

June 17, 2013
6:14 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, Beemer, Allen, Roumagoux, Sawyer, Saelens, Swanson, and Busby were present.

Staff present was Interim City Manager Smith, City Recorder Hawker, Community Development Director Tokos, Public Works Director Gross, Fire Chief Paige, Finance Director Marshall, and Police Chief Miranda.

PLEDGE OF ALLEGIANCE

Council and the audience participated in the Pledge of Allegiance.

ADDITIONS/DELETIONS AND APPROVAL OF THE AGENDA

It was agreed to add the consideration of an intergovernmental agreement with the Newport Rural Fire Protection District as action item H.

PUBLIC COMMENT

Commander Shirley Gilmore of the American Legion, and David Bowman, asked Council to direct staff to review the recreation passes used by the Coast Guard families, as the passes have expired. Beemer suggested holding a public hearing on this matter. Allen suggested contacting Protiva.

John Todd read a proclamation relative to the proposed budget in which he noted that the budget has the highest deficit in the city's history. Todd stated that the resolution was written and presented, to the city, by him.

Mark Watkins expressed concern regarding the airport budget. He requested additional time to review the budget prior to adoption. It was noted that the formal budget hearing begins at 7:00 P.M., and he is welcome to put something on the record as a part of the formal budget hearing.

Patricia Patrick, Dolphin Real Estate, LLC, commented on Resolution No. 3637 establishing an infrastructure task force. She noted that she would like to add "and/or existing" to the third "whereas" clause so that it would read, "WHEREAS, the City Council and Budget Committee desire to explore different and/or existing funding options for public infrastructure investment." Allen stated that he would address this issue during the discussion on this action item.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of City Council minutes from the work session and regular meeting of June 3, 2013 and the special meeting of May 16, 2013;
- B. Acknowledgment of accounts paid for May 2013;
- C. OLCC application - Shunk's.

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

OFFICER'S REPORTS

Mayor's Report. Roumagoux reported that Gross had participated in the KCUP radio show on June 5.

Roumagoux reported that she attended the PAADA annual meeting at which the highlights of the 2012/2013 year were reviewed.

Roumagoux reported that she attended the OCCA nursing class pinning ceremony at which 17 nurses were pinned.

City Manager's Report. Smith reported that he was out of town last week, but had met with staff and toured departments the previous week. He noted that he met with a number of citizens, and he is acquiring a general knowledge of the various departments and citizens.

ACTION ITEMS

Consideration and Potential Adoption of Resolution No. 3640 Transferring Appropriations for Fiscal Year 2012/2013. Marshall reported that the issue before Council is the consideration of Resolution No. 3640 regarding the transfer of appropriations for ten of the city's funds for FY2012/2013. MOTION was made by Swanson, seconded by Beemer, to adopt Resolution No. 3640 transferring resources and contingencies as shown in Attachment A of the resolution. The motion carried unanimously in a voice vote.

Consideration of Final Order for Coffee House SDC Appeal. Tokos reported that a revised copy of the order was distributed to Council earlier. He noted that this memorializes Council's previous action to grant an appeal of the City Manager's decision to assess System Development Charges for a planned 200 square foot deck enclosure at the Coffee House restaurant located at 156 SW Bay Boulevard. Roumagoux asked for Council comments. Allen asked whether Dennis Bartoldus took issue with item two in the order, and Tokos noted that he did not. Tokos added that if a different proposal is submitted, staff will have to take a look at it. MOTION was made by Allen, seconded by Swanson, to adopt Final Order 2013-2 granting the appeal on grounds that the proposed development is exempt from System Development Charges pursuant to Chapter 12.15 of the Newport Municipal Code. The motion carried unanimously in a voice vote.

