

December 7, 2009
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, Brusselback, Kilbride, Obteshka, Patrick, and McConnell were present. Bertuleit was excused but participated by telephone during the parks and recreation business plan presentation.

Staff present was City Manager Voetberg, City Recorder Hawker, City Attorney McCarthy, Community Development Director Tokos, Public Works Director Ritzman, Interim Finance Director Schultz, Parks and Recreation Director Protiva, and Police Lieutenant Teem.

Bain recognized Pearl Harbor Day and mentioned the local commemorative events.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of minutes from the City Council work session and regular meeting of November 16, 2009;
- B. OLCC application – Local Ocean Seafood

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

Kilbride reported that transient room tax revenues through October are approximately \$15,000 ahead of the same period last year. He added that the city increased its budget approximately \$100,000 more than what was received last year, so revenues are down about \$51,000 from last year, and about \$35,000 for the previous three years.

Kilbride reported that SeaPort flights from Newport averaged 3.1 passengers per flight last week, and Astoria averaged 1.5 per flight. He added that this amounted to a subsidy of approximately \$47,700.

Patrick reported on a recent meeting of the Airline Sustainability Task Force. Jim Day, CFO for SeaPort Air, made a PowerPoint presentation that reviewed the history of SeaPort's flights on the coast, and various methods of sustaining the service once the subsidy is gone.

Don Mann gave a brief NOAA update. He thanked the city for its continued support of this project, and assured Council that NOAA is moving forward. He discussed the appeal by Bellingham. He added that by this time next month, construction will be underway.

Obtreshka reported on a recent meeting of the Library Board. Issues discussed included an honor card policy, the adoption of a pandemic plan, a pilot program for school aged children, an update on the painting and carpeting project, and statistics.

Obtreshka reported that the Police Department had met with folks in Nye Beach. Issues discussed included skateboarding, lighting at the PAC, removal of dilapidated buildings, cleanup of Jump Off Joe's campsites, shoplifting, and petty crimes.

Obtreshka reported that DEQ held a community meeting regarding odors from the asphalt plant. He noted that DEQ has issued a letter of "no further action" after cleanup of property at 7654 Avery Street.

Brusselback reported on a recent meeting of the Parks and Recreation Committee. He noted that there were 111 swimmers at the spooky swim; the water boot camp class has been rejuvenated; and the Aloha swim will be January 30. He noted that Will Emery and Bonnie Serken are planning to build a park at the Wilder development, and donate it to the city for a partial exchange for SDC credits. He added that the park design includes a dog park. He reported that ground breaking for the senior center renovation is scheduled for April 16.

Brusselback reported on a recent meeting of the Blue Ribbon Task Force. He noted that the Task Force charge is to: (1.) consider the future of the county fair; (2.) consider the future of the fairgrounds; and (3.) discuss the use of the county's dedicated transient room tax funds. At the conclusion of the meetings, the Task Force will have developed a list of prioritized recommendations for the County Commissioners.

McConnell reported on a recent meeting of the Destination Newport Committee. He noted that a new segment of PDXposed had been produced, and it features visits to Newport during the winter. The PDXposed staff flew to Newport on SeaPort Air.

McConnell reported that he had attended the OCCA retreat and goal setting session. He added that OCCA established a long range planning process.

McConnell reported that he had also attended the Airline Sustainability Task Force meeting, and that SeaPort's current average ticket price is \$66. A recently instituted fare increase will help move the service toward a sustainable level.

Bain reported on a joint meeting of the City Council and the Lincoln County Commissioners. Various issues were discussed including animal control, South Beach transportation, Lincoln County Land Trust, and the warming center.

OFFICER'S REPORTS

Report of the City Manager. Voetberg reported that he is working with SeaPort Air to obtain a de-icing machine, but until the equipment is available, the airplane will be housed in the FBO hangar at night.

Report of the City Attorney. McCarthy reported that the ConnectOregon III grant proposal was submitted, and a decision will be made in August of 2010. The grant request was for an additional three years of air service subsidy.

DISCUSSION ITEMS AND PRESENTATIONS

Presentation on draft Parks and Recreation business plan. Voetberg thanked staff for compiling the draft business plan and proposed fee schedule. He reported that the Parks and Recreation Department had implemented approximately \$55,000 in cost savings, and would recognize an additional \$25,000 savings with implementation of this plan. The fees, if implemented, would bring in an additional \$67,000. He added that these savings are based on the same level of service. If a service reduction is instituted, costs could be further reduced.

