

June 15, 2015
6:07 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, Allen, Sawyer, Engler, Busby, Swanson, and Roumagoux were present. Saelens was excused.

Staff present was City Manager Nebel, City Recorder Hawker, City Attorney Rich, Community Development Director Tokos, Finance Director Murzynsky, Public Works Director Gross, Parks and Recreation Director Protiva, and Police Chief Miranda.

PLEDGE OF ALLEGIANCE

Council, staff, and the audience participated in the Pledge of Allegiance.

PUBLIC COMMENT

Rennie Ferris addressed Council regarding the hedge at 58th and Rhododendron Streets. He stated that he is bothered that the city would enforce any codes and not deal with the hedge owner who has essentially built a six-foot fence in violation of the code. He noted that he has made complaints to the Code Enforcement Officer, but that nothing has been done. He suggested eliminating the code if it is not going to be enforced. Nebel stated that he was unaware of the situation but that a report on the issue would be provided at the July 20 City Council meeting.

Rennie Ferris objected to the city contributing funding for the weeding effort, along Highway 101, outside the city limits.

CONSENT CALENDAR

The consent calendar consisted of the following:

- A. Approval of City Council minutes from the special meeting, executive session, and regular meeting of June 1, 2015;
- B. Confirmation of the Mayor's appointments of Ralph Busby, Doug Hunt, Kevin Greenwood, Lorna Davis, John Lavrakas, Ralph Grutzmacher, Susan Painter, Jamie Rand, Dennis Reno, A.J. Mattila, Don Williams, and herself to the Regional Airport Review Task Force for a term expiring on completion of the task;
- C. Confirmation of the Mayor's appointment of Councilor Busby to the Urban Renewal Advisory Committee.

MOTION was made by Engler, seconded by Sawyer, to approve the consent calendar with the changes to the minutes as noted by Allen. The motion carried unanimously in a voice vote.

PUBLIC HEARING

Public Hearing and Possible Adoption of the Budget Including State Shared Revenues and Utility Rates for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016 - (1.) Public Hearing and Possible Adoption of Resolution No. 3714 - State Shared Revenues; (2) Public Hearing and Possible Adoption of Resolution No. 3720, Resolution No. 3721, Resolution No. 3722, and Resolution No. 3723 Regarding Water, Wastewater, Infrastructure Improvement Fees, and Stormwater Utility Fees;(3) Public Hearing and Possible Adoption of Resolution No. 3710, Adopting the FY 2015/2016 Budget, and Resolution No. 3711, Categorizing and Imposing Ad Valorem Taxes for the 2015/2016 Fiscal Year. Hawker introduced the agenda item. Nebel reported that development of the budgets for the City of Newport and the Newport Urban Renewal Agency for the fiscal year beginning July 1, 2015 and ending June 30, 2016, was initiated in January 2015. He added that since that time, the Finance Director, department heads, Finance Department personnel, other staff, and the City Manager worked on various aspects of the proposed budget for consideration by the Budget Committee. He stated that the City Council's first involvement with the budget process was through a goal setting session that was held on February 23, 2015. He noted that during the goal setting session, the City Council heard presentations from each of the department heads; reviewed various upcoming issues; and prioritized goals for the 2015/2016 fiscal year. He stated that these goals were adopted, following a public hearing, on March 16, 2015. He noted that in accordance with City Charter, the City Manager developed and submitted a proposed budget to the Budget Committee on Monday, April 27, 2015.

Nebel reported that the 2015/2016 proposed budget for the City of Newport continues to levy the tax rate of \$5.5938 per \$1,000 of assessed valuation for city operational purposes. He added that the budget levies an amount to pay the 2015/2016 general obligation debt requirements for the city of \$2,329,169 for the wastewater refunding, water treatment plant issue, and the swimming pool bonds.

Nebel reported that the city had previously adopted a schedule for various infrastructure rates that would have resulted in a 10% rate increase for water, a 15% rate increase for sewer, with 5% increases in stormwater and infrastructure fees to fund major reconstruction of the city's utility systems. He stated that based on Council action in 2014, the Council directed staff to develop a budget that would utilize revenue bonds instead of a "pay-as-you-go" method for financing infrastructure. He noted that this has allowed for a significant reduction in the proposed rate increases which has been incorporated in the 2015/2016 fiscal year budget.

Nebel reported that in accordance with this plan, the proposed utility rate increases for the 2015/2016 fiscal year have been reduced from the original plan to a 5% increase in water rates, 4% increase in wastewater rates, from the original long-term financing plan. He added that the budget proposes a 5% increase in stormwater rates, and a 5% increase in the infrastructure fee for the next fiscal year. He noted that this will generate funding to support bonding for water and sewer projects in future years to continue meeting the critical need to rebuild the city's infrastructure to serve the residents of Newport today and well into the future.

Nebel reported that the budget provides a continuation of existing types of expenditures for the new fiscal year, and included in this budget is funding for three new positions which includes an Emergency Coordinator, a Senior Planner, and a position in wastewater collections.

Nebel reported that the budget continues to provide a substantial commitment for reinvestment in the city's water and sewer infrastructure during the course of the fiscal year. He stated that this will be funded in part through revenue bonds and State Revolving Fund financing with the future debt repayment coming from water and sewer rates. He added that the construction of the pool project, as approved by voters in 2013, has a significant impact on funding levels. He noted that this budget represents an important continuation that focuses on rebuilding the city's aging infrastructure system.

Nebel reported that the budget continues to appropriate funding by individual capital projects including water and wastewater capital construction projects from the applicable operating funds transferred to either a Proprietary Capital Projects Fund (Fund 403) or a Capital Projects Fund (Fund 402).