Consideration of Use of Georgia-Pacific Franchise Monies for Smoke Testing. Gross reported that the issue before Council is consideration of designating Georgia-Pacific franchise agreement funds from calendar years 2013 and 2014 for the sanitary and storm sewer smoke testing program. Allen asked whether the smoke testing has been providing benefits, and Gross reported that at least nine cross-connections have been identified in the last few years as a result of the program. Saelens noted that the program is very important and an appropriate use of the G-P franchise funds. Beemer asked whether this funding will be sufficient to complete smoke testing throughout the city, and Gross noted that it will not complete testing in the entire city, but it would complete smoke testing in areas with major issues. MOTION was made by Saelens, seconded by Busby, to authorize the use of the Georgia-Pacific franchise agreement funds from calendar years 2013 and 2014, in the amount of \$130,388, to fund Phase II of the Sanitary and Storm Sewer Smoke Testing Program. The motion carried unanimously in a voice vote.

Consideration of Resolution No. 3637 Establishing an Infrastructure Task Force. Allen noted that at the conclusion of meetings of the Budget Committee and City Council, it was agreed that a task force should be established to study the issue of options for public infrastructure investment and forward recommendations to the City Council. It was added that Resolution No. 3637, if adopted, would establish this task force, define its scope of work, and establish a task completion date. It was further noted that the resolution appoints the following members to the task force: Councilor Allen, Councilor Busby, Councilor Saelens, Budget Committee Members Patrick and Springsteen, and former Mayor, Mark McConnell. Allen stated that he looked at the language suggested by Patricia Patrick and believes the term should be "various," rather than "and/or existing." Saelens noted that this is an important and crucial issue as the Budget Committee subcommittee did not have time to look into this matter earlier. MOTION was made by Beemer, seconded by Allen, to adopt Resolution No. 3637 establishing an Infrastructure Task Force as amended. The motion carried unanimously in a voice vote.

Consideration of Award for OnDisplay Advertising. Lorna Davis, Executive Director of the Greater Newport Chamber of Commerce, reported that the issue before Council is the consideration of extending a billboard (building wallscape) located on SW 4th and Oak Streets in Portland. It was added that the Destination Newport Committee had reviewed and recommended this proposal. Roumagoux asked for Council comments. Davis responded to Council questions. MOTION was made by Beemer, seconded by Saelens, to approve the extended promotion of Newport by advertising on a billboard (building wallscape) located at SW 4th and Oak Streets in Portland through a contract with OnDisplay Advertising. The billboard advertising will be extended another eight week period at a cost of \$16,000. This will extend the current posting through the summer until August 14, 2013 and will be charged against the FY2012/2013 budget. The motion carried unanimously in a voice vote.

Consideration of Ordinance No. 2051 Formalizing the City's Bicycle and Pedestrian Advisory Committee. Saelens reported that the issue before Council is consideration of Ordinance No. 2051 formalizing the Bicycle and Pedestrian Advisory Committee.

Roumagoux asked for Council comments. MOTION was made by Swanson, seconded by Sawyer, to read Ordinance No. 2051, repealing and re-enacting Chapter 2.05.055 of the Newport Municipal Code Creating a Bicycle and Pedestrian Advisory Committee for the City of Newport, by title only, and place for final passage. I further move that the existing members of this Committee continue serving until the expiration of their current terms at which time they may apply for reappointment. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2051. Voting aye on the adoption of Ordinance No. 2051 were Allen, Saelens, Busby, Beemer, Swanson, Sawyer, and Roumagoux.

Canvass of Ballots - May 21, 2013 Special Election. Hawker reported that this issue before Council is post-election housekeeping, and includes the approval of the abstract and canvass of the ballots of the May 21, 2013 election on Measure No. 21-150 regulating the use of plastic carryout bags and paper bags. Roumagoux asked for Council comment. Allen reported that 57% of the voters were against the measure, and 43% were in favor of the measure. MOTION was made by Allen, seconded by Sawyer, to approve the official abstract and canvass of the ballots of the May 21, 2013 special election at which Measure No. 21-150 regulating the use of plastic carryout bags and paper bags was defeated by the voters of the City of Newport. The motion carried unanimously in a voice vote.

