

August 16, 2010  
6:00 P.M.  
Newport, Oregon

The City Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Bain, Kilbride, McConnell, Patrick, Brusselback, and Obtshka were present. Bertuleit was excused

Staff present was City Manager Voetberg, City Recorder Hawker, City Attorney McCarthy, Community Development Director Tokos, Finance Director Marshall, Airport Director Cossey, and Police Chief Miranda.

### **CONSENT CALENDAR**

The consent calendar consisted of the following items:

- A. Approval of City Council minutes from the work session and regular meeting of August 2, 2010, and the joint work session with the Planning Commission on August 9, 2010;
- B. Police and Fire Department reports for July 2010;
- C. Report of accounts paid for July 2010;
- D. OLCC license application from the Newport Moose Lodge, 1255 North Coast Highway.

MOTION was made by Patrick, seconded by McConnell, to approve the consent calendar as presented. The motion carried unanimously in a voice vote.

### **COUNCILOR'S REPORTS AND COMMENTS**

Obtshka reported that Senior Center rental fees are too expensive for non-profits, and that the issue will come to the city manager for discussion. Obtshka reviewed Senior Center activities, volunteer hours, senior focused publications, and the status of the renovation.

Obtshka reported on a recent meeting of the Lincoln County Sustainability Committee. Issues discussed included green business, green schools, and the possibility of the solid waste district offices going off the grid as a test case. He noted that the city may wish to organize a sustainability committee similar to Lake Oswego. He added that an eco-tourism conference will be held in Portland in early September.

McConnell reported that the recent Sister City visit was very successful. He noted that there is a movement to invite a Newport delegation to attend the Mombetsu Ice Festival in February to celebrate the 45<sup>th</sup> anniversary of the friendship, and also an exchange to Newport, from Mombetsu, in the spring.

McConnell reported that he attended the recent retirement board meeting and a meeting of the sustainability work group.

McConnell asked for clarification regarding wage freezes for this fiscal year. It was noted that all city employees have agreed to wage freezes, except that the represented

firefighters will be receiving a step increase. It was noted that the freeze means no step or COLA increase, and that no wages have been reduced.

McConnell requested an excuse from the September 7, 2010 meeting. MOTION was made by Patrick, seconded by Brusselback, to approve McConnell's request. The motion carried unanimously in a voice vote.

Kilbride reported that he attended a recent meeting of the retirement board. He explained the defined contribution and defined benefit plans and how they are each affected by market fluctuations. He reported that from September 1, 2009 to June 30, 2010, investments are down by \$339,000, but that number is up \$318,000 from the previous year. He added that the city's greatest problem is the unfunded liability in the defined benefit plan, which could be as much as \$3,000,000. He stated that the federal government may force defined benefit plans to be funded as much as 80%, and last year, it was funded at 56%. McConnell asked Voetberg whether he had discussions regarding ways to move away from the defined benefit plan. Voetberg stated that he hopes to retain a consultant who can work through the issues with the city. McConnell noted that staff should aggressively move forward on this matter. Kilbride noted that the retirement board discussed changing plans and possibly freezing the defined benefit plan so the city does not have to absorb the downturns of the market. He added that there are positives and negatives to making this type of change in a down market. He reiterated his concern about potential federal regulations requiring funding of the defined benefit plan at 80%, noting that this may be up to three million dollars added to the plan.

Kilbride addressed airline sustainability. He noted that ridership is up over the same time last year, but that SeaPort's goals are not being met at this time. He added that the subsidy is currently between \$22,000 and \$26,000 weekly. He added that last week, Newport had 120 passengers and Astoria had 40 passengers. He stated that the cap has been exceeded by \$87,000.

Patrick reported that SeaPort had presented a marketing report at the recent Air Service Sustainability meeting. She added that SeaPort seemed to have a shotgun approach to marketing, and that some members of the Task Force had requested a timeline and priority list for marketing.

Patrick reported on a recent meeting with Dr. Richard Spinrad, vice-president for research at OSU. She noted that he asked about the community and talked about OSU research, and expressed an interest in the development of the South Beach Peninsula.

Patrick reported that the open house on South Beach Peninsula improvements will be held August 18, from 6:30 - 8:00 P.M., at OCCC. A subsequent open house will be held on September 9.