Nebel reported that the Urban Renewal Agency budget proposes to continue using \$5.4 million in bonded funds during the next fiscal year in order to pay for a number of major improvements in the South Beach area, particularly along the Highway 101 corridor, south of the Yaquina Bay Bridge.

Nebel reported that the City of Newport/Newport Urban Renewal Agency Budget Committee met on April 29, 2015 to conduct a page-by-page review of the budget. He stated that Budget Committee members were asked to identify possible changes, questions, or concerns regarding the proposed budget, and that these issues were not debated on April 29, but were listed in a report with background information that was provided to the Budget Committee at its May 13 meeting. He added that the Budget Committee held a public hearing on state shared revenues, and no public comments were received.

Nebel reported that on May 13, the Budget Committee reviewed this report which included 61 items that had been placed on the list for additional consideration. He stated that at this meeting, the Budget Committee members discussed, debated, and made changes to the proposed budgets that were then voted on by the Committee to incorporate into each of the budgets in preparation for approval by the Committee.

Nebel reported that as a result, several changes were made to the proposed budget, and these changes included the addition of \$5,000 from the Room Tax Fund for mural preservation on the Bayfront; correction of an error regarding the amount of revenue anticipated in the General Fund from donations; elimination of the proposed School Resource Officer due to the Lincoln County School District not being able to participate in funding this position; creation of an Emergency Coordinator position and cost center; elimination of funding for the proposed Library lighting project and replacing it with the renovation of the Library elevator; the addition of \$10,000 for temporary employees for park maintenance; funding for a Senior Planner position at mid-year subject to the city's financial performance leading up to that time; elimination of an appropriation for membership and dues in the amount of \$3,600 which was placed in the budget in error; addition of a 1% increase for the Oregon Coast Council for the Arts agreement for the managing the VAC and PAC; \$10,000 added for a shared lane marking project on Bay Boulevard; the transfer of revenue sharing funds toward the Lucky Gap Trail at Agate Beach; the inclusion of the VAC and PAC projects in the Capital Outlay Fund to

recognize those projects that are being funded primarily by volunteer donations but will be completed as city projects; and the reduction of the appropriation for the Nye Beach Turnaround leaving only planning dollars instead of the full resurfacing project for this fiscal year.

Nebel reported that on May 20, the Budget Committee unanimously approved the budgets for the City for Newport and the Newport Urban Renewal Agency including approval of the tax rates for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

Nebel reported that the Budget Committee recommended that the City Council review the appropriation of \$90,000 that was included in the approved budget for the Lincoln County Transportation Service District prior to budget adoption and after a presentation is made by the District to the Council on services that are being provided for these funds.

Nebel reported that the budget for the City of Newport, as approved by the Budget Committee on May 20, 2015, proposes expenditures in the amount of \$ 71,389,790, unappropriated ending fund balances and reserves of \$4,787,619, for total requirements of \$76,177,409 for the 2015/2016 fiscal year.

Nebel reported that public hearings for the 2015/16 annual budgets, tax levies and receiving State Shared Revenues for the City of Newport and Newport Urban Renewal Agency are scheduled this evening. He stated that following the public hearings, the Urban Renewal Agency and City Council will consider adopting budgets and establishing tax levies for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

Nebel reported that ORS 221.770 requires cities to adopt an ordinance or resolution each year stating their desire to receive state shared revenues. He stated that a resolution must be filed with the state before July 31 in order to be eligible for these funds. He added that two public hearings are required, with the first hearing having occurred on April 29, 2015, before the Budget Committee. He noted that the second hearing is scheduled this evening. He stated that general shared revenues, liquor taxes, and cigarette taxes are proposed to be used for general operating purposes within the General Fund. He added that highway gas taxes are proposed for operational purposes within the Street Funds and \$615,000 will be used for sidewalk and bicycle improvements in the Capital Projects Fund in the 2015/16 fiscal year budget.

Nebel reported that the other major components to the budget approval process are the approval of resolutions to set various city utility rates in accordance with the budget plan. He stated that the rate increases are 5% for water, infrastructure, and stormwater rates, while the wastewater rate will increase by 4%. He added that these rate increases are in accordance with the recommendations from the Infrastructure Task Force. He added that there are written comments that have been received regarding utility rates.

Nebel recommended that Council hold a public hearing on Resolution No. 3714 which declares the city's election to receive State Shared Revenues in the amount of \$140,000 for general shared revenues, \$145,772 in liquor tax, and \$12,619 in cigarette tax with those funds being utilized in the General Fund for general government services, and the highway gas tax being utilized in the Street Fund for \$557,790 with \$15,000 being utilized in the Capital Outlay Projects Fund for sidewalk and bicycle improvements.

Roumagoux opened the public hearing on Resolution No. 3714, the city's election to

receive state shared revenues, at 6:26 P.M. She asked for public comment. There was none. She closed the public hearing at 6:27 P.M. for Council deliberation.

MOTION was made by Engler, seconded by Sawyer, to adopt Resolution No. 3714 declaring the city's election to receive state shared revenues for the fiscal year beginning July 1, 2015 and ending June 30, 2016. The motion carried unanimously in a voice vote.

Nebel recommended that Council hold a public hearing on the proposed utility rates for the water utility fees and charges, wastewater rates, infrastructure improvement fees, and stormwater utility rates for the fiscal year beginning July 1, 2015 and ending June 30, 2016, with the rates being increased by 5% for the water, infrastructure, and stormwater utilities, and 4% for the wastewater rates as provided in the approved budget.

