

COLUMBIA COUNTY BOARD OF COMMISSIONERS  
BOARD MEETING

MINUTES

February 1, 2006

The Columbia County Board of Commissioners met in scheduled session with Commissioner Joe Corsiglia, Commissioner Rita Bernhard and Commissioner Anthony Hyde, together with John Knight, County Counsel and Jan Greenhalgh, Board Secretary.

Commissioner Corsiglia called the meeting to order and led the flag salute.

**MINUTES:**

Commissioner Hyde moved and Commissioner Bernhard seconded to approve the minutes of the January 10, 2006 Work Session; January 24, 2006 Work Session; and January 25, 2006 Board meeting. The motion carried unanimously.

**VISITOR COMMENTS:**

***Winn Foreman, 58984 Timber Line Avenue, St. Helens:*** Sometime back in October he sent a letter to the Board regarding the condition of Gable Road. This road belongs to the county and they are responsible for the upkeep. He spoke with Dave Hill and feels he does a great job, but the problem is that a lot of development is happening in the city and checkerboard development. The county needs to work with the city more to do something about the condition of these roads that are being torn up. Gable Road is very rough to drive on and this is a main road that leads to the fairgrounds. The city is getting all the System Development fees on this development but not doing anything to the road because it belongs to the county. Something needs to be done.

The Board understands the concern. Unfortunately, the city won't take jurisdiction over a county road until the road is brought up to their standards. Further, it wouldn't make sense to do a lot of road improvements if continued development is going to tear it up again. Commissioner Corsiglia explained that the County, at one point, did have SDC's, but was voted out by the public. It may be time to revisit that.

**HEARING: INTERGOVERNMENTAL AGREEMENT WITH REDCO:**

This is the time set for the public hearing, "In the Matter of Authorizing the Execution and Delivery of an Intergovernmental Agreement between the Rainier Economic Development Council and Columbia County".

John Knight gave the staff report. At a previous meeting, the Board adopted No. 74-2005, which called for this hearing to consider the IGA with REDCO. The Board, in the resolution, approved the IGA substantially in the form now before the Board, subject to the hearing and the findings made as a result of the hearing. It is also subject to a judicial examination of the proceedings and legality of the agreement. As way of background, when the voters passed Ballot Measure 50, which replaced Ballot Measure 47, Urban Renewal Agencies were given a one time opportunity

to consider whether they would levy and keep all of the taxes that were above the level of frozen taxes prior to the ballot measure in urban renewal agency, or a portion or none. The REDCO Council chose to cap the taxes they were getting on the improvements in the urban renewal area at \$300,000, which freed up the remaining taxes from the improvements in that area for the other taxing jurisdictions in the county. At the time they did that, they believed that the \$300,000 would be enough to cover the needs that were outlined in the plan they adopted. That was done in June, 1998 and prior to the location of USG. As it turned out, because of the negotiations which lead to the siting of the USG plant, REDCO borrowed money from USG to purchase the property from the Port of St. Helens and have an obligation to pay back that amount, but only out of the taxes from USG in the amount of \$600,000 a year. Therefore, there is a gap between what they are getting from taxes and what they are going to owe to USG. In addition to the Urban Renewal zone, it is also an Enterprise Zone so the property taxes will start to come in on the improvements out there in the next upcoming year. Last year, the estimate was that USG would begin to pay \$860,000 in taxes. As it stands now, \$300,000 of that amount would go to REDCO and the remaining \$560,000 would go to the other taxing districts. The law also allowed REDCO to impose a tax levy to recover whatever else it needs to pay for its plan. So, if things don't change, REDCO will begin to levy an additional \$300,000 in taxes on the district, which includes Rainier and some other areas in the county, without having a vote. Most of the taxing districts have, at least tentatively, agreed to the IGA in some form, which would return some of the taxes from the improvements in the urban renewal area from USG back to REDCO, but not all of those taxes. In Columbia County's case, we would be projected to receive \$115,000 in fiscal year 2006-07. If the Board approves the agreement, the County would refund \$40,000 of that to REDCO and keep \$75,000. This is \$75,000 that the County would not have received if USG had not been built. John has made some changes to the agreement which he believes protects the county's interest. The changes would require REDCO to pay USG the amount of money that has been refunded to it from the other taxing districts, so they don't just keep the money and spend it on anything else. The Board will hold a similar hearing this month, sitting as the Board for the 4-H & Extension Service District. The resolution previously adopted by the Board provides that the Board will hold this hearing and determine whether any petitions or requests were filed on or before the date of this hearing, challenging the IGA. The Board must determine whether or not they believe the IGA is lawful and in the best interest of the county, at which time the Board can adopt the IGA, subject to the judicial proceeding that will investigate the legality of it.

