July 7, 2008
6:00 P.M.
Newport, Oregon

The Common Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Bain, Henning, Obteshka, Henson, Patrick, Bertuleit, and Sabanskas were present.

Staff attending was as follows: City Manager O'Neal, City Recorder Hawker, City Attorney Firestone, Community Development Director Bassingthwaite, Finance Director Riessbeck, and Police Chief Miranda.

PRESENTATIONS, RECOGNITIONS, SPECIAL PRESENTATIONS

Proclamation – Newport Craft Beer Month. Bain declared the month of July as Craft Beer Month in the City of Newport.

Recommendation from the Water Treatment Task Force to place general obligation bond on November 4 ballot for water treatment plant and water storage projects. Paul Amundson and several members of the Water Treatment Task Force made a powerpoint presentation, recommendations, and responded to Council questions regarding the proposed ballot and water treatment facility. Patrick inquired as to how Amundson feels about water rate increase and its connection to the ballot issue. Amundson – it may have a somewhat negative effect. Better to have bond election first, and then come back and increase rates. Obteshka - $1.69 per 1,000 assessed value – across the board. Are we using membrane filtration. Low pressure membrane filtration technology – pressure technology – driving water through a membrane. Has consideration been given to ozone or UV over chlorine. Chlorine provides staying power that UV and ozone cannot. May need public forum or open house for public. Bain – must be fact based as opposed to advocacy based. Maybe take it out in the community. MOTION was made by Sabanskas, seconded by Patrick, to see Paul's recommendation. To start the process of beginning the process for approval. Motion carried unanimously in a voice vote.

CONSENT CALENDAR

The consent calendar consisted of the following items:

A. Approval of minutes from the City Council work session, executive session, and regular meeting of June 16, 2008;
B. Collection services contract award;
C. Banking services contract award;
D. OLCC application, Wal-Mart, 160 NW 25th Street, off premise sales;
E. OLCC application, SKW Brewing, 56 SW Cottage Street, new outlet;
F. City meeting room policy.

Obteshka asked that the collection services contract award be removed from the consent agenda and it will become 8H, and with corrections to minutes. MOTION was made by Sabanskas, seconded by Obteshka, to approve the consent calendar as amended. The motion carried unanimously in a voice vote. Henning abstained as an original board member of Umpqua Bank.

COUNCILOR REPORTS AND COMMENTS

Obteshka reminded that the summer reading club will have a performance at 1:00 P.M., Wednesday at Literacy Park. Check library schedule to see who it is.

Obteshka reported that the Clambake was an overwhelming success.

OFFICER'S REPORTS

Report of the Mayor. None.

Report of the City Manager. O'Neal reported on a recent meeting with ODOT, DLCD, DSL, and ODOT, and Marguerite Nabeta, ERT, transportation facility work session in Salem. Read problem statement for the meeting. Ways for the state to evaluate and make decisions on coastal transportation needs.

SRO position. School superintendent says no opportunity for financial contribution on part of school district.

YAC on radar screen and will have more discussion with Tom about that. SRO is a place to get some of that regenerated with school district. Obteshka – students should get credit for participating. Supposed to be in conjunction with aquarium, coast guard station, and community college.

Lorna Davis reported on the success of the booth at the Olympic Trials. CON purchased a booth, and chamber found volunteers. Very successful – high profile and high exposure. International visitors. Newport only city represented.

Report of the City Attorney. Nothing to report.

DISCUSSION ITEMS

Preliminary discussion of Central Lincoln PUD franchise. Council discussed this matter at the work session. Gary – brought before council to restate everything in this session. PUD has franchise to provide electric service and it ends at end of calendar year. We have imposed 5 franchise fee on revenues from most customers, but .75% from other customers – industrial rate for lower amount, and others pay 5%. Lower rate was applied to two rate classes of PUD – industrial, institutiona., commercial retail, and some multi-family residential. Some of the commercial retail and multi-family were paying both or just .75%. Inconsistent application. Talked about changing. Four issues to decide: should there be two separate rates – see gary's memo. MOTION was made by Sabanskas, seconded by Henning, that Firestone prepare and ordinance and bring to another meeting. Franchise would take effect on January 1, and change of rates would be when new

computerized billing system takes effect. The motion carried unanimously in a voice vote.

