

The LINKING LETTER

A briefing on the City of Independence

by Anne Scheck

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Preface: A city audit for 2016 was reported to the newly reconfigured Independence City Council Tuesday and, on Thursday, homeowners along Stryker learned that two parcels of land near them have been site-approved for a marijuana processing and grow facility. (Please see disclosure at end.)

Question: *What does the audit show and what does the site approval say?*

City's Fiscal Bill of Health: 'Clean' Audit But Long-term Deficits Persist

The city got high marks for its accounting practices and budget operation, but two areas of deficit spending that were identified in last year's report were cited again this year by the same auditor.

“The audit is a clean opinion,” said Kamala Austin, a certified public accountant with Merina & Company in West Linn OR. “You can rely on what you see here,” she told city councilors during her report on the annual audit Tuesday. However, two accounts showed deficit spending, she said.

Adjustments have been made to the city's water fund, which dipped into the red. However, the Urban Renewal Fund continues to be a source of considerable debt. Last year, in reviewing the Urban Renewal Agency, the auditor's report stated that by entering into long-term debt – such as issuing bonds – the city is able to provide “current financial resources to governmental funds.” However, these loans aren't going to increase the city's “net position” since repaying the long-term debt “consumes the current financial resources of governmental funds.”

That deficit “will be repaid,” said City Manager David Clyne, apparently alluding to anticipated revenue from the current urban-renewal project, Independence Landing. Money for city coffers will come from an increased tax roll once it is built, according to documents filed in connection with the project.

In addition to the deficit from urban renewal, MINET now is considered a non-collectable debt, necessitating regular city payments for its loans. “As your auditor, I am concerned about it,” Ms. Austin said, adding that her comments were intended only as questions for the future, should current trends continue.

“MINET’s business penetration continues to be very, very high,” said Don Patten, general manager of the network, in his report to the councilors. For more than the past year, MINET has enjoyed a net operating income of over \$100,000 and a 28% increase over the average monthly net operating income in fiscal 2012 to 2013 – the period before his arrival, he said.

Large debt from both MINET and the Urban Renewal Fund accrued before Mr. Patten or the current city manager took jobs in Independence, according to audit information from several years ago compiled by Grove Mueller Swank of Salem OR, which found “over-expenditures” at that time.

Asked after the meeting about Ms. Austin's presentation, City Councilor Ken Day said the information he gleaned from her report suggests that both the audit and the city's financial condition are in good order.

Marijuana Processing and Grow Operations Get Initial OK From City

The site design for a processing plant and marijuana-growing facility has been approved for construction along Stryker Road, and residents of the area have indicated they intend to appeal the decision. The applicant, *Organic Investments*, plans to build a structure of nearly 15,000 square feet with greenhouse space that will occupy almost 28,000 square feet.

This past fall, after a marijuana-extraction operation, *Higher Level Concentrates* in Astoria, burst into fire and sent two burn victims to the hospital, there were calls by public officials for better enforcement. The incident rekindled worries of those who live along Stryker Road, including one resident who had publicly predicted in a town hall meeting -- prior to the Astoria fire -- that such a blaze was a likely possibility.

To strengthen and consolidate oversight, a bill (SB300) -- from the joint committee on marijuana regulation -- is slated to come before the state legislature this February. If it becomes law, it would take responsibility away from the Oregon Health Authority and place it with an “Oregon Cannabis Commission.”

Though sweeping restrictions were adopted by Independence into the city’s business licenses for marijuana sales and production, some other concerns by neighbors seem to be missing from the list of requirements, including noise abatement. Independence apparently has no standard for that, though such ordinances have been enacted by other cities. Gresham’s noise-control code, for example, is listed by the Oregon Department of Environmental Quality. And some

places have instituted new distance requirements. In Deschutes County, for instance, marijuana processing facilities must have setbacks of 100 feet from lot lines and 300 feet from off-site dwellings.

OF NOTE: Two new city councilors who live within blocks of each other – Ken Day and Michael Hicks – were introduced at a meeting of the Independence Airpark Homeowners Association (IAHA) on Thursday. IAHA President Gary Van Horn asked the two about their duties as councilors. Mr. Day, who was on the MINET finance committee, announced that he has joined its board of directors -- so he plans to be a MINET liaison to the council. In addition, he also will serve as the council representative on Parks and Recreation. Mr. Hicks, a lawyer and a member of the Oregon Bar, is hoping his legal background will allow him to assist fellow councilors as they all wade through proposed ordinances, budget issues and all manner of related paper work in the coming year.

Disclosure: *I live along Stryker Road. I am not involved in the proposed appeal process for the marijuana-processing and grow facility; I plan to cover it as news as the situation develops.*
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