Consideration of an Intergovernmental Agreement Between the City of Newport and the Newport Rural Fire Protection District. Paige reported that the issue before Council is consideration of an intergovernmental agreement between the city and the Newport Rural Fire Protection District for the use of fire suppression equipment and personnel. He noted that the agreement is necessary to continue to provide services to the District. Roumagoux asked for Council comment. MOTION was made by Sawyer, seconded by Busby, to approve the intergovernmental agreement with the Newport Rural Fire Protection District, and to authorize the Mayor to sign the Amended and Restated Intergovernmental Cooperation Agreement for the Use of Fire Suppression Equipment and Personnel, in order to continue to provide services to the Newport Rural Fire Protection District. The motion carried unanimously in a voice vote.

PUBLIC HEARINGS

Public Hearing and Potential Adoption of Ordinance No. 2055 Amending the Zoning Code to Allow Accessory Dwelling Units. Roumagoux opened the public hearing at 7:05 P.M. and asked for roll call. Tokos reported that the issue before Council is the consideration of whether it is in the public interest to create standards for allowing Accessory Dwelling Units (ADUs) in residential areas irrespective of existing density limitations. He stated that Policy 4, Goal 2 of the Housing Element of the Comprehensive Plan calls for the city to identify potential amendments to its codes in order to facilitate the development of affordable housing to workers at all wage levels. He added that Implementation Measure 4.2 of this policy specifically refers to the city adopting an ordinance to allow ADUs in residential zones. He stated that an ADU is a dwelling that is ancillary and smaller than a primary dwelling that exists on a lot or parcel. He noted that allowing ADUs affords property owners the opportunity to

construct modest, ancillary units that can be rented or used by family members or on-site caregivers. Tokos stated that ADUs are an important housing option that is in keeping with Goal 1 of the Housing Element which encourages provision of housing in adequate numbers, price ranges, and rent levels commensurate with the financial capabilities of Newport households. He added that currently, ADUs are only allowed in the Wilder Planned Development. He noted that the Planning Commission considered the amendments and recommend adoption. Busby asked why the square footage restriction was adopted. Tokos noted that it is a common square footage limitation statewide, and at this size, they should blend in well. He added that the target is people who are looking for space for a family member. Saelens asked about unintended consequences relative to other smaller buildings and setbacks. Swanson asked about SDC's, and Tokos noted that a reduced transportation SDC might apply.

Roumagoux asked for public comment. There was none.

Roumagoux closed the public hearing at 7:13 for Council deliberation. MOTION was made by Sawyer, seconded by Busby, to read Ordinance No. 2055, amending Title XIV of the Newport Municipal Code to include standards for permitting Accessory Dwelling Units on residential properties, by title only, and place for final passage. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2055. Voting aye on the adoption of Ordinance No. 2055 were Sawyer, Swanson, Roumagoux, Allen, Busby, Beemer, and Saelens.

Public Hearing and Potential Adoption of Resolution No. 3634 Adopting the FY2013/2014 Budget for the City. Roumagoux opened the public hearing on Resolution No. 3634, adoption of the city's FY2013/2014 budget, at 7:14 P.M. Marshall reviewed the document reporting that it contains salary schedules. He stated that a nine plus position has been created to reward people who have been employees for more than nine years. He added that the budget also contains a brief description of the chart of accounts, and that the intent of this budget was to create a template for future budgets. Marshall stated that the budget and funds are in balance pursuant to Oregon statute. He indicated that the budget includes a nine million dollar grant for the airport and increased utility rates.

Roumagoux asked for public comment. She read e-mails into record from: Jody George, Frances Van Wert, and Wendy Engler, who all expressed opposition to the proposed business license fee increase.

Allen noted that he could not find minutes or audio files from the Technical Advisory Committee on the city website. Tokos agreed to assist Allen in accessing these documents.

Linda Neigebauer spoke in opposition to the proposed business license increase.

Linda Neigebauer asked the city to pay the balance of the transit monies due this year.