PUBLIC COMMENT

Michael Cleaver noted that he had distributed a proposal for the GP permit. When he attended the public hearing at last meeting, there was a lot of emotion. No one wants either of those. Needs to be more public information to get emotional uninvolvement. One third party testing. Two info in public along with GP in library and at city hall. Third set up citizens task force of scientists for ocean sampling, shell fish, fish tissue, dissolved oxygen, north and south of outfall – to see if dead zone concerns are warranted. This should help increase the city goals of public info sharing, and help businesses in Nye Beach area where there is concern regarding toxic. Imporive public understanding. Obteshak – appreciates proactive approach. Gary – do you intend to participate in the DEQ process in addition to this process. Bertuleit – expense may be borne by our fees or GP. Do you have any idea what expense might be. No. Will add to distribution list.

Dough Hunt thanked for awarding banking services contract.

ACTION ITEMS

Resolution No. 3447 setting fuel flow fee for airport fueling. Firestone noted that the proposed resolution sets fule flow fee. Cc by ordinance has imposed fuel flow fee, and need resolution to set rates. Exemption applies to airplanes of less than MOTION was made by Sabanskas, seconded by Bertuleit to adopt Resolution No. 3447. The past fees were differently arranged as the city did not have a fule farm. Only to someone getting fuel from other than the city fuel at the airport. Asked for testimony in favor or against this resolution. The motion carried unanimously in a voice vote.

Resolution No. 3448 regarding ODOT fund exchange. Routine agreement for exchange of federal funds as a means of expeditous administration of the funds and recordkeeping. Lee – do this every year. Feds provide money to city that has all the strings attached. MOTION was made by Sabanskas, seconded by Bertuleit, to adopt Resolution No. 3448, as presented. Obteshka asked whether projects have been identified yet. All must be used in transportaton. Lee – have more projects than money. The motion carried unanimously in a voice vote.

Resolution No. 3445 – water fees. O'Neal reported resolution regarding setting water rates. It was suggested on 4A that cost for 1,000 in excess gallons remain the same, and 4B. also 4.40 for both, and to make these rates effective October 1, 2008. This will allow time to make users aware. No one falls into the 4.B category. Staff will do quick review of 4.A. Will let council know which users fall into these categories from time to time. All fees have been increased 5%. New fee for non-payment that will be added to customers bills if they jave a balance due at the next billing cycle. This is a new fee. Sabanskas, will you be notifing landlords. Landlords not notified before this fee would kick in. Obteshka – any incentive for repeat offenders. Hoping $16 will be incentive.

Gary – a lien on the property is considered a property tax. Patrick – what is the harm in holding off until after the election. Henson – what if bond measure isn't passed, we would have to raise them higher. Janice, if we hold offl, we will be raising rates again in six monoths. Sabanskas – this is important, but still looking at 5% annually for cost of living. Gary – if bond measure doesn't pass, cc will have options. One is another bond measure. Another is to go ahead with projects, with modifications, and kpay for the projects through revenue bonds paid through rates. Fallout from public if bond measure doesn't pass, and then looking at 25% increase in March or April, then public will be really upset. Patrick – are people paying their water bills. Janice – we have probably a hundred or so that are in arrears every month and get shutoff notices, and out of those, we probably collect on the majority, maybe half dozen that end up getting shut off. Shut-offs are labor intensive. O'Neal – Newport probably goes to the most extremes to make sure the customer is taken care of. Bertuleit – if we go to 60 day late fee instead of 30, would that work. Janice – preferable to stay with billing cycle. Obteshka – if current system works, leave it alone. MOTION was made by Sabanskas, seconded by Obteshka, to adopt Resolution No. 3445 as presented. The motion carried unanimously in a voice vote.

Resolution No. 3446 setting wastewater utility rates. Janice includes the new infrastructure improvement fee, and 5% increase. The fee is set on a graduated scale based on water meter size and flow capacity of those meters and ranges from $5 to $310. Hope to generate 420,000 from infrastructure improvement fee to help accomplish project backlog that we have. Obteshka – is anyone currently purchasing sewage sludge. Lee o- a couple of locations – farmer,rancher in the valley, and trying it on a trial basis there. He is compensating with a haulage fee of $1.00 per yard. MOTION was made by Sabanskas, seconded by Patrick, to adopt Resolution No. 3446. The motion carried unanimously in a voice vote.

