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MEMO

DATE: February 23, 2015
TO: Mayor and City Council
FROM: Spencer Nebel, City Manager
SUBJECT: Status Report for the time period of February 9, 2015 – February 20, 2015

HIGHLIGHTS OF ACTIVITIES:

Highlights and activities over the past two weeks include the following:

- In preparation for vacation, I began preparing on the 2015-16 Fiscal Year budget, and tried to catch up with various issues so I worked through the February 7-8 weekend. As I indicated to you before, it is my intent to utilize the days that I have worked through the weekends during February in lieu of several vacation days I will be taking as part of my up-coming vacation.
- Barb James, Rob Murphy and I met with Chris Rampley and Andy Parker from the Fire Department regarding concerns that Chris has had in regards to a Worker's Compensation claim. This claim was filed after Chris injured his back lifting a patient down a set of stairs. Chris was very disappointed with the delays that he experienced in getting a proper diagnoses and treatment plan in place. He indicated that he was told by CIS that the Worker's Compensation Claims employee was out, which caused a two week delay in treatment. Furthermore he has been hesitant to make claims against our Worker's Comp Coverage due to the frustration that he has had to date with the coverage. He was concerned about his immediate situation, but expressed that the City needed to take a look at how this program is being administered by CIS. In addition, Chris noted he is concerned that even with surgery to correct his situation he may not be able to come back as a firefighter. We will be exploring various scenarios through Worker's Comp and PERS, as well as any other potential assignments should he not be able to physically resume his role as a firefighter. I appreciated Chris sharing his concerns with us, and we will work with him to address specific issues relating to his claim. We will also evaluate the services we receive from CIS for Worker's Comp coverage.
- Barb James and I met with Tim Gross, Olaf Sweetman (Assistant City Engineer), and Melissa Román regarding her transition back to Engineering. Melissa will still continue to follow up

on several specific airport projects under the direction of engineering. One of the changes that I want to institute is that any significant improvement projects at the airport be run through engineering in the future. It is that the Engineering Department needs to be the service department when it comes to procuring and overseeing various construction services out at the Airport, as is the case with other departmental projects within the City. Tim will prioritize those projects, along with the other projects, that engineering is assigned to address and assign work out accordingly. Melissa did an excellent job overseeing the recent major projects at the Airport. While there is still much to do at the Airport, from a City organization standpoint it is important to get a number of other City projects moving forward for 2015 that are not Airport projects.

- Met with the stakeholders for the USGC Newport Air Station. The two significant issues discussed was the development of a press release relating to the motion by the US Coast Guard to dismiss the litigation in Federal court and the response from the Newport Fishermen's Wives, Port, City, County, and the Midwater Trawlers Association. Both sets of documents are included on the last status report to the City Council. There is still general amazement that the Coast Guard is taking credit for the October 15th and 20th stakeholders meeting and town hall meeting as part of their outreach, and that no decision had been made by the US Coast Guard to close this facility. The second issue that we worked on was to develop an agenda for the meeting that was held with Senator Merkley, Congressman Schrader, with the stakeholders in order to have a productive meeting. We thought it would be helpful to share our specific questions with Congressmen Schrader and Senator Merkley on how best we can work with them to institute a permanent change in the Coast Guard's ongoing position that the Newport Air Station is a redundant facility that should be closed.
- Participated in the monthly lunch meeting of the Lincoln County Local Government Managers group at Tidal Waves Restaurant in Depoe Bay.
- Participated in a regular meeting of the Airport Committee. The Airport Committee reviewed three Expression of Interest for the operation of the Newport Municipal Airport. The Expressions of Interest were received from AMG, Auburn, Washington, ABS, Tampa, Florida and Lloyd Aviation Services, Bakersfield, California. After considerable discussion, the Airport Committee opted to review the Expressions of Interest further, as well as a report from Lance Vanderbeck regarding the status of current operations at the Airport in order to make a recommendation to the City Council on whether to move forward with a request for proposals for the private operation of the Airport facility, or a request for proposals to privatize the fixed base operations at the Airport, or a recommendation to hire an in-house Airport Director for the operations of the Airport.
- Worked on agenda reports for the February 17th Council meetings.
- Prepared a draft agenda and supporting materials for Senator Merkley and Congressman Schrader for the February 17th stakeholders meeting. After receiving comments from stakeholders, the proposed agenda was forwarded to the staffs of both Congressman Schrader and Senator Merkley.
- Attended Leadership Lincoln, along with Councilor Swanson and other City staff. This session was particularly timely since it focused on housing and homelessness. Councilor Busby and I have had a couple of discussion regarding the homelessness/panhandling concerns within the City Newport. As part of Leadership Lincoln I learned there is a current body and a countywide plan on addressing homeless issues within Lincoln County. Furthermore, Lincoln County offers assistance to families through Samaritan House, Family Promise, and an interdenominational group led by Paul Pridmore, who provides for the emergency needs of