McConnell noted that the Air Service Sustainability Task Force will meet at 3:00 P.M., Wednesday; and the Airport Committee will meet tomorrow at noon.

Bain reported that Dr. Spinrad is a former assistant administrator for NOAA.

Bain reported that National Geographic will be filming a documentary on earthquakes and tsunamis for the next two days.

Bain reported that PDXposed was filming a new project in Newport last week, and will return to conclude the filming.

Bain noted that the noon work sessions have become problematic for some Councilors and the public. He suggested trying a pilot for approximately three months in which work sessions are held prior to the regular meetings. Patrick noted that an advantage to the noon work sessions is that if an agenda item requires supplemental

information or revision, it can be made before the evening meeting. MOTION was made by McConnell, seconded by Brusselback, to amend the City Council Rules, effective September 7, 2010, to hold the Council work sessions from 5:00 - 6:00 P.M. The motion carried unanimously in a voice vote. It was asked that a press release be issued and that notice be posted on the city's website.

## OFFICER'S REPORTS

**City Manager's Report.** Voetberg reported that there are two press releases from the Police Department in the packet. One pertains to the pharmaceutical take-back program, and the other recognizes Rogue Ale for its contribution of \$2,000 to the canine program.

Voetberg distributed the bike route map that was recently developed by the Bicycle/Pedestrian Committee, and the Community Development and Public Works Departments.

Voetberg reported that staff is receiving complaints regarding the parking of oversized vehicles on Bay Boulevard. He noted that some of the parking spaces previously had white tees painted at the end of the space, and that vehicles that overhung the white tees were subject to parking tickets. He added that if Council did not object, he would ask the Police and Public Works Department to develop the appropriate signage, notice, and begin ticketing if problems persist. Obteshka suggested designating an area for oversized vehicles and signage directing large vehicles to a particular parking area.

Voetberg reported that he had included a FY 09/10 expenditure report in the packet, and distributed a FY 10/11 month end financial report at the work session.

Voetberg reported that the city's water shut-off policy was discussed at the work session, and that staff will prepare modifications to the code that will be presented at a September meeting. He added that the modification will include sufficient public process.

Voetberg reported that he had met with union representatives on the health care cost containment issue and asked for input on savings or cost control. He has also asked non-represented employees for their input. He stated that he will ask CIS for input on controlling insurance costs. He reported that he is continuing to work with other fire/rescue groups on resource sharing, and that all the jurisdictions seem positive about controlling costs through sharing. He reported that the city has sought employee suggestions, and that two suggestions have come from the Public Works Department. One idea relates to the shape of the street name signs and involves the city's ability to produce signs rather than ordering specially designed signs from outside manufacturers. Patrick asked whether the suggestion list submitted by the Public Works Department employees during the budget meeting has been explored. Voetberg reported that one of the ideas is the water shut-off issue that is currently in progress, and another is to sell the surplus brass which is also being investigated. He added that staff is aggressively looking at all ideas.

Voetberg reported that meetings will be held on August 18 and September 9 regarding the Marine Science Drive improvements.

It was reported that Tokos is working with the Deco District and the Bayfront Association on the establishment of parking districts. He noted that the Deco District

parking district will be coming forward in September, and that the Bayfront Association is actively working on its district. It was noted that various e-mails had been received from individuals in the Deco District.

It was reported that the geological hazards ordinance will be brought to Council at the September 7 meeting with the Planning Commission recommendation. It will not include the liability waiver, but the liability waiver will be discussed in the staff report, and Council can add it to the ordinance if it wishes.

McConnell asked whether the sale of the FBO, and the contracting of the recreation center/programming, had been explored. Voetberg reported that there has not been much progress on the sale of the FBO, but that the word is out. He also reported that he, Marshall, and Protiva will be visiting other recreation centers prior to formulating a plan. He noted that Council had also expressed interest in conducting pre-budget planning meetings.

**City Attorney's Report.** McCarthy reported that city staff was working with a small group of interested people on an update to the business license and transient room tax ordinances. She noted that the ordinance modification will be on the Council agenda of September 20.

McCarthy reported that ten applications had been received from folks interested in serving on the Technical Task Force, and that it is anticipated that others will be received by the deadline later this week. She noted that interviews will be scheduled on the September 20, 2010 work session.