Linda Neigebauer suggested creating a City Loop Committee. Saelens suggested that the Bicycle/Pedestrian Advisory Committee become a multi-modal committee in the future, adding that as members serve out terms, there is an opportunity to restructure the committee. Allen asked how many years the city has been funding the shuttle. Neigebauer reported that the city has funded the shuttle at \$90,000 annually for three years, and one year at \$12,500. Allen asked whether the transit district had entered into an agreement with the city similar to those the city has with the Chamber of Commerce

and OCCA. He noted that these agreements provide for annual reports, and if he supports funding, he will expect an agreement that delineates responsibilities to ensure that there is a clear understanding regarding utilization of those monies.

Busby noted that adoption of this budget does not automatically raise the business license fee. Allen noted that budget document still shows \$15,000 in revenue for an increase in the business license fee. It was suggested that the proposed economic development position not be associated with the increased business license fee revenues.

Linda Briggs spoke in opposition to the proposed business license fee increase.

Busby asked for business license compliance information. Allen noted that a task force reviewed the former business license ordinance and that there was a series of public meetings and hearings in addition to Council discussion.

Busby noted that \$40,000 from the City Council budget, for partial funding of an economic development position, is no longer included in the proposed city budget. Marshall stated that \$50,000 is still included for the economic development position. Allen noted that he did not hear much support for the increased business license fee, and stated that the proposed \$15,000 should be removed from the budget. Marshall reported that this amount will not need to be removed as \$15,000 can be collected with greater enforcement.

Wendy Engler suggested using the budgeted \$50,000 for economic development to make Newport a more desirable place to live.

John Todd repeated that the LB1 notice includes the URA and leaves a question as to whether the notice is technically correct. He stated that his concern is that the city is headed toward financial disaster. He recommended trimming the budget back to 2012 levels.

Jim Patrick, chair of the Planning Commission, noted that the TAC and the Planning Commission thought the funding of an economic development employee was important. Beemer noted that if the position is funded at \$50,000 annually for five years, the total would be \$250,000. He asked whether Patrick is convinced that there would be \$250,000 worth of benefits from the position. Allen noted that when the TAC was meeting, Council was receiving updates, and that it was generally agreed that economic development was important and that different strategies should be pursued. Allen added that he is not sold on the position.

Patricia Patrick noted that economic development is a wonderful idea, but the timing is poor. She reported that she asked Gross, during Budget Committee meetings, whether the city could provide water and sewer services if a big company came into town, and he indicated that the city could not provide these services. She asked what the economic development staff person would be hired to do, noting that there are manufacturing lands available, but no infrastructure to accommodate businesses.

Busby noted that if the city continues spending more money than it is taking in, it will go broke. He reported that everyone saw the six million dollar hole. Busby stated that he has many questions. Allen asked Busby where the six million dollar hole is located in the proposed budget. Allen asked Marshall to address the six million dollar hole. Busby stated that the city is spending down reserves, and at the end of the year, it will have six million dollars less.

Marshall stated that he had not seen Todd's PowerPoint until this afternoon. He added that Todd had not communicated with him until today, and that he has not had

time to look at the document. Marshall stated that there is not a six million dollar hole in the budget. He stated that the city has had unqualified audits for years. Marshall added that he advised Council that this is a pivotal year. He stated that there is no question that the city is using fund balances.

Busby stated that there are ways to save money, and expressed disappointment in the city's budget process. He added that he could not believe the budget had no justification for many things, including no timeline expenditures on major projects. Busby stated that he had 200 questions about budget items that are unclear, including the airport has \$1,000 for publications; \$4,000 for hand tools; fuel and oil are up 20%; and shipping has doubled. He stated that he believes the city should cut back 10% or 20% to save money. He suggested holding back monies as unappropriated funds, and appropriate them if necessary.

Marshall stated that this public hearing must address the budget as approved by the Budget Committee. He noted that when the hearing is closed, the City Council has the latitude to increase individual fund expenditures by no more than ten percent, and if Council wants to increase expenditures by more than ten percent, it must publish notice of a second budget hearing and a new financial summary and hold a second hearing on the adoption of the modified budget.