Roumagoux opened the public hearing on Resolution No. 3720, establishing rates for water utility charges, fees, deposits, and penalties, and repealing Resolution No. 3679; Resolution No. 3721, establishing wastewater utility rates, modifying the cost of Class A sludge manufactured and purchased and repealing Resolution No. 3680; Resolution No. 3722, establishing utility infrastructure improvement fees and repealing Resolution No. 3681; and Resolution No. 3723, establishing stormwater utility fees and repealing Resolution No. 3682, at 6:29 P.M. She called for public comment. She reported that Council had received written comments from Nyla Jebousek and Linda Cracknell, and she read them into the record. Nebel reported that the city has appropriated money for a water rate study in the 2015/2016 fiscal year, and that the study will analyze many of those issues, but look overall at the city's utility rates. Roumagoux closed the public hearing for Council deliberation at 6:37 P.M.

Allen addressed Jebousek's message on a low-income water rate. He noted that, when he was Chair of the Infrastructure Task Force, Jebousek and others appeared before the Task Force affirming that a low-income utility rate was important. He stated that he believes this matter should take a higher priority and not be deferred to a future rate study. He added that he very much supports Jebousek's comments on the matter.

MOTION was made by Allen, seconded by Sawyer, to adopt Resolution No. 3720 which establishes rates for water utility charges, fees, deposits, and penalties effective July 1, 2015 and repeals Resolution No. 3679. The motion carried unanimously in a voice vote.

MOTION was made by Busby, seconded by Engler, to adopt Resolution No. 3721 which establishes wastewater utility rates, modifies the cost of Class A sludge manufactured and purchased and repeals Resolution No. 3680. The motion carried unanimously in a voice vote.

MOTION was made by Swanson, seconded by Engler, to adopt Resolution No. 3722 which establishes utility infrastructure improvement fees effective July 1, 2015 and repeals Resolution No. 3681. The motion carried unanimously in a voice vote.

MOTION was made by Engler, seconded by Sawyer, to adopt Resolution No. 3723 which establishes storm water utility fees effective July 1, 2015 and repeals Resolution No. 3682. The motion carried unanimously in a voice vote.

Nebel recommended that Council hold a public hearing on the approval of a budget for the fiscal year beginning July 1, 2015 and ending June 30, 2016 with budgeted appropriations of \$71,389,790, Unappropriated Ending Fund balance and reserves of \$4,787,619, for total requirements of \$76,177,409, and imposing taxes at the

continued rate of \$5.5938 per thousand dollars of assessed value, \$904,825 for Water Treatment Plant bonded debt, \$935,925 for Wastewater bonded debt, and \$488,419 for Swimming Pool bonded debt for the 2015/16 fiscal year.

Roumagoux opened the public hearing at 6:42 P.M. She called for public comment. There was none. She closed the public hearing at 6:43 P.M. for Council deliberation.

Busby reported that the city's tax rates will remain the same, but that the significant hit on taxes this year is due to the hospital bond.

MOTION was made by Swanson, seconded by Engler, to adopt Resolution No. 3711, a resolution imposing and categorizing ad valorem taxes for the City of Newport for the fiscal year beginning July 1, 2015 and ending June 30, 2016, and establishing taxes at a rate of \$5.5938 per thousand dollars of assessed valuation, plus an amount of \$2,329,169 to cover debt requirements for the water treatment plant bonded debt in the amount of \$904,825, wastewater bonded debt in the amount of \$935,925, and swimming pool bonded debt in the amount of \$488,419. The motion carried unanimously in a voice vote.

MOTION was made by Engler, seconded by Busby, to adopt Resolution No. 3710, a resolution adopting the fiscal year 2015/2016 budget and making appropriations in the amount of \$71,389,790, and reserves and unappropriated fund balances of \$4,787,619 for a sum total of \$76,177,409. Allen thanked staff for work on this budget and budget committee process. The motion carried unanimously in a voice vote.

Public Hearing and Possible Adoption of Resolution No. 3716 Adopting a Supplemental Budget and Making Appropriations for the 2014/2015 Fiscal Year Budget. Hawker introduced the agenda item. Nebel reported that at the end of the fiscal year, it is necessary to make any final adjustments for the current year appropriations. He stated that the details of the changes are included in the packet in a report from Murzynsky. He noted that the net change to the General Fund is an increase in appropriations of \$12,000; an increase to the appropriation in the Wastewater (Non-Departmental Fund) for materials and services of \$10,000; and an increase in the appropriations in the Parks and Recreation Fund by \$25,000; with these funds coming from contingency. He noted that there will be an increase in the Airport materials and services appropriation of \$100,000 for the purchase of fuel, which is offset by increased revenues of \$100,000 in the sale of fuel. He added that there will be a net increase of \$65,000 in appropriations in Capital Projects with adjustments in the Proprietary Capital Projects Fund not resulting in an increase or decrease in appropriations to that fund. He stated that with overall appropriations for the current fiscal year of approximately \$65 million, these are relatively minor adjustments. He recommended approval of this resolution.

Roumagoux opened the public hearing at 6:47 P.M. She called for public comment. There was none. She closed the public hearing for Council deliberation at 6:48 P.M.

MOTION was made by Allen, seconded by Sawyer, to adopt Resolution 3716, with Attachment A, to make appropriations, and modifications to the 2014/2015 Fiscal Year budget. The motion carried unanimously in a voice vote.

