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## MEMO

DATE: March 29, 2022

TO: Mayor and City Council

FROM: Spencer Nebel, City Manager

SUBJECT: Status Report for the Two-Week Period Ending Friday, March 25, 2022

For the next three weeks, I will be primarily engaged in preparing a proposed budget for the fiscal year beginning July 1, 2022. During this time, I will be splitting my time between working at home on the budget and in City Hall, and trying to not fall too far behind on other matters. If Council or Department Heads need me while I am working at home, please either text me or call my cell phone, and I will respond as soon as possible.

### Highlights of activities over the two weeks include the following:

- Participated with various staff members in the Emergency Preparedness Committee meeting. Our monthly meetings had stopped due to the resignation of our previous emergency coordinator, and because of time spent focusing on the pandemic over the past two years. Del Lockwood, Emergency Coordinator, is now up and running with a number of issues, and I believe that we will be able to move forward with a number of initiatives in the coming year. One of the priorities we are focusing on is the Cascadia Rising 2022 Exercise that will occur from June 13-17. We would really like to use it, both as an internal exercise as well as participating with the county and state folks as part of a regional response. We will be inviting Council to participate in a couple of parts in this exercise in June. Once the schedule is finalized, I will let you know.
- Rob Murphy, Barb James, and I met with the firefighters to try to wrap up negotiations with the firefighters.
- Held bi-monthly meetings with Derrick Tokos, Dave Powell, and Barb James to discuss departmental issues.
- Held a bi-monthly meeting with Aaron Collett to discuss issues in the Engineering Department.
- On Wednesday, March 16, the City appeared in the federal court in Eugene regarding the issue of converting Longview Hills over from individually-read city meters to a master meter that Longview Hills would read and then bill their tenants. Longview Hills is the only manufactured home park in the city which the City reads individual meters for water consumption for the 180 tenants of the park. Longview

Hills is arguing that the utility system within this park is owned and operated by the City, however there is never been any evidence that the system was turned over to the City, and the City never accepted any easements to take ownership of the system. While there were discussions between the City and the developer about the City possibly owning the water main, it is clear that there were issues that were never resolved for the City to take over the operation of the system within the park. Furthermore, the original intent was that it would be built as a private system. This issue occurred during the time that Tim Gross was City Engineer and Director. Tim was the City's witness at the hearing in Eugene. Our legal counsel, Robert Franz, had Clare Paul and I stand by to potentially testify in this case. Attorney Robert Franz indicated that Tim did a great job at the hearing. Unfortunately, Clare Paul and I could not listen to the hearing since we could have been called as witnesses, if needed. Both sides will file briefs and then the Court will make a decision on how to resolve this dispute about water meters, and potentially, ownership of the infrastructure in Longview Hills.

- Prepared agenda items for the work session and City Council meetings for the March 21 meetings.
- Rob Murphy, Barb James, Mark Wolf from Local Government Law Group, and I met to discuss negotiations regarding the firefighters.
- Held a meeting with Department Heads on the various capital outlay requests made for the next fiscal year as part of the budget process.
- Held bi-monthly meetings with Mike Cavanaugh and Richard Dutton to discuss departmental issues.
- Met with the IAFF Union representatives, along with Mark Wolf and Rob Murphy, to try to finalize our negotiations. I think we are getting very close.
- Lance Vanderbeck, Derrick Tokos, Andrew Grant, and I had a meeting with the FAA to discuss the proposed insulation of a septic system to provide sewer services at the airport. The septic and drain field would be built between the runway and taxiway at the airport. The FAA heard concerns about the construction of a sanitary sewer system as part of the proposed animal shelter at the airport. It appeared that the concern was that the system would have open water and could attract wildlife within this area of the airport. We explained that this would be a large septic system and drain field that would all be underground, and that there would not be any open water that would attract wildlife to this location. This septic system would likely be built at the same time as the animal shelter. The Urban Renewal Agency will participate in the construction of this system to provide sewer service for other areas of the airport, instead of requiring individual septic systems, which is currently the case. This was one of the plans that was included in the South Beach Renewal close-out projects.
- Mike Cavanaugh, Jason Malloy, Peggy Hawker, and I met to discuss concerns that our port-a-potty vendor has regarding the abuse the port-a-potty has taken in front of City Hall. There have been a number of times that the company has had to deal with excessive cleaning, picking up of needles, and one time, addressing red material that had been sprayed inside. They indicated that they may not be able to continue supporting a port-a-potty at this location. It is critical that we have a bathroom facility of some sort to avoid the challenges that we previously had in regularly cleaning up human waste around the City Hall grounds. We are posting

both on the outside and inside of the port-a-potty door that folks need to take care of this facility if it is to remain at this location. Hopefully, folks will choose to take better care of the port-a-potty.