Commissioner Corsiglia asked about the issue of any petitions or requests filed on or before the date of this hearing. Does that leave it open until 5:00 pm today? John confirmed that it would be open until 5:00 pm. He would suggest that the Board hold the hearing and, on the basis of any testimony given, then make a decision at a later date.

John stated that because this is not a quasi-judicial hearing, the Board is not required to declare any exparte contact. For the record, the Board stated that they have no conflicts of interest

The hearing was opened for public testimony.

**PROPOSERS:**

***Lori Piercy, 29993 Maple Drive, Rainier:*** She was a member of the REDCO Board for 4 years however she was not a member when any of this was done. However, she has done a lot of research on how we got here. At this point, how we got here, who was responsible or even if urban renewal is a good or bad idea, is not really important. Those are discussions for another day. What is important now is that the County do the right thing and sign this agreement. The County will be receiving tax dollars that they would never have received had it not been for REDCO and the citizens of Rainier. We put a cap on what we were going to get to allow the other taxing districts to get money. That should never have been done. The County is going to get money that, in her opinion, rightfully belongs to REDCO to pay this loan back. We signed an agreement with USG stating that only their tax dollars would be used to repay the loan. If this agreement is not signed, then the citizens of Rainier will have to pay it, at an estimated amount of \$1.57 per \$1,000. It is her opinion that the County needs to sign the agreement as the last best chance to make this right. They were promised something by County, Port of St. Helens, City and REDCO officials. She appreciates the Board stepping up to do the right thing.

**OPPOSERS:**

***Michael Sheehan, 33126 Callahan Road, Scappoose:*** Mr. Sheehan submitted his written comments to the Board. When this all happened, there were interesting people on the REDCO Board. One of the major players in the USG affair was OECDD, Mr. Jenks. Mr. Jenks is now with the Port and they are making decisions on this. Commissioner Hyde clarified that Greg Jenks was the RDO when REDCO was formed and when Measure 50 passed. Bill Campbell was the RDO when USG came in. Moving on, Mr. Sheehan has reviewed a lot of data on this issue. It seems to him that one of the reasons that REDCO agreed to the split was in order to benefit the major beneficiary - the City of Rainier. The City of Rainier dominates the REDCO Board and the City of Rainier is the largest beneficiary of having gotten the split. The comment that this was done just to help all the other outlying districts, is not well founded. The split was primarily done to make sure that the City of Rainier got a lot of tax dollars. They get the bulk of the split. Measure 50 passed in May, 1997, the sale of the land is July, 1999. REDCO bought the land from the Port, who acquired it from DSL. After REDCO bought it, they issued bonds which were bought by USG. All this money has to be paid back to USG. USG was given the land that REDCO bought for nothing, as a gift. What we are arguing about is the fact that this money needs to be paid back to USG who got the land for free. We have been paying for the services that serve USG through our tax dollars. So to suggest that we are getting free money isn't right. We are providing services with that money and we have been doing so through the entire period of the Enterprise Zone where we haven't been getting anything. The money that we will get from USG will help offset the costs for all the services that the outlying entities have provided, when there was no tax revenue. Back when the Urban Renewal Plan and this issue was happening, he made comments on Port Westward and REDCO about the potential impact on County taxpayers, he was told that he lives in Scappoose and to go mind his own business. Now here we are and we have impacts from decisions that were made then, impacting the whole county. It is clearly everybody's business when this sort of thing can be the result of decisions that are made on Port Westward, etc. Another issue is that it is his understanding that after 911, Andy Jordan said he