Public Hearing and Possible Adoption of Resolution No. 3719 Adjusting Thompson's Sanitary Service Fees. Hawker introduced the agenda item. Nebel reported that the city has a franchise agreement for solid waste, recycling, and composting with Thompson's Sanitary Service, Inc. He stated that under the terms of the franchise agreement, the franchisee shall charge and collect rates adopted by City Council resolution each year in accordance with Section 12 of the agreement to support the costs of this service. He noted that the agreement provides that rates are intended to produce a revenue requirement for the franchisee that is equal to the quotient of the allowable expenses divided by the operating ratio, and that this ratio is targeted at 88%. He added that the last increase in rates for the disposal and recycling services was in 2012. He stated that in 2014, the City Council approved a compostable collection program, which added \$6.59 per month to residential households receiving this service, unless the customers utilized a 24-gallon household garbage cart and opted out of the service.

Nebel reported that the agreement provides that on or before April 1 of each year, the franchisee shall submit a report on operations to the city. He stated that this report was received on March 30 and indicated that an 8.63% increase would be needed to achieve the specific target of 88%. He added that, at that point Thompson's Sanitary Service was requesting that a smaller change of 6.18% be considered by the City Council for the 2015/2016 fiscal year. He stated that Thompson's was agreeable in delaying a report to the City Council, until a review of this request could be completed by the City Manager.

Nebel reported that in subsequent discussions with Thompson's, several adjustments are proposed for the Council's consideration for the 2015 rate increase. He stated that utilizing the 6.18% request that was made on March 30 as a beginning point, there are two adjustments proposed to reduce the impact of the rate for the 2015/2016 fiscal year on the ratepayers. He noted that the first is related to discontinuing the fee that Thompson's contributes to the Agate Beach Closure Fund for Agate Beach which is an item that Council will be considering later in this meeting. He noted that if this fee is eliminated, the requested rate increase would be 5.80% for this next year. He stated that Thompson's has offered to accept two-thirds of that adjusted rate for the 2015/2016 fiscal year in order to ease the impact on their customers, and that this would mean a net increase of 3.87% on the cost of solid waste, recycling, and composting services for the city.

Nebel noted that he appreciates the gestures by Thompson's Sanitary Service to accept a lower rate adjustment for this fiscal year. He reported that part of the reason for this lower adjustment is that the overall impact of the composting program is still sorting itself out. He stated that there is information that indicates the success of the composting program based on the anticipated pounds of compostable that would be collected through the program. He added that the overall role of the program has been quite successful with very few complaints, and higher utilization than what was projected at the time of implementation of this program. He stated that with the overall economy improving, Thompson's is hopeful that part of the otherwise justifiable rate increase may be made up through increased business volumes during the course of the next year. He added that his only concern with the deferment of a portion of the rate increase is its potential impact in 2016/2017.

Nebel reported that he has reviewed the audited financial statements for Thompson's Sanitary Service and other financial information, and believes the rate review report accurately reflects those costs related to the operation of the system.

Nebel reported that he included in the packet a list of questions that could be considered for inclusion in a survey to evaluate the public response to the composting services that will have been in effect for almost one year. He stated that the original resolution provided that the survey be done at an earlier point by the city, but that this provision was not accomplished within that time frame. He added that he believes that a survey, at this point, will provide meaningful feedback as to the successes, concerns, and issues that people might have with the composting program.

Joe Cook, representing Thompson's Sanitary Service, appeared before Council to respond to questions. Busby stated that the ratio of rates between the "haves" and "have nots" was unchanged. He asked why there were comments, related to composting, about how Thompson's might have to adjust the rates down the road regarding those who do not have service as opposed to those who do have the service. Cook reported that Thompson's is collecting far more material, and that there are increased disposal costs. Cook added that the incremental costs of the program are within the range. It was noted that there was a mistake in the third "whereas" of the resolution, third line, should read "95%" rather than "85%."

Busby noted that when he asked whether the city could stop funding the Agate Beach Closure Fund, he was told that it would be illegal. He asked whether there had been a change in the law or an enlightenment of staff. Nebel explained that the state requires that each party be responsible for a certain amount of the post-closure costs. He stated that the city is well overfunded in that program. He added that he met with representatives from Lincoln City, which some years ago, eliminated contributions into that fund, and based on looking at the funding situation, it seemed obvious that the city should discontinue putting additional money into the fund.

Sawyer thanked Thompson's for working hard to keep the rates low. Nebel reported that the reference to 99% came from something which he will research. He added that in 2014, it was 99% which corresponds to the initial reports received by the city. Allen noted that the operating ratio was getting close to 100%, and asked whether the increase in the operating ratio is due, in part, to the mixed compostable program not incurring enough profit. Cook stated that this is not the issue.

Nebel recommended that Council hold a public hearing on Resolution No. 3719.

Roumagoux opened the public hearing at 6:59 P.M. She called for public comment. There was none. She closed the public hearing at 7:00 P.M. for Council deliberation. Allen noted that Nebel had said in his report that there might be a greater increase next year. Nebel stated that he did discuss the issue with Thompson's, and the intent was not to artificially lower a rate this year that would create a significant increase next year. He added that there will be an adjustment next year, but that there are enough variables now with composting program, that some costs may come down next year.

MOTION was made by Sawyer, seconded by Engler, to adopt Resolution No. 3719, which establishes a 3.87% increase in rates for Thompson's Sanitary Service, Inc. for solid waste, recycling, and composting effective July 1, 2015. The motion carried unanimously in a voice vote.