families. It should also be noted that Councilor Sawyer was also a presenter during our Leadership Lincoln session as part of a panel on Socio-Economics.

Recently, an effort was made to assist vets, including our homeless population of vets, in meeting various needs. Based on the number of homeless vets identified at this event held in Newport earlier this month, the County may qualify for some Federal funding to assist this specific population. Based on the introduction of some of the issues relating to those involved in various efforts to address homelessness within the County; it may be appropriate to proceed with some discussions with these groups to better understand what currently is in place, and what is currently not in place to help address and manage the homeless problem in the county. Since Councilor Busby has an interest in this issue, I would like to involve him in these discussions. Once we have additional information, it might be appropriate for the Council to consider holding a work session on this issue at some point following efforts in developing the proposed budget for the next fiscal year. (I will be getting very protective of my time from now through April in order to ensure that I have significant time to get through the budget development process for 2015 -16 fiscal year!)

- Attended the 2015 Local Budget Law Workshop put on by the Oregon Department of Revenue in Eugene on February 12th. This day long program covered everything from developing the budget, discussion of the role of the Budget Committee, outlining the required notices for the budget process, discussion of the adoption of the budget by City Council, and the various notice requirements after the budget is adopted. Furthermore, they discussed the laws regarding amending the budget. Overall, I think we are in reasonably good shape with Oregon budget law.

They discussed local option taxes, which can be approved by a vote of the people, and the permanent tax levy. Local option taxes can be used for operation for one to five years and for local projects for up to ten years. Local option taxes are subject to compression. In addition, the Department of Revenue strongly suggests that we include the line items of the budget relating to personnel, the number of FTE's proposed to be funded by that line item in the budget. This is something we have not done in the body of the budget, but have included a chart at the end of the budget. I kind of like that concept since it would certainly indicate how many positions that I am proposing in the budget by the personnel line item for each department. We will see about incorporating that into our budget for this year. The department generates a number of local budget forms; however, as long as the local unit is including the required information, a local format can be used for the budget document.

When reserve funds are created, there is a requirement that they be reviewed periodically by the Council. The department suggested a review date be in place in any resolution creating reserve funds, and that the review date be indicated right in the budget document for that fund as well.

One area that we are going to have to modify from our practices from this year is with capital outlay. As you will remember, we shifted the vast majority of capital outlay projects for construction to capital outlay accounts with separate capital outlay funds for business type funds, and other types of funds to greatly simplify capital outlay funding to operational funding in our primary operational budget accounts. One thing that we did do this year, which I think was really smart was to estimate all our projects as being fully expended if they were underway at the end of the last fiscal year. We then proceeded to do amendments by each category of capital outlay funds reflecting the balance of work remaining in those projects from what was spent by the end of the last fiscal year, which was June 30, 2014, in the current fiscal year. Unfortunately, despite being a great idea to determine available fund

balances, the Department of Revenue frowns on this practice. For this coming year, we will do our best to estimate the expenditures we think will be incurred in the middle of the project on June 30, and appropriate the balance of that project for July. This is not an easy task to do, and our process last year was much cleaner and allowed us to properly project capital expenditures for those projects that carried over the fiscal year. It appears that this practice did not pass the threshold test of being a condoned practice of the Department of Revenue. With the exception of our capital outlay practices during the last budget year, I think we are doing well on meeting the Oregon budget requirements of the City of Newport.