didn't think it was legal, that somebody (probably Rainier) is going to file something like a declaratory judgement action in order to make a determination of whether all these transfers to REDCO are legal. At that point, citizens may intervene in that proceeding.

John Knight clarified that it isn't a declaratory judgement, it's a validation proceeding and REDCO would file a petition to have the court look into the legality of the proceedings and documents and citizens could intervene. It would not be necessary for a person to file their own action. The resolution provides that if some citizen files a petition with the Board, that would cause the Board to take that into consideration before they make a decision.

Mr. Sheehan then went over his submittal and the approximate \$524,000 over the term of the repayment, not including the interest that could have been earned. For an example, the amount for Columbia River Fire & Rescue is well over \$1 million that we're giving to Rainier.

Though this was all supposed to be a great economic development bonanza and produce a lot of family wage jobs. The contract signed with the State say the number of jobs created were supposed to be 153. In the first 2 years, 50 jobs were supposed to be created, only 17 of which were supposed to be family wage jobs. He cannot find anywhere that specified that those jobs had to go to county residents.

Commissioner Hyde stated that the first report was about 87% of USG employees are county residents. He will get that information to Mr. Sheehan along with the average wage.

John Knight commented on the budget process. By law, the Board cannot surrender their budgeting authority. So each year, the Board will have a decision to make as to whether or not they will continue to refund any of the taxes from USG to REDCO. This is not a 10 or 20 year agreement, it is only a 1 year agreement that the Board will need to reconsider annually.

**Thelma Bonar, 56734 Way Lane, Warren:** She is completely against this whole situation. She feels it's the same as bailing ENRON out. REDCO messed up and they should have to deal with it. The Board needs to take more time to make a decision on this. It's taking money away from the county. That \$40,000 could go to other uses like towards the roads. USG is making out like a bandit. They got the property for free and continues to get things for free. The county continues to say how short they are of money. REDCO got themselves in this situation and they should get themselves out of it. She has tried to get various information on this issue and can't get a direct answer on how much REDCO borrowed. She believes that if people don't get out and get involved in their government, they deserve what they get. When they put REDCO together, they didn't ask our advice. Commissioner Hyde stated that they did ask our advice, because it took a vote of the County Commission to form an urban renewal district. She still feels that the citizens of Rainier should be taxed to pay off the loan. The county citizens shouldn't be bailing them out.

**Tammy Maygra, 34319 Cannan Road, Deer Island:** She understands this is a tough decision for everyone. With this type of situation, it needs to be figured out and retraced on where it went wrong, so type of mistake doesn't happen again. She can see where the people from Rainier

are coming from, but the Board also needs to see where the rest of the public is coming from. When these types of decisions are made, it is everyone's right to be involved, to be welcomed in every city because they pay taxes and it does effect everybody. REDCO took the option to cap it at \$300,000 and she doesn't understand why if the bill was \$600,000. It just doesn't make any sense. Tammy feels that USG got a very sweet deal. She understands that if the courts say this isn't legal, then the City of Rainier might have the option to petition the legislature to let them rescind the option they chose and take another option. Commissioner Hyde stated that it is possible for special legislation to do that. She feels that when multiple entities are involved in something like this, it would be beneficial to have one group meeting instead of several small meetings. Also, she previously spoke with Commissioner Hyde about the language in a document with regards to the sinking fund. Commissioner Hyde feels that the Board could put some importance on where that money actually goes rather than just anywhere. The point Tammy is trying to make is that REDCO should cease and desist and all revenues that are coming in should retire the debt, and not be used for new projects. Tammy's last comment is on the family wage jobs. She feels that the wages should be broken down more so that people can see that actual wages being paid.