McCarthy reported that the sustainability working group was interested in having Duke Castle present a workshop. She added that the workshop is tentatively scheduled for October 22, and that during the work session, Council had suggested looking for additional partners to share the cost. Patrick noted that she is concerned about the cost of the workshop. MOTION was made by Brusselback, seconded by Obteshka, to move forward in scheduling the sustainability workshop on October 22, with a follow-up presentation at the Chamber luncheon. Patrick asked that the motion be amended to include that staff and/or Council do everything possible to alleviate the financial impact. Brusselback accepted Patrick's suggestion. The motion, including Patrick's suggestion, carried unanimously in a voice vote. Obteshka volunteered to help recruit co-sponsors.

McCarthy stated that she will present information at the time the geologic hazard code update is discussed by Council regarding some of the issues raised regarding the liability statement.

McCarthy reported that there will be no further meetings of the business license/transient room tax update working group. She added that staff will modify the ordinance and bring it to Council for consideration. Patrick asked whether the modifications will be brought back to the working group, and McCarthy reported that she did not anticipate ongoing meetings of the group. She noted that staff believes it is unwise to continue meeting without publicly noticing the meetings, and that the process is nearing its conclusion. She added that there will be ample public process for comment. Patrick asked that the draft show the current and redlined changes.

Bain reported that the Lincoln County mayors had met to discuss PSAP consolidation. He added that the group will meet again.

Bain reported that the City of Florence has scheduled a City Hall week event on September 15, from noon until 1:30 P.M., at the Florence Event Center

## PRESENTATIONS

**Rob McKinney, CEO, SeaPort Airlines.** Rob McKinney addressed Council regarding SeaPort's efforts to comply with the revenue guarantee agreement and to ensure sustainability of the air service to Newport. He reported that SeaPort has spent \$370,000 in marketing its Oregon coast service. He noted that upcoming marketing will be based on internet technology. This may include participation in the global distribution system, Google ads, on-line travel agencies, and other resources. He reported that SeaPort is currently accessible on Expedia, and discussions with Travelocity and Orbitz are ongoing. He reported that SeaPort will be able to issue its own e-tickets in a few weeks. He noted that the first-time flyers promotion has been reintroduced. He reported that Newport traffic has increased. He added that when the Caravan comes on line, the baggage limit will increase to 50 pounds. He reported that SeaPort partners with the Newport News-Times to produce the in-flight magazine. He added that SeaPort flights were operating at 94% on time, and has a flawless safety record, with 115 flights daily. McKinney reported that SeaPort has secured an interline ticketing agreement with US Airways, and this should make it simpler to obtain additional interline ticketing agreements. He noted that SeaPort tickets are available through any travel agent. He reported that SeaPort has changed its business model and begun working with TSA to institute an interline baggage agreement. He added that SeaPort recently obtained a Cessna Caravan that will be dedicated to the coastal routes. He reported that despite pressure from its Portland landlord, SeaPort continues to purchase fuel in Newport. He said that he is proud of the job SeaPort is doing in communicating with the community and the Air Service Consortium. He reported that passenger reaction has been overwhelmingly positive, and that SeaPort is doing a good job and is a good partner for the city.

Kilbride asked what will happen when the subsidy runs out. McKinney stated that with marketing and change of aircraft, he is very hopeful that the service will be sustainable. He added that SeaPort is aggressive and proactive, and the trending is positive. He noted that he is open to any reasonable suggestion for improving service.

McKinney reported that the Cessna Caravan should be in service around September 7.

Obteshka asked whether the SeaPort on-line reservation is translated into other languages. McKinney noted that a lot of foreign visitors use travel agents, and the on-line travel agencies translate for specific countries.

McConnell asked whether SeaPort had specific plans to attract more passengers from the catchment basin. McKinney reported that local sponsorships will continue, the baggage weight allowance will increase, and the new marketing direction may attract local passengers.

