you what happened in Salem, Oregon. Salem decided they haven't had airline service for about 5-8 years. They went to Horizon and some other airlines and said "we want to get a flight-not to Portland but east". Delta connection came in and said "if you can prove to us that you'll guarantee us passengers, we'll bring service in". So they put together a travel (?couldn't hear) and they had businesses come in - it came up to about \$800,000 of committed monies to buy tickets on this airline

and lo and behold, they now have a non stop flight twice a day to Salt Lake City. Those are the kinds of things airlines want to see. Horizon told us the same thing-when you can show us what kind of passenger loads we're going to have and give us a guarantee of that, then they'll come.

The problem today, is the people are going to Medford and Eugene. So we have to get the community to buy in to use the airport. Studies have shown that if we had a northbound flight, even to Medford, or to Portland, here's 5,000 passengers a year that will do that. Our initial thought was to try and get a flight to Medford. We're thinking now, the way airlines work, they are probably going to want to make this actually come here and go to a larger city because it is too costly for them to be up in the air for a short amount of time. Like a passenger that got on in Santa Rosa going to Portland-they're not going to want to stop in Crescent City, so they're actually going to bring a plane in from Portland-go back but it's going to take the community to show them that they're willing to support this.

Alexander-The draft JPA you provided does say "entities other than Del Norte County imply a commitment on their part to provide funding for the capital improvement or operation of the airport, however, these and other issues may become the subjects of on-going conversation among the Authority's Participants".

Then based on the powers and duties-"to make and enter into contracts and to receive and expend funds to acquire, construct, manage, maintain, or operate any facilities or improvements to acquire hold and dispose of property, TO INCUR DEBTS, LIABILITIES, OR OBLIGATIONS, which do not constitute debt of the member entities to raise revenues, to incur short term indebtedness, to receive contributions from participants", (which I assume to be the communities who have agreed to participate in the JPA) - one thing we cannot do as a council, is to obligate future councils to any expenditure of funds. Looking at this Agreement, I am concerned about these and other subjects may become the subjects of on-going conversations.

Brattain-Make sure you read the part about "termination". Bob crafted that because you have a 60-day out any time you're not liking what is going on.

Black-I'm sure you saw section 4.1, which says "no participant is or shall be required to make contributions to the authority except as that participant shall agree".

Alexander-I did read that section and I'm also astute enough to be aware that peer pressure can direct a participant into an action, which they would end up later regretting, and that is a concern of mine. We've got another major project that is demanding all of our money.

Black-Yes, it is hard to guard against that. The only thing I can say is that there is a 60-day out clause. If it just isn't working or you're feeling like we're under pressure to contribute and we're not going to...I don't see that happening because I honestly don't think that in the scheme of things nobody is looking to Gold Beach to be some kind of financial white knight for the airport. Crescent City is a full partner in this and they're not offering any piece of their city budget for this. But it is really the fact that this is your airport, at least in part. This serves your community and population, it enables businesses and retirees and people think about living here because they do have access to a commercial airport and they can get from here to see their grandchildren in Orange County or they can take their vacation in Mexico or whatever because of the Crescent City Airport. Obviously they would go somewhere else if it wasn't available.

Having it available is a benefit to the community and to the economic development of the community. The reason that it is even suggested that Del Norte County give up its power and control, which was absolute, until this JPA was formed, and invite partners in - it's not about money - it is about the fact that we create, through this JPA, a political entity that is impressive, that demonstrates cooperation among diverse entities and hopefully attracts the kind of positive attention from our state legislatures and from our federal representatives that Del Norte County, on its own, just can't attract.