#### **REBUTTAL:**

*Lori Piercy* agrees that this wasn't such a good deal. However, for purposes of this discussion, the question is what is the right thing to do. Someone testified that the citizens were not involved, which isn't true. Citizens did go to those meeting and what they were told at those meetings was that the citizens of Rainier would not be paying this loan back. This loan would come from USG taxes. The contract says that and promises were made by the city council, by the county officials that were involved, the city administrator and everyone who was involved, who promised the citizens of Rainier that this money would be repaid from taxes that USG pays. Because those involved made a mistake and signed a contract, it doesn't change the fact that this is what the contract states and promises were made. If REDCO hadn't done that, USG probably wouldn't even be here. No one would have any of these tax dollars if it wasn't for what REDCO and the citizens of Rainier did. If REDCO hadn't put the cap of \$300,000 and still had made that agreement, all the tax revenues would be going to REDCO. REDCO basically made a decision that's giving some money, that was rightfully theirs, to the other taxing districts. So if anything, they are bailing all of you out by giving you money instead of you giving us money back. Again, she agrees that things were done that shouldn't have been done, but for the purposes of this meeting, the County needs to do the right thing and not have the citizens of Rainier pay money they were promised that they didn't have to pay. At \$1.57 per thousand, that's a lot of money for the 960 household in Rainier. The only way to fix this is to do this IGA.

Commissioner Hyde clarified a comment that was inaccurate - REDCO was not the entity that had the authority or decided to cap that tax increment, that was done by the City of Rainier. Lori agreed and stated that the City of Rainier is going to pay back the bulk of the taxes. Lori also stated that the citizens of Rainier did not support this. The citizens of Rainier did vote to pass Measure 47, which wouldn't have even allowed this option. When Measure 50 came up, the residents and the city of Rainier voted against it. So the citizens have been involved in trying to fix this for a long time. At this point, this IGA is all we have left to fix it.

**Greg Jenks, Deputy Director, Port of St. Helens:** He hadn't planned on testifying here today, but felt compelled to clarify some of the comments made here today. In 1997 and through most of 1998, he served as Regional Development Officer of the Oregon Economic and Community Development Department. He represented Columbia, Clatsop and Tillamook counties in that capacity. One of their primary missions was to help depressed rural economies, diversify their employment base and their tax base. He was part of the team that brought USG to Rainier. It was a successful recruitment after a long series of high profile recruitments for that community. He was a little upset by some of the testimony he heard here today. REDCO was created after an elaborate public information process, in which the city leaders decided they wanted to become a business friendly city and went to great lengths to recruit industry and were good partners in that effort. Again, USG was a successful recruitment. There is approximately 160 people employed that were not employed in Columbia County prior to that. They ran into some estimating problem with the urban renewal because they were dealing with forecasted numbers. The Port is proud of that recruitment and it helped the Rainier community a great deal. He personally regards it as a professional highlight of his career. Greg wanted to commend the Commissioners for looking at taking this action. The Board has demonstrated a high degree of leadership by calling all the taxing districts together. According to the Landhour Associates report that was issued at the time of the USG recruitment, is that Columbia County has enjoyed about a \$300 million benefit, not the county itself, but the economy of Columbia County. There were several meetings on urban renewal. He recalls on meeting with about 200 citizens from Rainier, on a Blazer playoff night. They asked the team how the recruitment was going - this recruitment couldn't have happened fast enough for the community. Again, Greg wanted to commend the Board on looking for a solution to this.

With no further testimony coming before the Board, the hearing was closed for deliberations. John would suggest that the Board consider the testimony given here today and hold further discussions on this prior to taking any action. Deliberations were held over to February 8, 2006.