Public Hearing and Possible Adoption of Ordinance No. 2082 Amending Chapter 2.05.070(A) of the Newport Municipal Code Relating to the Composition of the Wayfinding Committee. Hawker introduced the agenda item. Nebel reported that at the May 5 City Council meeting, the Council passed a motion directing staff to prepare an ordinance that would amend the existing code provisions for the Wayfinding Committee by adding an ex-officio, non-voting member from the Greater Newport Chamber of Commerce as part of the membership structure for the Wayfinding Committee. Hawker has drafted the ordinance that is included in the packet for the City Council's review.

Nebel recommended that Council hold a public hearing on Ordinance No. 2082, an ordinance amending Chapter 2.05.070(A) of the Newport Municipal Code, relating to the composition of the Wayfinding Committee

Roumagoux opened the public hearing on Ordinance No. 2082 at 7:03 P.M. She called for public comment. There was none. She closed the public hearing at 7:04 P.M. for Council deliberation.

Busby stated that he did not understand why this change would be necessary since all meetings are open to the public, and the position is non-voting. Allen suggested that it was probably felt the Chamber was important enough that it would make it easier for the Committee.

MOTION was made by Sawyer, seconded by Engler, to read Ordinance No. 2082, an ordinance amending 2.05.070(A) of the Newport Municipal Code, relating to the composition of the Wayfinding Committee, by title only and place for final passage. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2082. Voting aye on the adoption of Ordinance No. 2082 were Allen, Sawyer, Swanson, Engler, Busby, and Roumagoux.

Public Hearing on the Proposed Development of a Bicycle Pump Track off SE Harborton Street. Hawker introduced the agenda item. Nebel reported that at the June 1, 2015 meeting, the City Council authorized an application to Lincoln County to proceed with the permitting requirements to develop a bicycle pump track on property located east of SE Harborton Street near the Wilder Subdivision. He stated that while the site is located within the city's urban boundaries, the property has not been annexed into the city where the proposed track would be constructed. He noted that as a result, the site plan and zoning review, for this project, will be conducted by Lincoln County.

Nebel reported that also at the June 1 meeting, the City Council scheduled a public hearing to provide an opportunity for public comment on the development of a pump track at this location. He stated that the developers of Wilder Subdivision have indicated that they are willing to make property available for this purpose. He noted that the preliminary location is close to the disc golf course and dog park located on the east side of SE Harborton Street. He added that there is good separation between this location and the residential homes in the Wilder Subdivision.

Nebel reported that a bicycle pump track is a continuous loop of berms and rollers (smooth dirt mounds) where a rider can use momentum and a push/pull pumping motion to maintain speed without pedaling. He added that pump tracks are made by reshaping the earth so it is relatively easy to build and easy to remove. He stated that pump tracks are used by riders of all ages, from the very young to adult level.

Nebel reported that there is no recommended action following the public hearing, and if no alternate actions are taken, staff will continue the permitting process for this track. He stated that this hearing was scheduled to provide the public adequate opportunity to comment on the development of a pump track at this location.

Protiva explained what a pump track is and how the pump track would fit into the proposed location. Allen stated that Council had received an e-mail that raised good issues.

Roumagoux opened the public hearing at 7:13 P.M. She called for public comment, noting that one written comment was received from Edgar Wales. She read the comment from Wales into the record.

Sara Schreiber, a resident of Wilder, stated that residents did not know that the project was being undertaken until they received the notice of this meeting. She asked about the benefits of the proposed pump track to Wilder residents. She reported that a major concern has always been parking. Nebel noted that the purpose of the hearing is to hear issues and concerns to which the city will provide a response.

Chris Magle, representing the Yaquina Wheels Bike Club, reported that his organization has a positive relationship with the Wilder community. He noted that the proposed pump track is close to the trail head, and will be a great place for cyclists. He added that his organization is large and willing to support the creation of this track at that location. He stated that the plan is to build something small rather than a big ESPN-style track. Allen noted that he is glad that Magle is present to hear the same issues as those expressed when the track was proposed to be located at Coast Park. Allen asked why the track developers did not communicate with Wilder residents to hear their concerns and work together with them.

Denise Gill, a resident of Wilder, stated that she has no quarrel with this kind of development, but that there is only one road to OCCC, and a development of this type will increase traffic and strain limited parking resources.

Virginia Gibbs, a resident of Wilder, stated that while she is not opposed to any kind of bike track, the residents were caught off-guard by not knowing about this. She agreed that residents should communicate with the developers of the bicycle track. She stated that there should be a prohibition of all motorized bikes, at all times, no exceptions. She further stated that she would like to see adult supervision required for users of the bike track. She added that parking is currently a problem, and the facility should have parking that is not visible from homes. She stated that she would like a sufficient buffer between the bicycle track and hiking and wildlife areas. She also recommended a dust abatement plan and a prohibition on night usage of the facility.

Jay Curr, a resident of Wilder, agreed with the previous comments. He stated that he moved to Wilder for its beauty and nature, and this facility would diminish that. He noted that parking is already an issue.

Roumagoux closed the public hearing at 7:28 P.M. for Council deliberation.

Nebel stated that no Council action is required tonight, but he proposed a neighborhood meeting with bicycle track organizers and residents. He stated that the input and concerns are valuable, and that additional information will be available before Council is asked to make a decision on the issue. Allen asked when Nebel would anticipate a neighborhood meeting. Protiva noted that he would be willing to meet in early July to determine whether the concerns can be mitigated. Engler asked Magle whether he had looked at the Fairgrounds as a potential site for the track. Magle noted

that he had looked at the Fairgrounds but was told that the track could not be located at that site. Gross asked whether the city-owned property near Big Creek Park had been considered for the facility. Protiva stated that while the site is excellent, but a selective outreach to the neighborhood showed a lack of support for the project.