Request for approval of sale of city property at the corner of SW Harbor Drive and SW 13th Street. Gary – been before Council. Brought appraisal. Many decades ago, a home was built, and was recently determined to be partially on city property. It's property adjacent to row. Property owner willing to pay cost of appraisal and any and all costs. Patrick – is there any compensation for the realtor on this. City's not incurring any cost. Patrick – are we signing sale agreement as it expired on June 29. Bertuleit – easement rights for a sidewalk. Gary would be retained. MOTION was made by Sabanskas, seconded by Henning, to approve the sale for $11,000 net to city, and all costs paid by the buyer, and give city attorney authority to sign. With retention of utility and sidewalk easement. The motion carried unanimously in a voice vote.

Conract for fire training facility. Scope of work identified with a maximum price of $340,765. Comment expressed today that there is a small amount of contingency of $25,000. Chief Crook and Firestone have worked thorough this and looked at schope of work MOTION was made by Henson, seconded by Sabanskas to approve contract for fire training facility, for city manager's signature, as outlined in the scope of work. The motion carried unanimously in a voice vote. Obteshka – do firefighters have to certify and recertify and go to training and where do they currently go. This facility will give a wonderful place to maintain skills and recertify firefighters. Allen – this project would

not be possible without work that volunteers have done. Volunteers provided $205,500. The motion carried unanimously in a voice vote.

Request for use of city property for extension of NE Harney Street north from NE 7th Street. Allen – staff attempted to notify as many people as possible that had expressed interest in the Harney Street project as possible. We have list, not sure it's a comprehensive list, but attempted to notif a number of people. James – has a request from Bridgeview Heights LLC – don' have a process, but council might direct staff to develop process, and whether or not to include a development agreement. May want to identify dates to set the matter forward. May want to leave public comment for later hearing process. Patrick indicated that she lives next to this property. Gary – land use rules don't apply, but state conflict of interest would apply. If it would lead to financial benefit or detriment, would have to declare, if potential, must declare and may still participate. Patrick declared a potential conflict, and no councilor objected. Bain inquired as to whether anyone would object to Patrick participating having disclosed a potential conflict of interest. No objections.

Bill Lulay, North Santiam Paving. Background – see letter. Ongoing study to try to get roadway through there. Not intended to be truck route, only for the neighborhood. City did preliminary designs, Completed extensive surveys and topography – quite detailed. Identified wetlands and turned into state, and state agreed with boundaries. Looked at future extensions, and alternatives, so that if the project is phased, it can still ultimately be completed. Discussed alternatives. Obteshka – has issues of landslides, etc. been addressed. Geotech involved already and would be during construction. James – this could be dealt with in a development agreement. MOTION was made by , seconded by , to draft a development agreement and a proposed public hearing schedule. Henson – heard over years aabout first area where there is fill that there is unbeknownst material in the area. Would want to make sure that we don't get into huge liability issue with geologic report. Schedule for a public hearing and discuss this – Henning. Henson – need to hear what people want to hear. Henson – looked at map at work session, and if nayone has question about highlighted routes, ask Mayor to see if comment about those. Maps circulated among the audience.

Paul Johanides, representing Fair Board, distributed fair poster. Harney Street at at one time part of fairgrounds. Happy to present win-win situation. Would be happy for city to rerturn property to the fair. Fair is putting together five year plan, and Harney Street is important to that, and asked that be kept involved in the process.

Nyla Jebousek, don't understand how far the project goes. It is a first phase piece that services this 80 acre parcel, and is deisnged so that it can be further utilized in the future as a connecting street to 101. Gary – Council has been asked for consent to use city property north of 7th Street and the property owned by the developer. Further development would be considered at a future time. Developer would not take beyond developer's property. It would not extend north of property being considered for development, but designed to accommodate a connecting type route. It will change the character of the entire area. Considered about traffic noise. Would there be restriction on size of vehicles lusing this road. Could limit by weight. Asking council to prohibit traffic by weight.

Penelope Kazcamarek, thanked for notice to interested parties. Here on behalf of lost of people. Thanked Brad Bowder for going to great lengths to engage citizens and make himself available to answer questions regarding concerns. Excited by the changes made from the original transportation plans, especially option 3 that evidences appropriate sensitivity to concerns of neighbors, DSL, and DEQ. Agreed with Henson to be wise about geological limpact in fill area near Iler Street. Has concerns regarding the lay of the land there. It is very steep. South terminus on 7th Street would have Harney routed on banks of canyon, and has confidence that geological survey done and futher considerations to prevent damage down the line. Asked city to support to secure permanent protected status for this area.