## PUBLIC HEARINGS

### **Public hearing on Resolution No. 3522, appropriating funds for a supplemental budget.**

Bain opened the public hearing at 7:25 P.M. He asked for abstentions or ex parte contact, or objections to any Councilor or the Council as a body hearing this matter. There were none. Marshall explained that the issue before Council is the amendment of

the city's fiscal year 2010/11 budget to address increased appropriation changes in the Wastewater and SDC Funds. It was explained that during the budget hearings, Phases II and III of the Elizabeth Street project were expected to be completed in fiscal year 2009/10. Since the work was not completed in that fiscal year, the monies need to be appropriated in the 2010/11 fiscal year budget. Marshall noted that the amounts are \$70,000 in the Wastewater Fund, and \$50,760 in the SDC Fund.

Bain called for proponents and opponents. There were none.

The public hearing was closed at 7:27 P.M. for Council deliberation.

McConnell asked whether there were additional appropriations, and Marshall stated that there were not. MOTION was made by Brusselback, seconded by McConnell, to adopt Resolution No. 3522, approving a fiscal year 2010/11 supplemental budget and making appropriations. The motion carried unanimously in a voice vote.

## ACTION ITEMS

**Notice of intent to award bid for airport AIP project.** Cossey reported that the issue before Council is the issuance of a notice of intent to award a bid for the FAA Airport Improvement Project 3-41-0040-017. He noted that staff applied for an FAA AIP grant for the replacement of the rotating beacon, guidance signs, and miscellaneous electrical improvements. He added that the project was designed by Precision Approach Engineering, and that the designs have been approved by the FAA. He reported that bids were opened on August 12, 2010, and the apparent low bidder is E2 Electrical in the amount of \$112,534. He recommended approval of the issuance of a notice of intent to award a bid for this project. Obteshka asked whether the project is fully funded with grant monies, and Cossey reported that there is a five percent cash match that will come from a ConnectOregon III Rural Airports Fund grant. MOTION was made by McConnell, seconded by Brusselback, to issue a notice of intent to award to E2 Electrical, and to authorize the city manager to execute a contract on behalf of the city contingent upon the city receiving the FAA grant AIP 3-41-0040-017, and after the required protest period. The motion carried unanimously in a voice vote.

**Resolution No. 3523 amending the Parks System Development Charge Projects Plan and Rates.** Tokos reported that the issue before Council is consideration of a resolution that would eliminate the collection of SDCs for the construction of a park in the SE 40<sup>th</sup> Street area, and reducing the amount collected for purchasing park sites in that area, given Landwaves, Inc.'s recent dedication of a public park along SE 43<sup>rd</sup> Street in the Wilder development. He added that the city no longer needs to collect SDC funding for a park in this area since the donation of the Wilder park, and that it is appropriate that the city reduce the amount of park SDCs it collects for park acquisitions in the vicinity of SE 40<sup>th</sup> Street by an amount equivalent to the appraised value of the Wilder park property of \$73,000. He noted that this results in a 6.82% reduction in the amount of SDCs the city collects on an equivalent dwelling unit basis for parks purposes. He noted that to make these changes, it is necessary to amend the Parks SDC Projects list and rates by resolution. MOTION was made by Patrick, seconded by McConnell, to adopt Resolution No. 3523, a resolution amending the City of Newport Park System Development Charge Projects Plan list and rates to reflect that the city will no longer be collecting SDC fees for development of a park in the SE 40<sup>th</sup> Street area,

and is reducing SDC eligible costs for park acquisitions in the same area by \$73,000, the appraised value of the Wilder park site. The motion carried unanimously in a voice vote.

**Resolution No. 3524 transferring funds for the fiscal year 2010/11 budget.** Marshall explained that the issue before Council is the need to transfer monies between major expense categories in the Capital Project Fund for the fiscal year 2010/11. He noted that the Capital Project Fund appropriations were incorrectly budgeted in materials and services, when they should have been appropriated in capital outlay. David Allen, Co-Chair of the Budget Committee, but appearing on his own behalf, suggested that staff should look at other funds to determine whether monies should be transferred into Capital Outlay. He noted that the city needs consistency in how monies are assigned to specific funds. He suggested utilizing the Budget Committee earlier in the budget process. MOTION was made by Obteshka, seconded by McConnell, to adopt Resolution No. 3524, a resolution transferring appropriations for the FY 2010/11 budget. The motion carried unanimously in a voice vote.

### ADJOURNMENT

Having no further business, the meeting adjourned at 7:52 P.M.

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Margaret M. Hawker, City Recorder

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William D. Bain, Mayor