COMMUNICATIONS

From Salmon for Oregon - Status Report on the Information Request for the Tourism Facilities Grant. Hawker introduced the agenda item. Nebel reported that the packet contains a communication from James Wright, of the Salmon for Oregon Association, regarding the pending tourism facility grant application submitted for rearing pens to initiate a spring Chinook program in Yaquina Bay. He stated that in late 2014, the Council agreed to give Salmon for Oregon until June 30 of this year to meet the requirements outlined by the City Council. He noted that since this is the last regular City Council meeting prior to June 30, Wright wanted to update Council on Salmon for Oregon efforts at secure a state appropriation to facilitate this effort. He added that Wright is requesting a 30 to 60-day extension on the project as far as meeting the requirements of the Council. He stated that he does not have a problem with an extension to July 20, since Council will not be meeting again in a regular session until that date, and this date should correspond with the end of the legislative session which will determine whether funding has been appropriated for this project.

Nebel recommended that the City Council request a complete report from Wright to be provided to the City Council for the July 20 City Council meeting so that a final determination can be made regarding the \$26,000 of Tourism Facilities Grant Funding that remains unappropriated by the City Council from this program.

Wright reviewed the e-mail that was included in the packet. He noted that he should know, around the beginning of July, the outcome of proposed legislation.

Allen noted that the issue had been raised about the two-year funding cycle and ten-year requirement for this type of funding.

MOTION was made by Allen, seconded by Engler, that a complete report be provided to the City Council for the July 20 City Council meeting so that a final determination can be made in regard to the remaining \$26,000 of Tourism Facilities Grant Funding that remains unappropriated by the City Council from this program. The motion carried unanimously in a voice vote.

From the Airport Committee - Authorization to Seek Proposals for the Contractual Operation of the Newport Municipal Airport. Hawker introduced the agenda item. Nebel reported that earlier this year, an "Expression of Interest" to operate the Newport Municipal Airport was issued, with three firms indicating an interest in submitting a proposal for this operation. He stated that since the Expressions of Interests were received, there has been an additional contractor expressing an interest in providing these services to the city. He added that the Airport Committee has reviewed the documents submitted by these firms and requested that an outline of possible provisions be developed to help guide the Airport Committee in making a recommendation to the City Council on whether to seek formal proposals for the privatization of the operation of the Airport. He noted that on June 9, the Airport Committee unanimously recommended that the City Council authorize the issuance of a Request for Proposals to solicit

proposals for the operation of the Airport in an attempt to obtain a full service fixed base operator (FBO) and for management of the Airport facility and operations.

Nebel reported that if the Council authorizes this action, he plans to work with the Airport Committee to develop the RFP document that would be used to solicit proposals for review. He stated that there was considerable discussion over the past few meetings of the Airport Committee as to the benefits and disadvantages of pursuing a private operator of the Airport. He noted that there is still a reasonable concern as to whether a private contractor can operate the Airport at a reduced cost to the city. He stated that there is a question as to what added value a private operator may bring to the Airport, based on the skill sets of personnel associated with any particular private operating firm. He added that the final conclusion, from the discussions of the Airport Committee, is that it is certainly worth the effort to go forward with a Request for Proposals to evaluate what a private contract would cost, or what value it would bring to the operation of the Airport. He noted that the Airport Committee expressed its appreciation for the work that Airport staff do to keep the Airport operational during a time of much transition and personnel relating to the Airport.

Nebel reported that the alternative to privatizing the management and operation of the Airport, including fixed base operations (FBO), could be privatizing only the FBO and maintaining the Airport with city staff, or proceeding with the hiring of an Airport Manager to oversee all aspects of the management and operations of the Airport.

Nebel recommended that the City Council concur with the Airport Committee to authorize the issuance of a Request for Proposals to solicit proposals for the operation of the Airport in an attempt to obtain a full service Fixed Base Operator (FBO) and for the management of the Airport facility operations.

Busby noted that this proposal gives the city an opportunity to find ways to save money, and to realize the full value of the facility. He added that there is little risk as the city does not have to do anything.

Allen noted that there is some commonality with the work of the Regional Airport Review Task Force. Nebel stated that the Airport Committee discussed this same issue and concluded it would complement both processes.

MOTION was made by Engler, seconded by Sawyer, authorize the issuance of a Request for Proposals to solicit proposals for the operation of the Airport in an attempt to obtain a full service Fixed Base Operator (FBO) and for the management of the Airport facility operations. The motion carried unanimously in a voice vote.

CITY MANAGER REPORT

Approval of an Intergovernmental Agreement between the City of Newport and the Lincoln County Transportation Service District. Hawker introduced the agenda item. Nebel reported that for a number of years, the Lincoln County Transportation Service District has been providing regularly scheduled, intra-city bus service, which is known as the City Loop, and the city has been subsidizing the Lincoln County Transportation District \$90,000 annually for this service. He stated that the agreement describes the services, which operates seven days per week, five loops daily. He noted that additional bus service for city sponsored special events can be requested at no additional charge subject to the mutual agreement of the city and the district. He added that the agreement dates retroactively back to July 1, 2014, and that the city has not paid the

subsidy for the current fiscal year pending an executed agreement between the district and the city. He stated that the agreement provides that reports shall be submitted by March 31. He added that by May 1 of each year, the district will be required to provide a copy of the proposed budget for the next fiscal year; a copy of the most recent audit; a breakdown, by source, of all revenues received by the district; the daily ridership statistics for the city loop; random samplings of surveys to determine the share of the use of the bus service between tourists and residents; subsidy per rider; and any other mutually agreed upon information requested by the city to support the subsidy.