- Held a routine department head meeting.
- Met with Mayor Roumagoux to review the agenda for the February 17th Council meetings.
- Met with Richard Dutton on various IT issues.
- Monday, February 16th City Hall was closed in observation of President's Day.
- Along with Councilor Sawyer attended the Senior Official's FEMA course at Gleneden Beach Fire Station on Tuesday, February 17th. This was a good overview of the role of Senior Officials in responding to emergency situations. I would encourage other members of the Council to consider participating in this course at some point in the future. One of the big messages, as conveyed by Councilor Sawyer at our last Council meeting, it is important for the elected and top administrative personnel stay out of the way to allow the emergency responders to complete the tasks they need to complete. My role, as City Manager, is to make sure they have the resources they need and if not convey that information to the County. Furthermore, my role would be to keep the Mayor and Council members informed about the situation.

It is also important that the City speak in one voice during an emergency situation. Conveying preliminary information that is found not to be true, as the situation unfolds, will undermine the credibility of information coming later regarding an emergency situation. While there is a lot of pressure from the media requesting immediate information, the best message to convey at the beginning of an emergency is that we are currently evaluating the extent of the situation and that we have capable people working to resolve the matter as expeditiously as possible. Once specific facts are confirmed then additional information can be released. This release of information should be done consistently with all media, not with some media being provided information that other media has not been provided. Throughout the day they gave good examples of how to convey these messages and showed the problems when multiple people are sharing multiple aspects of the story conveying mixed messages and confusing the public.

At the end of the session, the coordinators put together an action list for Lincoln County to focus on, and one of the key things that we need to address is the role of the individual cities in Lincoln County with the role of the Countywide Emergency System. As a City we will have direct response for dealing with City issues; however, with limited resources it is not prudent to duplicate services that are also being provided by the County. Secondly, determining when the City would open our emergency response center, and when the County would open their emergency operations center. It may not make sense for some emergencies to have multiple emergency operation centers. These are some of the questions our City Emergency Committee and the County will need to work through and develop a plan that will coordinate the services in an effective way to best serve the citizens of Newport, other cities in the County, and Lincoln County as a whole.

- Participated at the URA and City Council meetings on Tuesday, February 17th

- Met with the Newport Police Association to initiate negotiations. The Police had provided their list of demands for this negotiation process. We will be meeting with the City Council in executive session on March 16th to discuss these positions in preparation of a response back from the City.
- We met in negotiations with the Newport Employee's Association (Public Works Department) The Association provided their list of demands for this year's negotiations. We will also meet with the Council in executive session to discuss the union's position in preparation for responses to the items of interest to the Newport Employee's Association.
- Met with Lance Vanderbeck to review various Airport matters.
- Participated in YBOOI Steering Committee meeting. Various updates were given on marine issues occurring up and down the bay. The Port of Toledo is proceeding with the construction activities related to the boat lift that is being funded in part by the State of Oregon. The next funding project for the Port of Toledo will be construction of a large shell building (approximately 80 feet by 100 feet) to house vessels that are being repaired in the ship yard. This will be key to increase the attractiveness to utilizing the Toledo boat yard for various ship works. In addition, there was an update on the Wave Energy Initiative. The Pacific Marine Energy Center initiative is close to proceeding with the permitting process. However, they indicated they still will need to raise substantial funds (multimillion dollars) in order to be able to proceed with construction if the permits are issued for this work. They did come to agreement with the commercial fishermen as to the specific areas that will be impacted by this project.
- Worked on developing materials for the February 23rd goal setting session. We are continuing to build on last year's efforts to make this effort as meaningful as possible both for the City Council and the City organization as a whole.
- Participated in a conference call with my successor in Sault Ste. Marie on various City issues early in the morning.
- Met with Chief Murphy to discuss various Fire Department issues.
- Participated in Fire negotiations with Rob Murphy, and Steve Rich. We are still working through a number of non-monetary issues in negotiations.
- Along with a number of City Council members, and staff members, participated in the opening reception for the Seafood & Wine Festival. Thursday night's crowd certainly seemed larger than last year's crowd. The weather seemed to cooperate this year's festival and I am sure the community will benefit greatly from this important annual event.
- Met with Richard Dutton to discuss his IT updates.
- Had a phone conversation with Nyla Jebousek over a series of ongoing issues, including signage in her neighborhood, concerns about her Coast Guard neighbor, Jake brakes on Highway 101, and water utility rates. I suggested she may want to forward ideas for potential goals for the City Council for their consideration at our goal setting session on Monday.
- Tim Gross, Melissa Roman and I participated in a conference call with our selected contractor to conduct the Airport Master Plan. We have asked him to provide an estimate of the staff time that will be needed to support this effort to assure that we have the resources going forward this next year. Master planning process is about a year and a half long process. Based on the conversation, it seems fairly self-contained between the consultant, the FAA and a citizen committee that would be appointed to work with the consultant on various aspects of this study. The citizen committee would probably meet four to six times during the planning process. We talked about the regionalism effort. It appears that results of this effort