Busby noted that the LB1 form lists 119 FTE's, and that the budget document lists 130 FTE's. Marshall indicated that the LB1 form is correct.

Sawyer noted that most budgets are compiled by department heads, and suggested that each one could be reviewed and cut. He added that when he was first appointed to the City Council, the city was doing negative fund budgeting. He noted that Marshall brought the reserves issue to Council, and a policy was developed. He added that there were changes to the city's retirement system and health insurance that will save money.

Swanson stated that the Budget Committee approved this document and that the City Council should adopt it.

Allen noted that prior to returning to Council a few years ago, he was a member of the Budget Committee. He noted that every Budget Committee member had a good understanding of the budget and budget process. He stated that the budget process should begin in mid-April rather than May. He noted that this will allow time for staff to engage and respond to questions prior to the statutory deadline. Saelens noted that in his experience, he was never allowed to release a budget that did not include the previous and year-to-date numbers. He added that he hopes that the additional Finance Department staff and updated software will make it easier to produce this information.

Marletta Noe reiterated what Marshall had said in that this is a pivotal year and the staff needs to do better.

Roumagoux closed the public hearing at 8:32 for Council deliberation. Allen noted that the business license fee has been addressed. He added that the other specific issue is the \$50,000 set aside for economic development services in partnership with the Chamber. He stated that he does not believe this issue has been fully vetted, and asked whether the \$50,000 should be left in the budget as a placeholder with the understanding that it will not be spent until there is more interaction with stakeholders. Allen added that the funds could be used during the next fiscal year or used for something else. Beemer and Sawyer agreed to leave this line item in the budget recognizing that it has not been obligated yet. Busby asked whether any Councilors are interested in reducing the overall budget. MOTION was made by Busby to reduce the

overall budget by ten percent, and have staff come back to Council. Saelens stated that he would like to second the motion, but that it is a little too late, and that he is concerned about unintended consequences. He stated that the city needs a sustainable budget. The motion died for lack of a second. Allen noted that the water and wastewater increases were adopted on June 3 and are integral to this budget. He stated that he will support the budget regardless of having voted against the water and wastewater increases due to the decision to create a task force to study infrastructure funding. He added that without the creation of this task force, he would be voting against the proposed budget. MOTION was made by Beemer, seconded by Saelens, to adopt Resolution No. 3634 adopting the City of Newport Fiscal Year 2013/2014 budget and making appropriations. The motion carried in a voice vote with Saelens, Sawyer, Roumagoux, Swanson, Allen, and Beemer voting yes; and Busby voting no.

Public Hearing and Potential Adoption of Resolution No. 3636 Regarding the City's Election to Receive State Shared Revenues for FY2013/2014. Roumagoux opened the public hearing on Resolution No. 3636 at 8:42 P.M. Marshall reported that the issue before Council is consideration of adopting Resolution No. 3636 which is required in order to receive State Shared Revenues.

Roumagoux asked for public comment. There was none.

Roumagoux closed the public hearing at 8:43 P.M. for Council deliberation. MOTION was made by Sawyer, seconded by Swanson, to adopt Resolution No. 3636 regarding the city's election to receive State Shared Revenues. The motion carried unanimously in a voice vote.

Public Hearing and Potential Adoption of Resolution No. 3638 Regarding the Imposition and Categorization of Ad Valorem License Fees for the FY2013/2014 Budget. Roumagoux opened the public hearing on Resolution No. 3638 at 8:15 P.M. Marshall reported that the issue before Council is consideration of adopting Resolution No. 3638 regarding the imposition and categorization of ad valorem license fees for the FY2013/2014 budget.

Roumagoux asked for public comment. There was none.