Commissioner Hyde wanted to make some comments. It's always important to consider what took place because we can learn from it. This is a problem and we are at a point where we need to solve the problem. The original purpose of an urban renewal district is to take tax increments that are captured from new industry that comes into the county and pay for whatever it is to entice them to come in. At no time would he think it is right to tax citizens to help entice businesses in a community. If the IGA isn't approve, the citizens of Rainier are going to be taxed to pay this loan because that is the language in Measure 50. He feels the County needs to ensure that the citizens of this urban renewal district are not taxed. However, even if this is approved, it does not preclude REDCO from going out and soliciting taxes. That's a problem. There should be some disclaimer in the IGA that says that REDCO will cease and desist all other activities and all tax revenues from this point forward will on go towards retirement of the debt. The only purpose of REDCO at that point would be to meet once a year to determine how they are going to solicit this agreement annually. If there are other projects that are important, and there are, then it is incumbent upon the citizens of Rainier and their leadership to start a new urban renewal district.

Commissioner Bernhard would also be interested in hearing any other options that would deal with this.

**CONSENT AGENDA:**

Commissioner Corsiglia read the consent agenda in full. With no comments, Commissioner Hyde moved and Commissioner Bernhard seconded to approve the consent agenda as follows:

- (A) Ratify the Select-to-Pay for 1/31/06.

The motion carried unanimously.

**BACONA ROAD:**

Leroy Hearshey, 3527 NW Bacona Road came before the Board to request that the Road Department do some maintenance on Bacona. Road. They have done a good job in the past, but it needs some work again. The Board will forward the request to the Road Department.

**COMMISSIONER CORSIGLIA COMMENTS:**

Commissioner Corsiglia enjoyed the PGE tour last week. It was very impressive and he didn't realize it was such a large project.

Commissioner Corsiglia wanted to recognize Deputies Peabody and Fuller who were involved in apprehending the persons who were involved in the vandalism on the cars at St. Helens Auto.

**COMMISSIONER BERNHARD COMMENTS:**

Commissioner Bernhard also enjoyed the PGE tour and was very impressed with the project. According to what she is hearing, that area is ideal for this type of development. This will be a big benefit to the community in the long run.

She attended a meeting the other night with METRO. They are looking to hold meetings in the outlying areas to deal with transportation and other issues. The message was very clear that we are very interested in the decisions they make that have a negative impact on other areas.

She spent most of yesterday at a Workforce planning meeting - looking for more of a united effort as far as workforce training around the state, with a specific plan and goals. The workforce system, the education system and the economic development system needs to work together better. These meetings will be held around the state.

**COMMISSIONER HYDE COMMENTS:**

Commissioner Hyde also enjoyed the PGE tour and was struck by the comments made by the Project Manager on the site itself. He said this was one of the most attractive sites in Oregon that

he has seen in a long time.

Commissioner Hyde then reported on the O&C meeting and OECDD meeting he attended last week.

On Saturday, he was at an American Leadership Forum.

**TAMMY MAYGRA:**

Tammy Maygra wanted to state that the work being done at the PGE site is going so well because of the union workers. She asked how an LNG pipeline going through Port Westward would effect any future development. Commissioner Hyde stated that the Board will be putting together a letter of protest on that. He will get a copy of that letter to Tammy.

There was no Executive Session held.

With nothing further coming before the Board, the meeting was adjourned.

Dated at St. Helens, Oregon this 1<sup>st</sup> day of February, 2006.

NOTE: A tape of this meeting is available for purchase by the public or interested parties.

BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

By: \_\_\_\_\_

Joe Corsiglia, Chair

By: \_\_\_\_\_

Rita Bernhard, Commissioner

By: \_\_\_\_\_

Anthony Hyde, Commissioner

Recording Secretary:

By: \_\_\_\_\_

Jan Greenhalgh