could be incorporated into their considerations for the Master Plan. If we make a determination to go forward at this time with the selected consultant, this item will come before the City Council for the Council's review and approval.

- Met with Mayor Roumagoux and Councilor Engler to discuss a number of issues that Councilor Engler would like to move forward with in her role on the Council. The goal setting session is a wonderful opportunity to put these ideas on the table. Those ideas that become priorities of the City Council will help set our agenda for the next year as we move forward.
- Last Thursday, the Water Department terminated water service for Steve Beck. Steve had indicated that he had dropped his water bill off at Kay's desk and apparently it had not been processed. Steve had contacted me in July regarding the Water Department's requirement that all back fees be paid once a shutoff notice had been sent out prior to the shutoff notice being terminated. I agreed with Steve at that time the language was not clear and we had a number of water policy issues that I was planning to address during this fiscal year. Prior to that time, Steve paid his late fees, which he also felt were excessive as well. One of the challenges we have had in moving forward with these internal discussions on policies is the time and effort it has taken Finance Director, Mike Murzynsky, to go forward with the reorganization to improve our processes within the Finance Department. This coupled with the challenges of the audit, with the resignation of the audit personnel, and Mike moving into his first budget have been time consuming for him as well. It is my hope that once we get through the initial preparation of the budget, we will begin to go forward and start reviewing our water policies to clean up some of the concerns that I have with some of our existing policies. I think it is also important not to try to use a band aid approach, since this is part of the reason our policies are in their current shape. When there was a specific problem, a specific solution was created without full consideration of the impact on the entire utility. I think we will get there. Unfortunately, Mr. Beck is not satisfied with the pace at which I am trying to clean up these policies. It should be noted that Mr. Beck has a regular practice of paying his water and sewer bills late. I have offered to meet with Mr. Beck at 3:30 pm on Monday, February 23rd. I am hoping we will be completed with our goal setting session by that time!

UPCOMING EVENTS:

- On Monday, February 23, beginning at 9 A.M. and running until approximately 3 P.M., the City Council will conduct its annual goal setting session. This will be formatted similarly to last year's session, with presentations by the departments in the morning. Council will then determine Council goals during the afternoon. Lunch will be provided.
- As a reminder, the Council has excused me from attending the March 2 City Council meeting. I will be on vacation from February 25 through March 12. Please note that I have designated Ted Smith as Acting City Manager during the time I will be on vacation. However, on March 5th and 6th, Chief Miranda will cover as Acting City Manager, as Ted will be attending a conference. I will prepare the agenda items for the March 2nd and March 16th meeting prior to going on vacation, as well as the materials for the preliminary budget meeting on March 18th.
- On Thursday, February 26, 2015, "City Day at the Capital", will be presented by the League of Oregon Cities, and the Mayors Association. Mayor Roumagoux, Councilor Allen and Councilor Swanson are currently registered and plan to participate in this event. If any others plan to attend, please contact Peggy. Councilor Allen will drive over separately.

- Wednesday, March 18, 2015, Preliminary Meeting of the Budget Committee
- On Friday, March 20, 2015, the City Council will be participating in an ethics training session at 10:30 A.M. and an orientation training following in the afternoon. Lunch will be provided
- Wednesday, April 29, 2015, First Budget Committee Meeting
- Wednesday, May 13, 2015, Second Budget Committee Meeting
- Wednesday, May 20, 2015, Third Budget Committee Meeting
- Monday, June 15, 2015, Budget Public Hearing

ATTACHMENTS:

- Final Report for the \$50,000 grant executed on 1/8/14 for the Sea Lion Docks

A handwritten signature in blue ink, appearing to read "S. Nebel", is centered on the page.

Spencer R. Nebel, City Manager
Newport, Oregon