Roumagoux closed the public hearing at 8:46 P.M. for Council deliberation. It was noted that there is a change to the third line of the resolution, and it should read "\$1,862,418 for the debt fund." MOTION was made by Swanson, seconded by Beemer, to adopt Resolution No. 3638 imposing and categorizing ad valorem license fees for the Fiscal Year 2013/2014 budget as amended. The motion carried unanimously in a voice vote.

Public Hearing and Potential Adoption of Resolution No. 3635 - Supplemental Budget for Fiscal Year 2012/2013. Roumagoux opened the public hearing on Resolution No. 3635 at 8:47 P.M. Marshall reported that the issue before Council is the consideration of an amendment to the city's FY2012/2013 budget to address increased appropriation changes in the General Fund. He explained that the FAA funding of the AIP projects results in the likely receipt of \$600,000 more than budgeted for this fiscal year, and the city must adopt a supplemental budget to accommodate for this funding.

Roumagoux asked for public comment. There was none.

Roumagoux closed the public hearing at 8:48 P.M. for Council deliberation. MOTION was made by Beemer, seconded by Swanson, to adopt Resolution No. 3635 adopting the city's Fiscal Year 2012/2013 supplemental budget and making appropriations. The motion carried unanimously in a voice vote.

Public Hearing and Potential Adoption of Resolution No. 3642 Regarding the Designation of Ending Fund Balance Revenues for Specific Uses. Roumagoux opened the public hearing on Resolution No. 3642 at 8:48 P.M. Marshall reported that the issue before Council is consideration of adoption of Resolution No. 3642 which complies with GASB54 requiring all ending fund balances to be designated in certain categories.

Roumagoux asked for public comment. There was none.

Roumagoux closed the public hearing at 8:50 P.M. for Council deliberation. Allen noted that some accounts are restricted and assigned, including the Building Inspection Fund, Transient Room Tax Fund, and the Agate Beach Closure Fund. It was agreed to amend the resolution to list these three funds in both categories - restricted and assigned. MOTION was made by Allen, seconded by Beemer, to adopt Resolution No. 3642 regarding the designation of ending fund balances with the noted changes. The motion carried unanimously in a voice vote.

Update on Parking in Front of City Hall. Smith noted that Sawyer and Saelens have questions regarding the removal of disabled parking places in front of City Hall. Gross reported that the Public Works Department had received a request from the Police Department to create parking for DUII officer vehicles in front of City Hall. He noted that after review, the best scenario was to reallocate two handicapped parking spots. He added that this is the most realistic place to add the DUII officer parking. Saelens suggested issuing a press release when the parking change is finalized.

COUNCIL REPORTS AND COMMENTS

Sawyer reported that he had attended the recent municipal swimming pool presentation.

Sawyer reported that he had attended a recent Destination Newport Committee meeting at which the banner on the Portland building was discussed and approved.

Sawyer reported that he had attended a recent meeting of the Airport Committee.

Saelens reported that he had attended a recent meeting of the Bicycle/Pedestrian Advisory Committee.

Saelens reported that he attended the recent municipal swimming pool presentation.

Saelens reported that he attended a recent Wayfinding Committee meeting.

Saelens noted that confusion between a proposed waterpark and municipal pool is starting in earnest.

Swanson reported on a recent meeting of the Senior Advisory Committee at which programming and handicapped parking were discussed.

Busby reported that he had attended a recent meeting of the City Employee Committee, and that the group expressed interest in the status of the City Manager hiring process.

Beemer reported that he attended the Chili Cook-Off and that the city's Fire Department won the best chili and grand prize awards.

Allen reported that he attended a recent OCZMA meeting at which new officers were elected; the budget was worked on; staff transition discussed; and an update was provided by the Coastal Caucus staff member on legislation relating to coastal issues that are now moving through the legislature. He noted that several bills had been passed and signed into law relative to wave energy issues. He agreed to forward a copy of the bills to Council, and noted that he will have more information on other issues by the next meeting.

Smith reported that he plans to send all employees a memo regarding the City Manager hiring process.

ADJOURNMENT

Having no further business, the meeting adjourned at 9:02 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor