

June 4, 2012
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, Beemer, Allen, McConnell, Bertuleit, Sawyer, and Roumagoux were present. Brusselback was excused.

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

PLEDGE OF ALLEGIANCE

The City Council and audience recited the Pledge of Allegiance.

ADDITIONS/DELETIONS/CHANGES TO THE AGENDA

It was agreed to move the swearing in of Steven Hallmark to the beginning of the agenda.

DISCUSSION ITEMS AND PRESENTATIONS

Swearing in of Police Officer Steven Hallmark. Miranda introduced newly-hired Police Officer Steven Hallmark. Hawker administered the oath of office to Hallmark.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of minutes from the City Council special meeting of May 11, 2012, and the regular meeting of May 21, 2012.

MOTION was made by Roumagoux, seconded by Bertuleit, to approve the consent calendar with the amendments to the minutes as suggested by Allen. The motion carried unanimously in a voice vote.

OFFICER'S REPORTS

Mayor's Report. McConnell reported that he had received letters regarding utility rates from Debbie Kelly, Rodney and Darlene Croteau, and Susan Hogg. He noted that one letter supported the increases; one was opposed to the increases; and one was partly in support of the increases.

McConnell reported that the recent Sister City visit was successful. He reviewed some of the activities during the visit, and displayed the gifts given to the city.

McConnell reported that he has decided not to run for a second term as Mayor. Council thanked him for his service to the city.

City Manager's Report. Voetberg thanked McConnell for his service as Mayor.

Voetberg reported that the packet contains two letters from DEQ relating to the recycling program; one stating that the city is in compliance with the recycling report; and second that the city has met the requirements for the recycling program.

Voetberg reported that the packet contains a report from the Parks and Recreation Department regarding the Home and Garden Show and the Coast Hills Classic Mountain Bike Race. He noted that these events help fund scholarships for youth sports.

Voetberg reported that staff has continued dialog with residents interested in the NW 3rd and 6th Street sidewalk project, and noted that the project is scheduled to be bid on June 6. McConnell asked whether the sidewalk on the north side of the bridge is included in this project, and it was noted that it will be bid as a separate project at the same time.

McConnell reported that he had received a letter from Bayfront businesses and residents regarding catering trucks and potential restrictions. Sawyer noted that he had met with several business owners and asked them to bring concerns about catering trucks to Council.

Bertuleit reported that Elliott Crowder has received nearly \$1,000 toward next year's mountain bike race.

Allen reported that Council had conducted a productive city manager evaluation at noon. He asked that the CIS materials distributed to employees, regarding high deductible health insurance, be made available to Council. He reiterated that Voetberg should reach out to the Airport Committee for assistance in vetting applications for airport director.

McConnell reported that the city manager's evaluation was conducted earlier today, and that things are going well and in a positive direction.

McConnell reported that the marathon was a great event that included lots of volunteers and visitors. Beemer reported that the Boosters are considering increasing the number of marathon participants next year.

Allen reported that a Town Hall meeting would be held on the fifth Monday in July either in City Center or the Bayfront.

Bertuleit reported that the Fire and Police Departments had done a great job at the marathon. He noted that one runner drove to Port Angeles the next day to participate in another marathon.

ACTION ITEMS

Consideration of Legalization of NE 56th Street. Tokos reported that the issue before Council is whether it is in the public interest to legalize a portion of NE 56th Street, in the vicinity of the intersection of NE 56th Street and NE Lucky Gap Road, as provided in ORS 223.935 to 223.950. He added that the street section borders tax lots 1701, 1800, 2000, 2099, and 2401 of Lincoln County Assessment Map 10S11W29BA, and is depicted on a preliminary survey prepared by Denison Surveying, Inc. He noted that the City Council held a hearing on May 21, to consider the legalization, and after taking

testimony, directed staff to prepare a final order completing the legalization procedure for consideration at a future meeting. He added that a final order has been prepared and reviewed by the City Attorney. He reported that Council had asked staff to communicate with Lincoln County Counsel to request his opinion on the adequacy and validity of the process. He distributed Belmont's memo to Council, noting that Belmont did not disagree with the City Attorney's evaluation. He added that staff understands that County Counsel Belmont will not be taking issue with the city's ability to legalize NE 56th Street, and will rather elaborate on the County Surveyor's arguments as to why the city should pursue an alternative solution. A discussion ensued regarding the width of the roadway and its past utilization. MOTION was made by Roumagoux, seconded by Beemer, to adopt the final order legalizing the subject portion of NE 56th Street, as presented. The motion carried unanimously in a voice vote.

Consideration of Intent to Apply for Bicycle/Pedestrian Grant. Tokos reported that the issue before Council is consideration of whether the Community Development Department should proceed with a grant application to the Oregon Department of Transportation for bike and pedestrian improvements. He added that one option is to file a joint application with the Port of Newport for sidewalk improvements along SE Bay Boulevard from SE Vista Drive to the city limits. He noted that another option is to submit for funding to construct sidewalk along the west side of SW Elizabeth Street from SW Government Street to SW Park Street. He reported that ODOT has issued a combined project solicitation for its Bike and Pedestrian and Transportation Enhancement Programs, and that a notice of intent to apply for a grant must be postmarked by June 6, 2012. He added that, if invited to apply, a full application will be due in December. A discussion ensued regarding which project to endorse for the grant application. Don Mann reported that the SE Bay Boulevard project is budget driven regarding the cash match and sharing of costs. Ken Dennis reported that the Bicycle/Pedestrian Committee had looked at both options. He noted that the Committee believes that the highest priority should be Oceanview Drive improvements, but since this project was not mentioned in the TSP, the Committee endorsed the Elizabeth Street project. Beemer noted there are serious sight distance safety issues north of 15th Street on Oceanview Drive. Mann noted that he would talk with the Port Commission about submitting a letter of intent to lay the groundwork for a future grant submission. MOTION was made by Bertuleit, seconded by Beemer, to direct staff to proceed with a grant application to ODOT for sidewalk improvements along SW Elizabeth between SW Park and SW Government Street (west side). The motion carried unanimously in a voice vote.

Consideration of an Agreement with Willamette Valley Communication Center for 911 Dispatch Services. Voetberg reported that the issue before Council is consideration of an agreement for emergency dispatch services with the City of Salem, Oregon, doing business as Willamette Valley Communication Services. He noted that it has the support of the Fire and Police Chiefs, and that the Lincom User Group Committee and the Lincom Executive Board have voted to transfer dispatch services from Lincom to Willamette Valley Communication Services. He explained the transition and costs. A discussion ensued regarding how the city participates in the administration of the WVCC since it is actually a part of the City of Salem. Miranda explained that there are three

committees; one an advisory board on which the city would be a voting member; one, a police service committee on which the city would have a vote; and one a fire service committee on which the city would have a vote. A discussion ensued regarding who has full authority, and it was noted that this responsibility rests with the City of Salem, and that technically, the Salem Police Chief is in charge, with ultimate responsibility falling on the Salem City Council. Miranda reported that this issue was discussed, and that in 20 years, the Salem chief has never overruled any decision made by the advisory board. Ken Dennis stated that he has been a communications system person for 35 years, and reported that there is currently no communication link between Newport and Salem, and that T-1 lines will need to be used to start. He asked who would pay for maintenance of the system. Voetberg reported that a microwave system is being installed now through a grant to county; and that there will be two leased T-1 lines between Newport and Salem, and this is included in the annual cost. Paige reported that the T-1 lines will be kept in place, after the microwave is installed, as a redundant system. A discussion ensued regarding cost changes should an entity leave the group. It was reported that the Lincom rate model is different than that used by WVCC, and that if an agency left the group, there could be a cost increase. Voetberg reported that the ongoing maintenance costs have been discussed at the executive level. Paige reported that the T-1 lines are included in the budget along with the transitional costs for the closeout of Lincom. It was noted that discussions are ongoing regarding maintenance costs of the microwave system. MOTION was made by Beemer, seconded by Roumagoux, that the city enter into an agreement with the City of Salem, Oregon for dispatch services, and authorize the City Manager to execute an agreement on behalf of the city. The motion carried in a voice vote with Sawyer voting no. Allen stated that questions about authority and the City of Salem are still concerns of his, and that he would like, over the course of the next year, to get reports on how things are working financially and logistically, and whether the city is being heard at the advisory level. He added that his vote was one of tentative support.

PUBLIC HEARINGS

Continuation of Public Hearing and Possible Adoption of Ordinance No. 2038, an Amendment to Newport Municipal Code 5.20 - Stormwater Drainage Utility. McConnell opened the continued public hearing at 7:32 P.M. Gross reported that the stormwater utility fee is recommended to be \$6.80 for each property that has metered city water service. A discussion ensued regarding the penalty of \$1,000 per day. Gross noted that the penalty has a direct bearing on the impact of a violation of this ordinance. It was suggested that staff review all Municipal Code penalties.

McConnell asked for public testimony. There was none.