Nebel reported that he believes that this agreement meets the request that the Budget Committee and City Council placed on the \$90,000 for the current fiscal year. He stated that if the agreement is approved by the City Council, the city will release the payment for the current fiscal year. He noted that the agreement defines the parameters for various reports, and the mechanisms going forward into the next fiscal year as well.

Nebel reported that the packet contains a revised report from Cynda Bruce, Director of the Lincoln County Transportation Services District. He stated that the report includes information that was requested by the City Council at the June 1 meeting. He requested that Council let him know if they wish additional information for future year's reports.

MOTION was made by Busby, seconded by Swanson, to approve an Intergovernmental Agreement with the Lincoln County Transportation Service District to provide the City Loop bus service within the City of Newport as outlined in the agreement. Engler stated that she will be looking for better signage. The motion carried unanimously in a voice vote.

Nebel reported that there is a position on the District's Advisory Council for a Councilor. He added that Bruce wanted to make sure that the city appoints a Councilor or staff member to serve on this group. Engler agreed to serve in this position, and her formal appointment, along with the appointment of an alternate, would be on the agenda of the July 20 meeting.

Consideration and Possible Adoption of Resolution No. 3718 Extending Workers' Compensation Insurance Coverage to Volunteers for the 2015/2016 Fiscal Year.

Hawker introduced the agenda item. Nebel reported that pursuant to ORS 656.031, Worker's Compensation Coverage is provided to volunteer workers of the city. He added that the city is required to adopt an annual resolution outlining the coverage. It was asked whether the City Council is covered under this insurance. Staff will confirm.

MOTION was made by Engler, seconded by Sawyer, to adopt Resolution No. 3718, which will extend Worker's Compensation coverage to volunteers of the City of Newport for the 2015/2016 fiscal year. The motion carried unanimously in a voice vote.

Consideration and Possible Adoption of Resolution No. 3713 Ending Additional Contributions to the Agate Beach Closure Fund and Discontinuing the Allocation of Interest Earnings to the Agate Beach Closure Fund.

Hawker introduced the agenda item. Nebel reported that during Budget Committee discussions, questions were raised regarding the Agate Beach Closure Fund. He stated that this fund was established as a requirement to cover future maintenance issues at the former landfill. He added that the city is responsible for 42.30% of any future costs regarding maintenance activities at the landfill. He noted that the state has calculated the amount that the city needs to have in

a closure fund designated towards maintenance of the former landfill site. He stated that discussions with Lincoln City's former Finance Director, Ron Tierney, indicated that Lincoln City stopped making additional contributions into this fund several years ago. He added that the interest earned on this fund is distributed to other city operating funds since the funding level exceeds the amount required by the state. He noted that the calculated post closure care fund amount required to be set aside is \$2,019,874, of which the city is responsible for \$854,406.70. He stated that the city currently has a balance of \$1,404,584 in the Agate Beach Closure Fund, and the amount of financial responsibility has been declining in recent years. He noted that the closure commitments were expected to last 30 years from the date of closure of the landfill in 1997, and that the Consortium of former landfill users is under a current permit that will run through 2019 and will likely be reissued in the future.

Nebel reported that the attached resolution is modeled after Lincoln City's resolution and eliminates additional contributions from the city's waste hauler into the Agate Beach Closure Fund, and it would distribute any interest from these funds to the other operating funds of the city until further notice. He stated that the resolution reserves the right to reinstate the fee if future occurrences require additional funding to meet post closure costs associated with the landfill. He stated that the current fee is based on the tonnage of solid waste disposed by Thompson's Sanitary Service from the city.

Nebel reported that he has discussed this option with Lincoln County Counsel, Wayne Belmont, and while Belmont favors a symbolic contribution into the Agate Beach Closure Fund for the county, he indicated that he does not object to the City Council eliminating this fund, as long as there is a recognition that should conditions change at the landfill, and should the city's future liabilities increase, that Council acknowledge the potential need to reinstate the fee for this purpose.

MOTION was made by Swanson, seconded by Sawyer, to adopt Resolution No. 3713, ending the collection of an Agate Beach Closure Fee, and discontinuing the allocation of interest earnings to the City of Newport's Agate Beach Closure Fund due to the current funding of the city's calculated liability for the closure of this facility. The motion carried unanimously in a voice vote.

LOCAL CONTRACT REVIEW BOARD MEETING

The City Council, acting as the Local Contract Review Board, convened at 8:00 P.M.

Offsite Improvements Relating to the Swimming Pool Project Parking, Sewer, Storm Sewer, and Sidewalk Work - Rejection of All Offers. Hawker introduced the agenda item. Nebel reported that on Thursday, June 4, at 2:00 P.M., only one bid was received for the offsite improvements related to the swimming pool project which included the City Hall parking expansion, sewer and storm sewer repairs, and sidewalk improvements located offsite. He stated that the bids came in above the engineer's estimate, and above the available funding for this project. He added that as a result, it is the recommendation of staff that the City Council consider rejecting all offers on this project and rebid the work as part of the overall Aquatic Center bid package. He noted that by combining these projects in one bid package, the quantities will be substantially increased related to the scale of this project which may reduce the cost. He added that

the parking improvements can be incorporated with the construction with the Aquatic Center allowing the city to release the bids for the Aquatic Center earlier. He stated that the city will be able to make a better financial decision on the project as a whole with the project bid in one package.