I think the idea of a cross border joint powers Agreement - the idea that you, would appoint a representative that would govern an asset that is in another state, I think that's a very unique and attractive creation. That's the fundamental reason. If the economic fortunes of Gold Beach changed wildly and dramatically, somebody bequeathed \$50 million dollars to Gold Beach and you said "hey, we've got a little money, we'd like to contribute to the airport", they're not going to say

"no". On the other hand, they're not going to drive you away. They're not going to cause you to withdraw your membership from JPA by looking at you and saying "hey, how come you're not stepping up-how come you're not giving money"-that would be completely contrary for the reasons for forming this. Once you're in, you have every right to pull out-you have every right to say "no-money is off the table". You're saying that going in so that's pretty well understood. But no one is going to want to push you out. The very reasons that bring us up here to ask you to come in are the reasons that we're going to want to work to keep you in.

What that is going to involve, I think, is giving this JPA authority true authority, true governance of the airport, treating your designated representative as a full fledged member of this fraternity, sorority of governing members to give future guidance to this airport. There are a lot of very important decisions to make. The terminal design project is underway, the opportunity to acquire this 95% match money is there. Del Norte County was facing the match requirement alone, and they are willing to continue facing that alone. They're not, by forming this JPA, asking to be helped out on the financial side. They're asking to be helped out on the political side, which hopefully benefits all of us.

Alexander-Question about the appointment of Board members. It would seem the initial members are already appointed - the Elk River Ranchero and Crescent City and those are the guys that this document says are the Board. It doesn't show a way to bring in an individual from Brookings or Crescent, which seems to uncompletely counter to what you stated at the first part of the meeting.

Black-Let me put it this way. This has been in the works for a year and a half. We were a little uncertain and we still have a little bit of uncertainty about whether Oregon law is going to allow Oregon cities to jump right into this. I think it would be ideal to get a letter from an Oregon attorney, I've done a little bit of research on my own, and there are some very favorable code sections in Oregon law that appear to allow it but I'd like to see that confirmed by someone with an Oregon license so that I'm not operating outside my brief, as they say. One of the neat things about JPA is that although they are legally separate entities, you're actually entering into a contract, you are creating a governmental entity. Like other contracts or partnership agreements between private individuals, they can be easily amended. In order to get this

thing off the ground so I could stand and Henderson could be here (Henderson is a member of this 5 member JPA body) we could stand here and say we actually represent the JPA. We had to get it off the ground. The reason it's called the initial commission, is because that's all it's intended to be. I mentioned that there are going to have to be some negotiations to re-draft this and it will probably be called a first amended JPA Agreement. That first amended Agreement will provide for your membership and for your designation of an appointed representative to sit as a full-fledged member of the JPA Commission. Same vote as everyone else at the table.

Popoff-With the exception of money.

Black-That's not only a fair requirement, I think, under California law, the county or any other California entity that is putting money in, really can't delegate budgeting authority to somebody else. They have to approve that decision themselves. Again, this has been really designed to be as accommodating as possible in order to achieve the political purpose of joining and strengthening our voice.

Alexander-Whoever is paying the money should have the veto. Seems fair to me.

Jerry Huningson-801 Pine Grove Road-Crescent City. I am a sitting Board Member on the JPA. I also sit on the Airport Advisory Commission and I am a Board of Supervisor in District 4 in Del Norte County. The reason that we want other communities involved is because it is your airport. We feel your community should have a say in how it is managed. The other big thing is the political clout. We're not asking for financial commitment whatsoever, unless you are willing. Del Norte County also has two other airports. We have the Gasquet and Klamath airports that we also have to fund. We're not interested in taking money away from them and throwing it all into this airport. This is a different pot of money. What we're looking for is your interests-how would you like to see the terminal, etc. We would like your community's input.

???? Today we're not asking you to approve this document, we're asking for a conceptual look at the concept and if that is favorable, then obviously, as Bob said, the discussion would start. The same thing happened at Brookings the other night. They conceptually approved the idea-they want us to work with them that will work for all parties, that's why we're here.

Popoff-I'll discuss this with the council to determine if they want this as a future agenda item.

Flynn-I'd like to do more research on this before making a commitment.