McConnell closed the public hearing at 7:40 P.M., for Council deliberation. MOTION was made by Roumagoux, seconded by Beemer, to read Ordinance No. 2038, an ordinance repealing Ordinance No. 1951, and amending Chapter 5.20 of the Newport Municipal Code governing Stormwater Drainage Utility, by title only and place for final passage. The motion carried unanimously in a voice vote. Allen stated that he would like the penalty to be \$500 and consistent with water and wastewater. He added that he will vote no on the basis of the penalty. Bertuleit and Sawyer agreed with Allen. The motion was amended by Beemer, seconded by Roumagoux, to reduce the penalty from \$1,000

to \$500. Voetberg read the title of Ordinance No. 2038. Voting aye on the adoption of Ordinance No. 2038, as amended, were Allen, Beemer, Bertuleit, McConnell, Roumagoux, and Sawyer.

Continuation of Public Hearing and Possible Adoption of Resolution No. 3592, Water Rate Increase; Resolution No. 3593, Wastewater Rate Increase; Resolution No. 3594, Establish Storm Drainage Utility Fee; Resolution No. 3595, Utility Infrastructure Fee.

McConnell opened the continued public hearing at 7:44 P.M. Gross addressed Resolution No. 3592 noting the elimination of the separate rate structure for Seal Rock water users. He reviewed the changes to fees. He addressed the proposal to change the base rate for fire suppression systems to a fee based on the size of meter. He added that historically fire suppression systems in the city have been unmetered, and that fire service only accounts were charged at the minimum base rate. He noted the possibility of flow monitoring systems for larger users. Bertuleit noted that is hesitant to increase a bill to \$100 per year for having a hook-up, and suggested that more time is needed on this issue. It was suggested that this issue could be part of a more comprehensive look in the future. Gross reported that this issue can be left for now.

McConnell asked for public testimony.

Patricia Patrick suggested that the resolution include a provision for water turn-ons for property inspections. She also suggested that the city collect a stiff deposit, and if the water charges exceed the amount being held for deposit; the water service should be shut off. McConnell noted that this might be something that could be accommodated by the new financial software.

Allen suggested a section in the wastewater resolution repealing last year's resolution.

Gross reviewed the wastewater resolution, noting that wastewater fees will be applicable to those that are users of the system, included in section 1.

Gross reported that the infrastructure fee appears in a separate resolution.

Gross reported that the stormwater utility fee is a flat fee of \$6.80.

Gross discussed the 2012-2013 Capital Improvement Plan. McConnell suggested designating on utility bills what the utility infrastructure fee is being used for.

Bertuleit suggested allowing for the undergrounding of all utilities when opening streets for city utility improvements.

McConnell noted that Council may not be making a decision today to move forward with a plan that cannot be changed in the future to offset fee increases. He added that the sustainability of the funding stream is a discussion of future councils.

Allen thanked staff for putting together the outlines and presentations to let Council and the community know what the issues are. He stated that the big issue is the increase in water and wastewater rates as those increases are typically around 5%. He added that the question is how to deal with the infrastructure issues the city is now facing that are over and above the typical 5% increase in water/sewer rates. He noted that Gross has convinced him that the city needs this. He stated that there is a need to convince the public, to get a sense that the public gets it. He added that he would prefer to get direct voter input by taking it out for a vote; putting it on the ballot as a bond measure. He stated that he would like Gross to develop a five year Capital Improvement Plan, with the total amount for a bond measure, and see if the citizens support it. He noted that the Budget Committee had approved an 8% increase in water and sewer

rates for this year. A discussion ensued regarding which election ballot this question might be placed on. Roumagoux asked what would happen if the city went out for a GO bond and it failed. McConnell noted that the improvements can be done on a cash basis without borrowing money by moving forward with the plan of generating \$1.5 - \$2 million/year through the proposed rate increases. Bertuleit suggested that the GO bond approach is not equitable. McConnell noted that when GO bond money is gone; the city would still need a rate structure that is sustainable. Beemer agreed with McConnell. Allen noted that he feels like Council did not try to integrate some other solutions, and left the GO bond discussion out of how the issue is being handled. He noted that a GO bond election gets the public more directly involved. McConnell noted that a new urban renewal district was also not discussed.

Marshall stated that the least attractive option is a GO bond as the city does not want to go into debt, and he would like to minimize borrowing. Voetberg stated that staff is recommending the increases as submitted in the staff reports as this is best way to finance the projects that need to be done. Allen stated that it is not the rate increases; but the dramatic increases over the next five years that are a concern. He noted that the city could include alternatives, in a GO bond explanatory statement, that could occur if the measure did not pass. Sawyer asked whether anyone had checked with the PUD to see how its SOS fund program was working. Gross reiterated that he is trying to get rates to a point where they are sustainable.

MOTION was made by Roumagoux, seconded by Beemer, to adopt Resolution No. 3592, a resolution setting rates for water utility charges, fees, deposits, and penalties, and repealing Resolution No. 3544 as amended. The motion carried in a voice vote with Allen voting no based on reasons stated in previous discussion.