Nebel reported that the specifications for the City Hall parking and access improvements project had a mandatory pre-bid meeting, and only one contractor attended that meeting so they were aware that there would be no other bids coming forth for this project. He stated that the Aquatic Center project should draw a number of contractors providing a more competitive bidding arena for this work.

Nebel reported that the city's procurement rules provide that the contracting agency may reject all offers based on price, quality, or performance presented by the bidders. He stated that in this particular case, staff believes that the city may realize a more cost effective price by combining this work with the pool project.

Swanson asked whether planned pool items will be lost if this is rolled into the overall expense. It was noted that the pool project is running over budget based on the architect's estimate, and if the bids came in substantially higher, the city would have a new parking lot and not be able to award the pool bid at this time. He added that now, it will be coordinated with the general contractor.

Busby asked whether this delays construction of the parking lot and whether it will cause issues with the pool construction. Gross stated that the project already has combined construction documents, and there will be one bid for the overall project, and two contracts - one for the construction of the pool and one for construction of the parking lot.

Allen noted that the proposed motion does not include a basis for rejection, and that should be added for clarification.

MOTION was made by Allen, seconded by Sawyer, to reject all offers received for the City Hall parking and offsite improvements project based on the price of such offers. The motion carried unanimously in a voice vote.

RETURN TO CITY COUNCIL MEETING

The City Council returned to its regular meeting at 8:05 P.M.

REPORT FROM MAYOR AND COUNCIL

Roumagoux reported that she went on a ride-along with Police Officer Mitchell on June 7. She noted that she viewed homeless camping areas and areas where there is a lot of drug activity. She suggested that the proposed beautification committee include a member of the Police Department.

Roumagoux reported that she attended an all-day mass casualty training on June 9. She noted that approximately 140 people attended, at which the National Guard gave a capabilities briefing, and there was a tabletop exercise in the afternoon. She added that the training was based on a fictional dirty bomb explosion at the Gleneden Beach Fire Station.

Roumagoux reported that she attended the monthly meeting of the Bicycle/Pedestrian Advisory Committee on June 9.

Roumagoux reported that she and Miranda attended an Eagle Scout of Honor ceremony, for Austin Ligon, at the Nazarene Church, on June 13.

Sawyer reported that, years ago, there was a homeless issue at Yaquina Bay State Park. He noted that weed removal at the Library might help the homeless camping situation at that location.

Sawyer reported that the Destination Newport Committee commissioned video work had begun. He stated that the article in the newspaper was comprehensive, but that the drones had not yet started. Busby stated that if the drones start, there will be a problem.

Sawyer reported that yesterday was Flag Day, and that the flags placed by Tony Molina and his volunteers looked great.

Swanson reported that she had recently graduated from the Leadership Lincoln program. She added that the graduation banquet was great, and that an actor, impersonating Oliver Wendell Holmes, provided entertainment. It was noted that the actor was local attorney, Bill Barton.

Busby reported that he attended a recent meeting of the Airport Committee, at which the proposed RFP for FBO operations was discussed.

Busby reported that the Public Arts Committee reviewed 29 proposals for public art for the new swimming pool. He added that formal proposals and interviews will occur in August. He noted that he did not attend this meeting as the City Council will be asked to award a contract to an artist at a later date.

Busby asked whether Council can enter letters into a meeting record without reading them. Nebel noted that this is a policy choice of the City Council, and something to discuss from a process standpoint. Allen added that land use hearings are different

Engler reported that she attended a recent meeting of the Solid Waste Advisory Committee, and the group is working on a flow chart for disaster preparedness.

Engler reported that she attended a recent meeting of the Nye Beach Merchant's Association. She noted that the turnaround has not been striped in several years and that people are parking inefficiently.

Engler reported that she talked with Library Director Smith about the possible use of exterior bollard lighting. She mentioned that the bollards need to be replaced at Don Davis Park. She suggested that the city use one bollard style wherever it uses that type of lighting. Engler stated that she would like to know what lights are being considered.

Allen reported that he attended the morning session of the disaster drill held at the Armory on June 9. He noted that this exercise was coordinated by Lincoln County and the Oregon Military Department.

Allen reported that he attended an OCZMA meeting, in Newport, on June 12. He stated that there has been a change in the management structure of the organization as Georgia York has retired, and her last day will be at the end of this month. He noted that the executive director position was not filled, but that an arrangement had been worked out with the Association of Oregon Counties to handle management and coordination services for OCZMA. He added that the Executive Board will work with AOC in moving forward on strategy concepts, etc.

Allen reported that he had forwarded materials over weekend that included a spreadsheet showing the status of pending legislation.

PUBLIC COMMENT

Marletta Noe asked about fluoridation of water and whether the residents will have an opportunity to vote on this issue. She stated that she thinks that a lot of toothpaste could be purchased with the \$300,000 cost for the fluoridation equipment. Nebel stated that an initial discussion by Council would occur on July 20.

Holly Henry complained about Officer Mitchell's interaction with a heroin addict.

Sawyer asked about the status of the laundry in Nye Beach. Tokos reported that the property owner is weighing his options regarding the property.

Swanson asked whether Big Creek Park had been recommended as a site for the bicycle pump track, and it was confirmed. Allen stated that he is concerned about outreach, and surprised, given what happened with Coast Park, that there was not more involvement by the City Manager to avoid this happening in the future. Nebel agreed that contacting the neighborhood in advance would be preferable. He stated that the city needs a regular process regarding how to move these issues forward. He added that Protiva's outreach at Big Creek Park was inadequate and insufficient.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:30 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor