

**CANBY CITY COUNCIL  
REGULAR MEETING MINUTES  
February 3, 2021**

**Due to COVID-19 Pandemic, the Mayor and City Councilors attended the meeting virtually. The public was asked to view the meeting live on CTV Channel 5, on YouTube or via Zoom Webinar. Seating was available in the Council Chambers in compliance with the Governor's Executive Order regarding social distancing.**

**PRESIDING:** Mayor Brian Hodson

**COUNCIL PRESENT:** Christopher Bangs, Traci Hensley, Sarah Spoon, Greg Parker, Christopher Bangs, Jordan Tibblas, and Shawn Varwig.

**STAFF PRESENT:** Scott Archer, City Administrator; Joseph Lindsay, City Attorney; Jamie Stickel, Economic Development Director; Jerry Nelzen, Interim Public Works Director; Melissa Bisset, and City Recorder/ HR Manager

**OTHERS PRESENT:** Bryce Morrow, Mary Hanlon, Peter Hostetler, James Hieb, and Fire Chief Jim Davis.

**CALL TO ORDER:** Mayor Hodson called the Regular Meeting to order at 7:11 p.m.

**CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS:** None.

**MAYOR'S BUSINESS:** Mayor Hodson said in response to comments that had been made at the January Council meetings, he and the City Administrator and City Attorney met with both Councilor Spoon and Councilor Varwig to discuss options to resolve the issue. The potential next steps were to reprimand Councilor Spoon for her comments on January 4 or an investigation could be ordered. He explained the policy on Council conduct and asked if the Council wanted to direct staff to put this on an agenda for Council action.

Councilor Parker said some of the issue was the Mayor had asked for reasons why the Council voted the way they did on the Council President decision. He thought this issue should be handled off the dais.

Councilor Bangs said there was no mechanism for a Council censure and he thought this topic was moot.

Joe Lindsay, City Attorney, explained the process in the Charter to reprimand a Councilor for disorderly conduct at a meeting.

Councilor Bangs thought Councilor Spoon was out of line, but also that the line of questioning from the Mayor was unfair. He did not think a reprimand would be healthy for the Council moving forward.

Councilor Tibbals thought the rules for Council conduct was violated. He questioned why they had policies in place if they weren't going to do anything about them. He did not think the Mayor forced anyone to explain their votes.

Council President Hensley said Councilor Spoon could have stated her reasons in a different way and it was not behavior becoming to a Councilor. The policies needed to be followed. She asked what an investigation would mean in terms of staff time and cost.

Councilor Spoon said there were a number of policies that were not enforced. She thought both she and Councilor Varwig should be reprimanded as they both made comments.

Councilor Varwig asked for the reprimand due to the inappropriate accusations that were made. He would not make an apology for defending himself. He wanted to censure Councilor Spoon and said it was quid pro quo that turned into retaliation when he did not agree to go forward with it.

Mayor Hodson said staff could bring back information about the investigation such as who would do it, the cost, and how long it would take. The efforts to negotiate this offline had been unsuccessful.

Councilor Spoon thought they could still work on City issues and have discourse on those topics without taking further action.

Councilor Parker did not want to pursue censure without an investigation. He thought they should move on.

Mayor Hodson said if the Council did not want to take action, Councilors Spoon and Varwig could decide whether they wanted to privately investigate the issue. He suggested using a mediator to help resolve the issue.

Councilor Varwig said if mediation was offered, he would pay for his portion. He did not want the City to pay for mediation costs on his behalf.

Mr. Lindsay said that was an option, and there were free and less expensive options for mediation that could be pursued.

Councilor Spoon was open to mediation and to pay for her portion of the cost.

**\*\*Councilor Bangs moved to direct staff to assist in the mediation between the two Councilors and not bring it back to the next meeting unless it was deemed necessary to do so. Motion was seconded by Councilor Parker and passed 6-0.**

Mayor Hodson said the Council Retreat was scheduled for March and there would be a facilitator. He congratulated SR Smith who received an award from the United Kingdom Pool and Spa for their swim wall products.



**COUNCILOR COMMENTS & LIAISON REPORTS:** Councilor Spoon discussed the Canby Reads Program. Regarding Canby Area Transit, there had been a reduction in ridership due to Covid. Weekly ridership was down 32%, ADA Dial-A-Ride was down 54%, and General Public Dial-A-Ride was down 48%. The shopper shuttle was down 67% and weekend ridership was down 15%. Ridership per hour was up and there were no injury accidents in 2020 and overall efficiency was up. Currently they were not charging fares. She explained the Covid response and cleaning policies. Funding would continue to be stable due to payroll taxes. They were also working on putting together a city circulator route to start in the fall. A survey would go out about the circulator service hours and route options. There were some vacancies on the Transit Advisory Committee as well.

Mayor Hodson asked about Saturday Dial-A-Ride. Councilor Spoon would look into it.