MOTION was made by Roumagoux, seconded by Bertuleit, to adopt Resolution No. 3593, a resolution setting wastewater utility rates and repealing Resolution No. 3545. The motion carried in a voice vote with Allen voting no for reasons stated in the previous discussion.

MOTION was made by Roumagoux, seconded by Beemer, to approve Resolution No. 3594, a resolution setting stormwater utility fees. The motion carried unanimously in a voice vote.

MOTION was made by Roumagoux, seconded by Bertuleit, to approve Resolution No. 3595, a resolution setting utility infrastructure improvement fees. The motion carried unanimously in a voice vote.

Gross reported that he plans to issue an RFQ for a grant consultant of record to look at additional funding sources to offset rates. He added that it is his obligation and responsibility to spend money as prudently as possible, and he will look at alternative funding sources to offset rates as much as possible. He noted that this is just the beginning of discussions on how the city looks at rate structures.

ACTION ITEMS

Consideration of Resolution No. 3597 Amending Water SDC Rates. Tokos reported that the issue before Council is consideration of Resolution No. 3597 amending the Water System Capital Improvement Plan to return System Development Charge (SDC) eligibility to three of the listed projects. The changes increase Water System SDCs to \$2,234 per Equivalent Dwelling Unit. He noted that in April of 2009, the city amended

the Water System Capital Improvement Plan to reflect that SDCs would no longer be collected for the Big Creek Water Treatment Plant, Upper Lake Siphon Intake, Raw Water Transmission Pipe, Agate Beach Lower Storage Tank, and Highway 101 SE 40th to 50th Waterline projects. He added that this change was made because the thinking, at the time, was that the first four projects would be fully paid for with general obligation bond funds, and the last project would be fully paid for with Urban Renewal monies. He noted that this had the effect of reducing Water SDCs from \$3,694 to \$1,632 per Equivalent Dwelling Unit. He reported that as the scope of these projects was further refined, it became apparent that the general obligation bond and Urban Renewal funds would be inadequate to fully pay for the work, and that the Water System SDCs would be needed to construct the Upper Lake Siphon Intake, Agate Beach Lower Storage Tank, and Highway 101 SE 40th to 50th Waterline projects. He stated that in order for SDC funds to be used for these projects, they must again be designed as SDC eligible as was envisioned prior to the 2009 amendment. He added that this will increase the Water SDCs from the current rate of \$1,755 to \$2,234 per Equivalent Dwelling Unit. He noted that this will impact the water, wastewater, transportation, storm drainage, and park SDCs so that the total water SDCs will increase to \$10,603 from \$10,104. Allen noted that this was fully vetted by the Budget Committee as a part of the approval process. McConnell added that this is a fee that is paid on new development, not to folks already in the system.

MOTION was made by Beemer, seconded by Bertuleit, to adopt Resolution No. 3597, amending the City of Newport Water SDC Project Plan and Rates, and direct staff to coordinate with the City Attorney on any final edits prior to signature by the Mayor. The motion carried unanimously in a voice vote.

COUNCIL REPORTS AND COMMENTS

Sawyer reported that the Company's Coming program was very successful. He thanked Thompson's Sanitary for participating in the program.

Sawyer reported that three friends from Arizona ran the recent marathon; they had 14 people in their group; and six are spending the week in Newport. Allen noted that there were lots of marathon t-shirts on Aquarium visitors yesterday. McConnell reported that the marathon has a big impact on city tourism.

Roumagoux reported that she had attended the Public Works Week luncheon, and the Sister City event at the Yacht Club.

Bertuleit reported that the Airport Committee will be meeting in June.

Bertuleit reported on the recent TSP open house held by ODOT.

Beemer noted that traveling makes one appreciate the central Oregon coast more, and added that gasoline prices were \$10 to \$12 per gallon in Europe.

Allen reported that the Territorial Sea Planning process is ongoing. He reviewed future meetings noting that local governments will hopefully get more involved. He added that at some point, OPAC will take another look and forward its final recommendation to DLCD. He noted that he plans to stay involved, and is still chairing working group.

Allen asked which Council liaison had attended the recent Plastic Bag Community Plan Task Force meeting, and it was noted that none had attended. He stated that he plans to attend the next meeting on June 28.

Bertuleit reported that a Coho/Brant open house would be held on June 12, from 6 - 8 P.M., at City Hall; and also at the Urban Renewal Agency meeting on June 18, at 5 P.M.

Roumagoux reported that she had attended the Coho/Brant meeting in South Beach.

McConnell noted that a joint work session with the Port will be held at noon on June 18, and traffic impacts will be discussed.

ADJOURNMENT

Having no further business, the meeting adjourned at 9:14 P.M.

Margaret M. Hawker, City Recorder

Mark McConnell, Mayor