- Held a regular department head meeting.
- Peggy Hawker and I met with Lisa Trevino and Patty Mulvihill from the League of Oregon Cities to begin planning for the Oregon Mayors Association Conference that will be held in Newport in August. Mayor Sawyer will be hosting this event. We will be working with Mayor Sawyer to arrange for various tours and events for the Mayors while they are holding their summer conference here. Peggy has hosted the state conference for the municipal recorders a number of times in Newport, and I was able to host the state conference here for the city managers, as well. I think we will be able to prepare a great experience for the Mayors while they are visiting Newport.
- We finished the first round of capital projects meetings to complete a list of projects. The next process will be to prioritize those projects, and then I will propose the projects that we will be able to accomplish in this next fiscal year in the budget.
- Participated in a regular work session where Council discussed the changes that will be included in an industrial wastewater treatment ordinance; heard an update on the schedule for approving the transportation plan; and, heard an update on the upcoming public comment period for tree removal issues at the airport. This was followed by an executive session to discuss real property transactions.
- Participated in regular meetings of the City Council on March 21.
- Steve Baugher and I met for three days in meetings with Department Heads to review the Council goals impacting their individual departments, proposed fee schedules, equipment needs, and requested budgets for each. These meetings are for my initial review of each requested budget for the upcoming fiscal year. Once we have completed the individual reviews in each department's budgetary requests, Steve Baugher will put together my budget worksheets, and I will begin the review of all the City's funds and department budgets to develop for the next fiscal year. Through this process we handle capital outlay on a separate basis. We will also be updating our projections which will serve as a basis to understand the City's longer-term financial status, which is critical in making decisions for this next fiscal year. I appreciate everyone's hard work and diligence in pulling this information together. I especially want to thank Steve Baugher, who will be burdening the entire share of the budget development process from the Finance Department standpoint this year, along with addressing the other Finance Department issues, due to the resignation of Mike Murzynsky.
- Barb James, Rob Murphy, and I met in one of our organizational cultural subcommittee's meetings to review our compensation schedules for the City. We have broken up a number of the issues as part of our organizational cultural review, with Department Heads working on different topics to bring this process together. Our overall goal is to create a healthy and sustainable relational culture that helps keep engaged employees working for the City of Newport and is attractive to other people we are trying to recruit to fill positions in the City.
- Met with Richard Dutton who attended a statewide IT conference. One of the things that I have authorized Richard to move forward with, is to find a company that will review our data security and attempt to find weaknesses in our current procedures

and operations. This company will try to access various parts of our data systems, and it will also physically be onsite to review other security issues, as well. As concerns for protecting data increase, it is critical for us to take these additional measures and to avoid what a number of Oregon Cities have had to face with data being breached.

- Participated in an OCCMA Board of Director's meeting. With the retirement of City Manager for the City of Salem, Steve Powers, the previous past-president (me) fills that vacancy on the Board. My second term as past-president will expire December 31. Hopefully, our current president will not retire once her term of president is completed!
- Participated in new supervisor training with Tamara Russell from CIS. Barb James arranged for this training session as a briefing on the various legal issues that need to be considered for folks supervising other employees. Tamara, as always, did a great job of providing an upbeat and informative session for a number of our new Department Heads and supervisors.
- Our attorney in the Longview Hills case, Robert Franz, met with David Allen, Clare Paul, David Powell, and I to brief us on the trial that occurred in Eugene the prior week, and to prepare his final written arguments for this case. Robert Franz will submit his argument to the Court and the Court will make a decision at that time.
- I am continuing to participate in the ICMA High Performance Leadership Academy. I have completed the first course, Leadership Mindset and Positive Engagement, and reported that to you in my last status report. I have now also completed the second component, Leading Effective Change, which I will include in this report. Our class is currently on Communication and Collaboration, with the final week focusing on Leading High-Performance Teams. I have four more weeks to complete this training.
  - The second component of the leadership course was focused to prepare participants to engage in change initiated by others, and to drive effective change as an active change agent. Change has two key elements: the structure of change for the organization; and, how the people involved are in the structure process. Effective change needs to understand both the more mechanical organizational aspects of change, as well as how all people will function during these changes. People process change in distinct phases. The first phase people go through is letting go of the old ways and ending the way in which it was done before. This can be challenging for folks involved in a process change. Staff eventually evolve into a neutral zone and in successful change, they begin functioning effectively and embrace the change. Some people move quickly through these processes, while others may have significant challenges embracing those changes.

It is important to know why you are trying to change, and to have compelling reasons why change is necessary to share with those impacted by the organizational restructuring. It is also important to know how success is measured for change. Each small step should be celebrated to show folks that progress is being made toward implementing that change. Leaders need to give change time to work. This is not something that is going to

happen overnight but be implemented over time, and it is critical to bring teams along with the changed process.

It is my observation that once an organization is on the pathway for change, it is critical to keep that process moving forward, since there will be many landmines to slow or stop the process. Occasionally, it is important to pivot to address unanticipated situations, but it is important not to leave anyone behind in those changes, either. A change requires you to “unlearn” certain things. Change requires new habits to be created. This takes time and repetitive actions to bring people along to that point. Communication is critical prior to the change and throughout steps of the change.