Protiva made a PowerPoint presentation on the recreation side of the business plan. He noted that the recreation center and pool offer a unique resource for Newport and Lincoln County residents. He reviewed activities noting that there is something for all ages. He reported that in some cases, user fees have not been increased in nine years, and that some fees do not appear to have been based on any methodology. He noted that areas have been identified where costs can be reduced.

Protiva reported that he has heard from many citizens, and some are sympathetic to the financial crisis while others are upset with the proposed fee increase.

Protiva noted that expenses can be cut, and toward that end, some staff hours have been reduced. He noted that the department is facing economic challenges, and the recreation center and the pool staff are working together to find solutions. He added that solutions will not be easy, but could include fee increases; reduced hours of operation; staffing cost reductions; aggressive and ongoing evaluation of marketing strategies; increasing the customer base; and creative fundraising strategies and tactics. He noted that the department's future depends on a balance of reasonable user fees and a reasonable bottom line. He stated that the department would be innovative in providing leadership and organization in recreational activities and sports programs, and continue to be an active social hub for the community.

Protiva reported that staff is recommending a 25% increase in facility rental fees. Voetberg reported that other user fees are based on drop-in fees of \$2.50 for youth; \$3.75 for adults; and \$3.00 for seniors, and the fees were compared to other area facilities for reasonableness. He reviewed the discounts for multiple pass holders. He added that a methodology was necessary to formulate and defend fees, and for future use. Protiva noted that there has been discussion regarding a pass that would be accepted at both the recreation center and pool.

Bain noted that the business plan is the result of the budget process from the last year when direction was given to staff to develop a business plan and a fee schedule that is based on methodology.

John Baker, the consultant retained to work on the business plan, lauded Council for directing staff to come back with a plan to increase revenues and make fees as fair as possible. He added that the plan is fair; comparable; and workable. He noted that suggestions include special events, establishing a 501(c.)(3.), and enhanced marketing.

A budget discussion ensued. Kilbride reported that the recreation center budget is \$440,000, with user fees of approximately \$260,000. The pool budget is \$282,000, with user fees of approximately \$70,000. McConnell asked about pages 29 – 41 of the FCS fee study, noting that an extensive study had been conducted regarding all costs associated with the department, and the cost recovery in each area. He asked how much of this study was utilized in preparation of the business plan. Protiva noted that the study and business

plan were conducted simultaneously, and therefore, staff was not able to use as much of that study as originally planned. McConnell noted that he did would like to see the fee study information reflected in the business plan. Kilbride stated that the Parks and Recreation department has a total budget of \$1,580,000 of which user fees are \$488,000. He added that if this is accurate, the city is funding more than a million dollars a year above the collected user fees. Baker stated that he does not think there is any city recreation program that operates without a subsidy. He added that the FCS report was examined in developing the business plan. Patrick asked whether there are demographic records of users. Protiva noted that users are not tracked by age demographics.

Brusselback suggested that the executive summary should contain a list of the strengths of the organization. He added that the competitive strengths should be noted, and that the differences between the recreation center and its competition should be developed – how is it different from other organizations, what gives it an advantage over competitors, and what are the strategies for long-term growth. He suggested standardizing the staff resumes. He noted that the marketing plan should include statistics, numbers, information sources, trends, facts about the industry, marketing research, primary and secondary research, industry and demographic profiles, and forecasts. He noted that the statistics appear to be based on growth from user fees and new members, but since there is no analysis concerning competition, there is no way of knowing whether fee increases will drive members away or the membership drive will fall flat. He suggested that the forecast could include an optimistic best guess, and a worst case low estimate that is achievable. Baker reported that competition was analyzed, but since the competitors are commercial enterprises, and this is a city, that the approach was cooperative rather than competitive. Brusselback noted that this information would be significant in developing a business plan.

Obtshka asked how to sell more memberships, and capture some of the tourist revenues. He noted that some athletic clubs recognize other club memberships. Baker reported that there was discussion regarding hotel involvement. Obtshka suggested cooperative marketing offering discounts at other establishments. He mentioned electronic cards to allow for after hours workouts.

McConnell asked whether any studies were conducted that compared staff levels to those of other recreation centers. It was noted that this plan is based on the current structure.

Stephanie Simpson, representing the Newport Swim Team, read a statement that had been distributed to Council. She noted that there is an expectation that the fees would be increased, but not by 300%.

Ginger Jones stated that this is an economically depressed county, and suggested that it is unreasonable to ask users to make up for nine years of bad management. She added that the pool is a community service like the library, and should not be considered an extraneous activity. She stated that she expects it to continue with a reasonable increase.