Councilor Bangs reported on the School District and the dates for children to return to school in March. He explained the hybrid model for classrooms and the concerns that still needed to be addressed. Teachers and staff were getting vaccinated. New playground equipment and interior improvements would be done for some schools as well.

Councilor Parker said the Historic Landmarks Commission would be updating the historic properties in town and the Commission was working on the logistics for the annual Zion Cemetery clean up. The Bike and Pedestrian Committee completed Phase 1 of the Molalla River Trail study and had applied for funding for a more detailed study.

Council President Hensley had reached out to the other Councilors to discuss the retreat agenda. The input had been forwarded to the Mayor.

Councilor Varwig reported on the Fire Board meeting where new interns were pinned. Interviews had been done for the opening on the Planning Commission and the new person would be appointed at the next Council meeting.

Councilor Tibbals reported on the Canby Utility Board meeting where Melody Thompson was voted as Board Chair and CUB would continue to donate power to the City parks and transit mall.

**CONSENT AGENDA: \*\*Council President Hensley moved to approve the minutes of the January 20, 2021 City Council Regular Meeting and the appointment of Jeff Springer to the Bike and Pedestrian Committee. Motion was seconded by Councilor Varwig and passed 6-0.**

**PUBLIC HEARING:** Proposed Sale of Public Real Property Located at 292 N Holly Street (Former Library Building) and Declaring Said Property Not Needed For Public Use –

Mayor Hodson opened the public hearing and read the hearing statement.

Staff Report: Jamie Stickel, Economic Development Director, gave a presentation on the purchase and sale agreement for the former Canby Public Library. In 2016 the new Civic Center/Library opened and the former library building was vacated. In 2017 the City put out a



request for expressions of interest for the building and received three proposals. They began negotiations with T-5 Equities, but T-5 Equities determined they did not want to continue. She explained the advertisement that had been done promoting the building. In 2018 they put out another request for expressions of interest and received four proposals. They began negotiations with Canby Brewing Company, but those negotiations did not continue. In 2019 staff was directed to consider creating a Canby Public Market at the site. The cost estimates came in too high for that project. In 2020, they put out another request for expressions of interest and received four proposals. They began negotiations with Oregon City Brewing Company for the concept of a Canby Beer Library. Their proposal was to include a brewery and cidery, family-friendly arcade, indoor food carts, atrium (open to outdoors), and two retail spaces on NW 3<sup>rd</sup> Avenue. She showed pictures of the proposal and what the applicant had done in Oregon City. The contract was for \$500,000 to purchase the building as is, \$5,000 in escrow, use of the \$200,000 Oregon Main Street Revitalization Grant, and a \$100,000 promissory note to be forgiven/satisfied by completing \$1,000,000 in improvements. The options for Council were to either approve or deny Ordinance 1544 and staff recommended approval.

Applicant: Bryce Morrow gave a background on his company and how they opened in 2014 in Oregon City. Canby did not have a brewery and he wanted to build a community gathering place.

Councilor Spoon asked if the grant had to be used by April 2022. Ms. Stickel would be setting up a meeting with the state to find out more about the use and deadline of the grant.

Proponents: None

Opponents: Peter Hostetler, Canby resident, was opposed to the process that had taken place and the real estate deal that was being proposed. There was no notice in the *Canby Herald* of the sale proposal. The property should be sold at a fair market price and this building was valued over one million dollars. It should be advertised with a professional broker. He stated a hasty proposal period that was not advertised by state statute was illegal. An opportunity not advertised on platforms where buyers were looking for commercial real estate was negligent. This was the only 10,000 square foot building available in downtown and he did not think there would be a problem getting reasonable offers that would not be a substantial loss to the public's wallet. The beer library could turn around and sell the property for much more and make a profit. He was opposed to elected officials making poor decisions to benefit private companies at the cost of the public's money and interest. He thought it was not a responsible decision.

Mr. Lindsay clarified the advertisement was in the *Oregonian*, not the *Canby Herald*.

James Hieb, Canby resident, had an issue with the sunset clause of \$100,000. The applicant could buy the property for \$500,000, pay the sunset clause, and sell the property for much more. He thought the sunset clause should be market value of the property.

Mary Hanlon, Hanlon Development, said over the last year there had been a lack of communication with City staff. She thought this project had been privately negotiated behind closed doors. It was a project that directly affected the Civic block and its future. She was disappointed that she had not been informed. The purpose for a public/private partnership was



one in which both parties brought to the table what they could to achieve a unique, unprecedented project. She discussed the benefits of the Dahlia project to downtown and how much value it had added. She had been told that the former library building would not compete with the Civic block and instead of working with them things had been decided behind closed doors. She did not think the process was done properly.

Mayor Hodson closed the public hearing.

Mr. Lindsay explained the process for selling public property and how the notice was put on the City's social media and in the *Oregonian*. This had been an ongoing conversation for some time. He listed the ways the City had assisted with and promoted the Dahlia project. Having more businesses downtown would help energize downtown and it would be a worse strategy to let the building lie fallow.