Preparation must be done so that the change can be successful as it is rolled out. It is also important to establish a sense of urgency as to why the change will be required. Organizations should provide additional funding above the cost for the transition to assure the effort gets done in an effective way. Ultimately, it is the people involved with the change that are the most important element to successfully implement those changes. It is important to plan for resistance, but do not let resistance stop the process. Colin Powell said, “leadership is solving problems. The day soldiers stop bringing you their problems, is the day you have stopped leading them. They have either lost confidence that you can help, or concluded that you do not care. Either case is a failure of leadership.”

The primary lessons that I have learned from this component is that it is critical to over communicate, identify small victories, and celebrate those accomplishments on the pathway to change. It is important that folks have a meaningful role in identifying and executing change practices within the organization. Finally, it is important to note that culture will always eat strategy. If the culture of an organization does not embrace the strategy, it can be very difficult to effectively make changes.

In the leadership program the READI framework was mentioned. To sustain positive change, it is important to be sure that there is an alignment in the organization that will actively support that change. The primary components necessary to effect positive change include:

- Resources - Make sure the organization has the scope, capacity, and skills to effectively implement change.
- Education/Training - Provide sufficient instruction and training in skill development to effectively implement the change.
- Awareness/Communication - Make sure there is a clear vision of what is trying to be accomplished with frequent communications regarding the status of implementing that change.
- Dynamics of Organization - Understand the history, culture of tools available within that organization.
- Implementation Plan - Have a clear plan implementing the change, including steps to celebrate successes along the way.

It is important to align the organizational necessity for change with the individual readiness to effectively implement the change to build corporate engagement. For me, the most important thing that I have learned is that it is essential to communicate, communicate, communicate, and communicate again through any change processes. Also, we do not take the time to celebrate the little successes along the way. This helps those involved with the change to see that they are being effective in moving forward and they can see the benefit of the change. This keeps engagement in place. For me, this also has helped emphasize the need to keep the fire burning after the initial rollout of an effort so that change can effectively occur, with the goal of bringing all participants along with that change. Overall, I have enjoyed the various reflections on leadership from various governmental and corporate leaders, and the reflections of our cohort group which meets virtually each week for an hour.

#### **Upcoming Events:**

- The Annual Spring Conference is scheduled for April 21 and 22, at the Eastern Oregon Trade and Events Center in Hermiston, Oregon. Peggy has registered all Council members to participate in this conference. If you do not plan on attending, please let Peggy know ASAP. Peggy is not attending this conference. I will be attending and we have invited our candidate for Assistant City Manager/City Recorder (provided he has passed his background check, and he is on staff at this time).
- The first Budget Committee meeting will be held in Council Chambers at 5 PM on Tuesday, April 26.
- I am planning to take May 4, 5, and 6 off for vacation.
- The second Budget Committee meeting will be held in Council Chambers at 5 PM on Tuesday, May 17.
- The third Budget Committee meeting will be held in Council Chambers at 6 PM on Tuesday, May 24.
- City Hall will be closed Monday, May 30, in observation of Memorial Day.
- Cascadia Rising 2022 emergency exercise will run from June 13-17.
- City Hall will be closed Monday, July 4, in celebration of Independence Day. We will only have one regular Council meeting in July which is scheduled for July 18.
- Wednesday, July 20 through Friday, July 22, I am planning to attend the OCCMA Summer Conference at Eagle Crest in Redmond, Oregon.
- July 25 through August 5, I plan to be on vacation. I have been excused from the August 1 City Council meetings.
- City Hall will be closed Monday, September 5, in observation of Labor Day. The Council meetings will be held Tuesday, September 6.
- September 17 through September 21, I plan to attend the 108<sup>th</sup> Annual Conference in Columbus, Ohio. I have been excused from the City Council meetings on September 19.

- October 5-7 is the Annual League of Oregon Cities Conference in Bend. Council members are encouraged to participate in this conference.
- City Hall will be closed Friday, November 11, in observation of Veterans' Day.
- City Hall will be closed Thursday, November 24, and Friday, November 25, in observation of the Thanksgiving holiday.
- City Hall will be closed half day on Friday, December 23, and all day on Monday, December 26, in celebration of the Christmas holiday.
- City Hall will be closed on Monday, January 2, 2023 in observation of the New Year's holiday. The organizational meeting for Council will be scheduled for 5 PM on Tuesday, January 3, 2023, with a regular meeting to follow.

**Attachments:**

- Attached for your reference, is the project work schedule that indicates initiatives that the City Manager's Office will be playing a direct leadership role in during the coming year. These items were prioritized during the goal setting process and finalized at a subsequent Council meeting.
- Attached is a flyer for a new event that is scheduled at the PAC parking lot on Saturday, April 30, from 3-7 PM. This event grew out of Leadership Lincoln and is being coordinated by a group within Leadership Lincoln, including OCCA Executive Director, Jason Holland.

I hope everyone has a great week. It is now time for me to get back to working on the budget!

Respectfully Submitted,



Spencer R. Nebel, City Manager

cc: Department Heads





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