Ken Dennis representing Newport Bicycle and Pedestrian Committee. Does city council really tink they can continue on due to terrain. Otherwise is looks like a private driveway into a development. If city street, city 366.514 adhere to – any new streets need to include bicycle and pedestrian facilities. Even an entrance into a private development, that needs to be considered.

Amanda Zurr thanked thought and work that went into plan. Commended Brad Bowder for working with city. If there was a non-motorized vehicle path, could connect from fairgrounds to the beach. Some exciting potential, and if done carefully and taking into account Jeffires Creek (a sensitive area), potential for win-win for pedestrians too.

Public hearing, expanded notification, more info with geologic, have staff work something up for council. More finite proposal with 1,000 foot notification area, and bring back at the second meeting in September. Include bike/ped that is not necessary attached. Draft development agreement with precise impact on which paracels. Include road noise information. Clearer idea of elevation profiles. Patricia – did the developer do geologic studies in the area of the fill. Possible comparable noise comparisons on a similar street.

What has been suggested is: public hearing, finite proposal, 1000 foot notification process, sidewalk/bike path alternatives, draft development agreement, identification of exact parcels impacted, impact on property that city used federal funds to purchase, elevation profiles – vertical profile of street and surrounding territory, geologic study on area of fill, meter noise on similar roads, and restrict vehicles by weight. Need for Lee, James, and Gary and Allen to get together, and determine when they can get everything together, and will let council know at the next meeting.

MOTION was made by Sabanskas, seconded by Henning, to proceed in manner outlined by the city manager. The motion carried unanimously in a voice vote. Allen – it will be on the next agenda – not necessary to notice for next meeting. It is not a hearing, only the explanation of a process.

Award of collection service proposal. Henning excused himself with an actual conflict of interest. Allen – city put out RFP for collection services. Four proposals were received – he listed them. A team of three city employees reviewed and evaluated proposals independently and Janice compiled the results of those evaluations. Vlaley Credit Service was unanimously selected as the proposer and that is the recommendation. There was a notice of intent to award that the city would be recommending this tonight based on the evaluation. The third thing is a spread sheet of the criteria and combined scoring. The next item is letter from Credit Collections Services requesting that the

council consider another process, such as local participation. The last item is a response to the letter from Credit Collections Services which is a protest and request to reach a different decision. The last item is a response to the letter/protest. At the work shop discussed various issue. Gary – public contracting rules set out procedures for protest, and the process is that there is a decision by the city manager, but council as local contract review board has responsibility to make, and should consider recommendation, but is not bound to follow recommendation. Allen or Janice will respond to inquiries. Gary reviewed three options. Follow recommendation and award to Valley. Determine problems with process and reject all proposals and go through process again. Third is an independed re-evaluation, go through RFP, criterion, read proposals and determine independently which is best using criteria. Patrick – can we decide to go with another company tonight. Allen – there was a modlification and changes were made before it was published, not afterward. Gary, it can be changed, but notice must be provided to all involved. Obteshka – do you know what the fee of the contract winner charges. Janice - $25 – collection agency collects amount and adds their fee on top of amount collected. So now add set fee on top of amount they are attempting to collect, and total amount to city.

Lorna Davis, executive director GNCC, provide information. In consideration when RFP's are being sent out, there should be merit for local businesses. Incumbent on decision makers to foster local business development. Promote local business growth. Chamber is a membership organization. Mission is to be mutual benefit organization. Buy local campaign – buying from local business that provide wages, pay taxes. Perhaps two or three would be best options. Gary explained best able to do job at best price. Cannot have criteria that don't relate to the bset possible contract for the city. Can consider local knowledge. To give an absolute preference based on location without the city is likely not consistent with state public contracting law. If done in RFP upfront, can consider local knowledge. One of the criteria is cost reasonablles and ability to provide services as compared to all other proposals was understood to include a component of knowledge of the city. Pegy – would the city have to spend man hours to bring the service up to standard. Janice - A new vendor would require some labor and process to integrate them with our computer system. That was a criteria. It wasn't evident that that was doable in some of the proposals. Some may have not been responsive to that. The one that is recommended for the award is our incumbent and they are integrated with our computer system. They extract data from our system regarding past due amounts. Compatability with our computer system was a criteria. And not all proposals addressed that directly. How long did it take to work it out with our computer system.