Ms. Stickel said the appraisal that was done in 2014 stated the building was worth \$952,000. It had fallen into disrepair since that time. The request for expressions of interest was advertised on the City's website, newsletter, Facebook, Chamber, and *Canby Herald*. Oregon City Brewery's proposal fit the intention of the Council for that building in activating and enhancing downtown.

Scott Archer, City Administrator, said the Council was within their rights to have this kind of process and bring in a certain type of development rather than selling it and not knowing what would be developed. Staff had responded and acted on the Council's behalf and how they wanted to convert this property. They would continue to be a partner with the Civic block and the Council had made the choice to proceed in this particular manner. It was a path that was allowed and proper.

Councilor Varwig noted this was the best price for the property that the City had received in the last few rounds of requests.

**Ordinance 1544 – \*\*Councilor Spoon moved to adopt Ordinance 1544, AN ORDINANCE AUTHORIZING THE CANBY CITY ADMINISTRATOR TO ENTER INTO A CONTRACT WITH CANBY LIBRARY HOLDINGS, LLC TO SELL THE FORMER CITY LIBRARY BUILDING LOCATED AT 292 N HOLLY STREET, DECLARING IT NO LONGER NEEDED FOR PUBLIC USE, AND FINDING IT CONVENIENT TO SELL SAID PROPERTY to come up for second reading on February 17, 2021. Motion was seconded by Councilor Parker and passed 6-0 on first reading.**

**ORDINANCES:** Ordinance 1543 – Mr. Archer said the Council had requested this item be brought back to change the start time of meetings from 7:00 p.m. to 7:30 p.m. The wording in the ordinance gave the Council flexibility in the start time so they would not have to go through this process again if they wanted to change the time in the future.

**\*\*Council President Hensley moved to adopt Ordinance 1543, AN ORDINANCE AMENDING CANBY MUNICIPAL CODE (CMC) CHAPTER 2.04.010 REGARDING COUNCIL REGULAR MEETINGS BY CHANGING THE STARTING TIME OF REGULAR MEETINGS AT A TIME TO BE SET BY THE CANBY CITY COUNCIL WITH AN EFFECTIVE DATE OF MARCH 17, 2021; REPEALING AND REPLACING**

**ORDINANCE 1474 to come up for second reading on February 17, 2021. Motion was seconded by Councilor Varwig.**

Council President Hensley encouraged consistency of the meeting time.

Councilor Bangs was opposed to starting the meeting at 7:30 p.m. because it was too late. He appreciated the flexibility in the ordinance.

Council President Hensley said they used to meet at 7:30 p.m. and meetings did not usually go this long. She thought it was better for the public if meetings started later.

**Motion passed 5-1 on first reading with Councilor Bangs opposed.**

Ordinance 1540 – **\*\*Councilor Varwig moved to adopt Ordinance 1540, AN ORDINANCE AMENDING THE CITY'S 2010 TRANSPORTATION SYSTEM PLAN TO REFLECT A REVISED ALIGNMENT FOR A CONNECTOR ROAD BETWEEN CANBY PIONEER INDUSTRIAL PARK AND STATE HIGHWAY 99E. Motion was seconded by Councilor Bangs and passed 6-0 by roll call vote.**

**NEW BUSINESS:** Discussion Regarding Ivy Street Improvements – Undergrounding of Utilities – Mr. Archer gave a background on the Ivy Street improvements and as part of the project, the Council had conversations about undergrounding the utilities in partnership with the County and Canby Utility. The additional cost to underground would need to be paid for by the City. There was an urgent timing issue that by the end of this week, they had to decide if they wanted to proceed with the undergrounding. However, he just received news that the County was delaying the project by one year and there was no longer a timing issue. Staff had been working on cost estimates and the information would be brought back at a future Work Session.

Councilor Bangs thought there was an urgency to underground all utility lines in Oregon.

Councilor Spoon asked if staff thought this project would be delayed again. Jerry Nelzen, Interim Public Works Director, said the project would be bid out and constructed in 2023. He thought more time would benefit planning of the project.

Councilor Varwig said the current patching on Ivy was not well done and if that would be addressed in this project. Mr. Nelzen said that would be included in the project as well as new ADA sidewalks.

**CITY ADMINISTRATOR'S BUSINESS & STAFF REPORTS:** Mr. Archer appreciated the conversation earlier in the meeting and the agreement to move forward with the important work in front of them.

**CITIZEN INPUT:** None

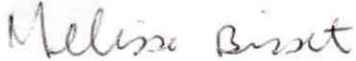
**ACTION REVIEW:**

1. Approved the Consent Agenda.

2. Passed Ordinance No. 1543 to a second reading on February 17, 2021.
3. Passed Ordinance No. 1544 to a second reading on February 17, 2021.
4. Adopted Ordinance No. 1540.

There was no Executive Session.

The meeting was adjourned at 10:10 p.m.



Melissa Bisset  
City Recorder



Brian Hodson  
Mayor

Assisted with Preparation of Minutes - Susan Wood