John Ray offered kudos to the recreation center staff whose focus is lifelong fitness. He suggested that if the rates are increased significantly, users will go less which will impact lifelong fitness. He suggested the recreation center lights be turned off when the center is closed. He suggested advertising the group packages and discounted passes.

Tonie Tartaglia stated that she objects to the proposed fee increases because there are people who cannot afford them. She asked that an equitable increase be considered.

Mary Bertun stated that the fee increase will be prohibitive to some swimmers. She noted that a new pool is needed and expressed concern about the continuation of water safety classes.

Rhonda Harman stated that a 400% increase is inequitable. She asked that the issue be reconsidered.

Mabel Mosley stated that she feels strongly that an increase will keep poor and middle class people from swimming.

Anna Toalsen stated that she is on a fixed income, and is unsure how she could pay the proposed fees.

Norman Uhlenkott suggested a reasonable increase would be acceptable.

Bain stated that he appreciated the comments, and that the City Council has the same concerns. He noted that this is not an easy situation, but the city has to find a way to operate at an affordable level, while cognizant of the subsidy.

ACTION ITEMS

Public hearing on Comprehensive Plan and Zoning Map changes for 4305 NW Cherokee Lane. Bain opened the public hearing at 7:44 P.M. He called for abstentions and declarations of ex parte contact. Obtshka stated that he had visited the site. Patrick stated that she is familiar with the property, and Bain and McConnell reported that they live in the neighborhood. Bain asked whether there were objections to any of the Councilors, or the Council as a whole, hearing this matter. There were none. Tokos delivered the staff report and reviewed the criteria. He noted that the property currently has a split comprehensive plan map designation, with a low density residential designation on the southern portion, and a high density residential designation on the northern portion. The zoning designation is also split between R-1 and R-4. The applicant is requesting that the comprehensive plan map designation be changed entirely to high density residential, and the zoning to R-4 (high density residential). The purpose for making this change is to place the existing development under a zoning designation to which it conforms and to simplify the applicable range of development regulations. A brief discussion ensued. Dawn Pavitt appeared on behalf of the applicant and asked for Council questions. Bain called for opponents. There were none. He closed the public hearing at 7:50 P.M. for Council deliberation. MOTION was made by Patrick, seconded by McConnell, to read Ordinance No. 1994, by title only, and place for final adoption, and approve the associated findings of fact amending the comprehensive plan maps and zoning map for the property at 4305 NW Cherokee Lane. The motion carried unanimously in a voice vote. Voetberg read the title of Ordinance No. 1994. Voting aye on the adoption of Ordinance No. 1994 were Obtshka, Patrick, Kilbride, McConnell, Brusselback, and Bain.

Public hearing on Comprehensive Plan and Zoning Text Amendments for Estuary Uses – Port of Newport. Bain opened the public hearing at 7:52 P.M. He called for abstentions and declarations of ex parte contact. He asked whether there were objections to any of the Councilors, or the Council as a whole, hearing this matter. There were none. Tokos delivered the staff report. He noted that this amendment to the Comprehensive Plan and Zoning Text would allow medium and deep draft port facilities to be constructed within the U.S. Army Corps of Engineers deep water channel. A brief

discussion ensued. Bain called for the applicant presentation. Don Mann, general manager of the Port of Newport, reported that his office is in discussion with the Coast Guard and pilots association, and working to minimize the encroachment as much as possible. Bain called for proponents and opponents. There were none. He closed the public hearing at 7:56 P.M. for Council deliberation. MOTION was made by Patrick, seconded by McConnell, to read Ordinance No. 1995, by title only, and place for final adoption, and approve the associated findings of fact amending the Yaquina Bay and Estuary provisions of the Comprehensive Plan and Zoning Ordinance. The motion carried unanimously in a voice vote. Voetberg read the title of Ordinance No. 1995. Voting aye on the adoption of Ordinance No. 1995 were Bain, Brusselback, McConnell, Kilbride, Patrick, and Obteshka.

Public hearing on an ordinance amending the Nonconforming Use section of the Newport Zoning Ordinance (File No. 9-Z-09). Bain opened the public hearing at 7:58 P.M. He called for abstentions and declarations of ex parte contact. There were none. He asked whether there were objections to any of the Councilors, or the Council as a whole, hearing this matter. There were none. Tokos delivered the staff report. He explained that the issue before Council is the consideration of whether it is in the public interest to amend the Nonconforming Use section of the Zoning Ordinance to clarify terms, relocate definitions, add criteria for verifying nonconforming uses or structures, and enact standards to allow for the expansion or replacement of nonconforming uses or structures where the expansion will not result in a greater adverse impact on the neighborhood. Tokos stated that Dennis Bartoldus had sent a letter supporting the ordinance. A brief discussion ensued. Dennis Bartoldus appeared on behalf of Lincoln Development, noting that this is another way to resolve his client's development issue. He recommended adoption with the language presented by the Planning Commission. Bain called for opponents. There were none. He closed the public hearing at 8:11 P.M. for Council deliberation. MOTION was made by Patrick, seconded by McConnell, to read Ordinance No. 1996 by title only, and place for final passage. The motion carried unanimously in a voice vote. Voetberg read the title of Ordinance No. 1996. Voting aye on the adoption of Ordinance No. 1996 were Brusselback, Bain, Obteshka, Kilbride, McConnell, and Patrick.