Wanda Henning, president of Creditor's Collection Service. Neal has an actual conflict and has left the room. Would like to take away from proposal and look at basic criteria for RFP's in general. Ask Council to look at this and stat process again, look at state law, and look at what criteria could be for awarding local business. We're trying to maintain jobs. Council knows the difficulties of maintaining a business on the Oreogn coast. Been here for 28 years – good history – family wage jobs, medical insurance, and would like to add another employee. Could grow business if CON was a client. Asking CC to look at process. Distributed a list of cities with local preference ordinance. Commented about seamlessness. Any collection program could do the extraction. What is the criteria generally for all city businesses.

Henson – not going to micromanage city or undermine city manager or his staff. Has nothing to do with people he knows and thinks a lot of. Doesn't necessarily mean a preference will be given to city businesses. Can't undermine staff.

Obteshka – thinks staff was constrained by process we had in place. Thinks we should look at. We work for people of Newport, and anything we can do legally to slupprot them, that's where I'll go.

Patrick – doesn't feel it's micromanaging. Janice acknowledged things left out of criteria. Don't have a problem with option two. Wouldn't feel right voting for this knowing there was a bit of a glitch.

Allen – one way to approach this – process already in place. Creditor's is a great company that provides wonderful services to this community. Process was in place, four companies responded in good faith, evaluation process in good faith. Perhaps a lesser length contract, and council can direct staff to come back to you with a broader scope regarding what can be done pursuant to ORS and develop a criteria process for anything that has a local component. Would be interested to see what the city of Burns does for a local component. Every elected body I have worked for has gone through this process, and it was always determined not to have the local component due to statutory problems.

Gary – only preference is in-state preference. To answer Allen's questions, if Valley Credit agreed to a lesser term, it would have to be mutually agreeable to awardee. Otherwise, other option is to reject all and start over.

Peggy – does not want to undermine employees. Maybe it is our job to amend process and gtive it back to them at some point. Independent review would not bother me.

Patricia – okay with three.

Jeff is there a process where money stays. Gary – must be based on terms, quality, and cost.

Gary – if local too big a factor

Terry – amend process to give preference to local preference.

MOTION was made by Sabanskas, follow process, as CM & CA to bring back to us a new process with a local preference issue, and ask the awardee for a lesser term, but if not still award. N;ot so much process as criteria and standards. Gary – if the recommeneded awardee does not go for lesser term, then go for threee years. Ask if they will do for one year.

Award contract to Valley Credit and direct staff to attempt to negotiate an amendment to what was originally proposed so term one year not three, and direct staff to come back with proposed amendments to contracting rules that would add additional standards regarding locality, seconded by Bertuleit.

Motion carried in a voice vote with Obteshka voting no.

PUBLIC COMMENT

Nyla Jebousek – when will meetings be televised. OLCV ecstatic.

Bain thanked Paul for his work on the Water Task Force. Yet to receive final report from HBH on water plan. Also water conservation plan. Resource issue looms large.

Adjournment – 9:38 P.M.

Saabansaks and Henning – consent calendar.

No public comment.

PUBLIC COMMENT

None

Consideration of request from property owners.

See staff report. Lee explained issue. Patricia manages for the estate of Marian Stocker, but does not have any business with this propert. All properties outside city limits.

Carl Reddick supports the Doube E NW and OCCC development. Gary may not require annexation to get sewer services, unless contiguous to city, otherwise the city would require a consent to annexation. There will be an island of people who people who won't want to be annexed. Inevitible, but might be bumps where one propert owner might stop the progress.

Is there a tentative plan to revisit with other property owners.

General consensus is that this is far-sighted. Do you want to have Lee give this message to the property owners. Solidly behind extending ur district.

Jack Stocker, for URA member for 14 years. Owned property since 1957. Lot of activity in this area. Improvements in this area has been practicall non-existint due to lack of utilities. Seal Rock extended lines several years ago. Gave easement through property to serve King Slough area. Sewer line with improved water line would enhance and improve chances of making area vibrant more than now.

Bertuleit – widening of highway. Would like to setaff prepare for that eventuality and make sure that lines fit within the potential widened row.

Lee – widening would accommodate landscaped portion and bicycle lane/sidewalk. Easement would accommodate ODOT's requirements and wouldn't vest the property title of that area and therefore would not affect setback requirements.

MOTION to consider request from east side property owners to provide utilities in exchange for a utility easement. Seconded by Henning. Gary – suggstion that URA agree to concept and direct staff to proceed. Includes potential row and bike/ped easement.
Terry – has support. The motion carried in a voice vote with Jeff voting no.

Adjournment – 10:08 P.M.