Peterson-It's a "no brainer"- we'd be *** to say "no".

Alexander-I think you hit the nail on the head. If this is as presented, if that's the reality, this particular document wouldn't be acceptable but according to what was said, it would be amended. It appears it will not cost us any money.

Popoff-If they go ahead and amend the Agreement, I think it would be a wonderful thing.

Flynn-If we're considering this, then we need to work with them on the amendments. We need to work with them as a group.

Popoff-A thought-how bout having them write the Agreement, let us look it over, take it to our attorney, and go from there?

Alexander-Will review and insert some corrected verbiage to an amendment to the JPA.

MOORE STREET PUMP STATION BIDS (B)

1. Review Engineer's Recommendation

POPOFF:-> City Engineer recommends the Council accept all bids except that of Ausland Construction and to award a contract to Triad Mechanical, Inc., the lowest responsive bidder in the amount of \$492,787.

2. Award Bid

POPOFF:->The following five bids were received on the Moore Street Pump Station.

1.Triad Mechanical, Inc	\$492,787
2.Taylor Site Development Inc	\$498,721
3.Laskey-Clifton Corp.	\$561,576
4.Ausland Builders, Inc	\$604,800 no subcontractor list
5.Don Thompson Construction Inc	\$686,000

A total of three motions will be required.

Jeff Denney: Explained that we would like to go into negotiations with the apparent low bidding general contractor and that process has already been started. We have two

different prices in the negotiation process. One with the Wemco pumps for \$469,832 and the other with Flygt pumps for \$444,226. This brings us within \$10K of the engineer's updated estimate. Flygt pumps are highly recommended. Flygt is a long-standing pump manufacture and comes with excellent references. Therefore, that is what I recommend.

MOTION:-> Peterson moved to accept the bids from the four responsible contractors and reject the bid from Ausland Construction as not being complete due to the lack of a First Tier Subcontractor Disclosure Form, second by Flynn. Flynn, Peterson and Alexander voted "AYE". VOTE: 3 AYES 1 ABSENT 1 VACANT

MOTION:-> Peterson moved to award the contract to Triad Mechanical, Inc. in the amount of \$492,787 subject to review and approval of the bids by the City Attorney and subject to there being no protests of the award by the other bidders, second by Flynn. Flynn, Peterson and Alexander voted "AYE". VOTE: 3 AYES 1 ABSENT 1 VACANT

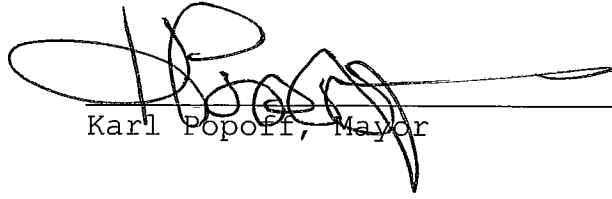
MOTION:-> Alexander moved to instruct the City Staff and Engineer to investigate with the General Contractor cost reduction measures for the project that do not affect the performance or quality of the final, second by Flynn. Flynn, Peterson and Alexander voted "AYE". VOTE: 3 AYES 1 ABSENT 1 VACANT

POPOFF:->I am pleased to announce that the total cost of the Moore Street Pump Station is being paid entirely out of money the City has been saving in a Sewer Reserve Fund. The less we have to borrow for the big Sewer Treatment Plant Project, the less our ratepayers will have to pay. The Moore Street Pump Station is just one part of that project.

ADJOURNED at 3:00 P.M.

The location of the hearing/meeting is accessible to the disabled. Advance notice is requested if special accommodations are needed. Call (541) 247-7029 so that appropriate assistance can be provided. The City of Gold Beach is an affirmative action EEOE and complies with section 504 of the rehab act of 1973. Complaints of Discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9419

Passed by the Gold Beach City Council on January 14, 2008.



Karl Popoff, Mayor

ATTEST:



Shirley Walker, Recorder