Consider consulting engineers for miscellaneous services. Ritzman explained that the matter before Council is whether to authorize staff to enter into contracts for engineer of record services with David Evans and Associates, Inc., for street, sidewalk, and storm drainage projects; with Civil West Engineering Services for water projects; with Brown and Caldwell Environmental Engineers and Consultants for wastewater projects; and with Precision Approach Engineering for airport projects. A brief discussion ensued. MOTION was made by Patrick, seconded by Brusselback, to authorize the city engineer to award miscellaneous engineering service agreements to David Evans and Associates, Inc., Civil West Engineering Services, Brown and Caldwell Environmental Engineers and Consultants, and to Precision Approach Engineering for various city projects, and to authorize the city manager to sign the contracts, subject to the approval of the city attorney, with these firms for a three-year period with up to two one-year extensions. The

motion carried unanimously in a voice vote. McConnell asked whether the city would use Precision Approach to help prepare project list for ConnectOregon III grant funding.

Award contract for CM/GC for new water treatment plant. Ritzman explained that the issue before Council is whether to issue an award of contract for Construction Management/General Contractor services to Slayden Construction for services related to the design and construction of the new water treatment plant. McConnell asked whether the city would have an opportunity to urge the use of as many local contractors as possible. Ritzman noted this will be encouraged, but the contractor will use a competitive process. Brusselback disclosed that he worked for Slayden Construction but has no potential or actual conflict of interest. MOTION was made by Patrick, seconded by Obtshka, to award a contract for Construction Management/General Contractor services in the amount of \$98,260, to Slayden Construction for services related to the design and construction of a new water treatment plant, and to authorize the city manager to sign a contract as approved by the city attorney. The motion carried unanimously in a voice vote.

PRESENTATIONS

Presentation on public workshops for the South Beach Peninsula Transportation Connections Project – by SERA Architects. Matt Crall, from the State of Oregon, and Matthew Arnold, from SERA Architects, made a brief presentation on the South Beach Peninsula Transportation Connections Project. The presentation included an overview of the key issues, opportunities, and constraints. Design charrettes are scheduled for December 8, 9, and 10, from 6:30 – 8:00 P.M., at the Rogue Brewery. It was suggested that this information be placed on the home page of the city’s website with feedback sent via e-mail to Tokos.

Cost Recovery Policy for land use permits. Tokos explained the land use permit cost recovery policy that the Planning Commission recommended in response to the Comprehensive User Fee Study conducted by FCS Group earlier this year. MOTION was made by McConnell, seconded by Patrick, to direct staff to prepare a resolution updating the permit fees for city land use actions for consideration at its December 21, 2009 meeting. The motion carried unanimously in a voice vote.

PUBLIC COMMENT

David Hallinger read a statement asking Council to consider adjusting the SDC charges for small businesses. The matter was referred to staff.

COUNCIL COMMENTS

Patrick spoke regarding the park donation in the Wilder development, noting that nothing is free. She mentioned that the city would be required to maintain the park. Tokos reported that the park is planned in the first phase of the Wilder development, and the developers will be seeking SDC credits for the park donation. He noted that the dog

park concept will come to Council in the near future, as proceeding with that component of the park will be a Council policy decision.

Patrick stated that the state is cutting budgets and wants to close the Newport OLCC office. This would impact the police department. She suggested talking with legislators.

Voetberg noted that there were great comments on parks and recreation fees. He stated that he will provide additional information, and may separate the pool from the recreation center. He asked that other ideas be directed to staff within the next few days so that they can be incorporated into material for the next meeting. It was noted that this matter will be on the agenda for final action at the next meeting, but Council will have the option to continue the matter. Kilbride asked whether there was any discussion during budget time that fees would be raised this year. McConnell noted that the discussion centered on raising fees or decreasing staff.

ADJOURNMENT

Having no further business, the meeting adjourned at 9:06 P.M.

Margaret M. Hawker, City Recorder

William D. Bain, Mayor