

**MINUTES**  
**City of Newport**  
**Infrastructure Task Force Meeting**  
**City Hall Conference Room "A"**  
**Thursday, October 31, 2013**

**Task Force Members Present:** David Allen, Ralph Busby, Patricia Patrick-Joling, Mark Saelens, Fred Springsteen, and Mark McConnell (*arrived at 3:08 p.m.*).

**City Staff Present:** Interim City Manager Ted Smith, Community Development Director (CDD) Derrick Tokos, Public Works Director Tim Gross, Interim Finance Director Bob Gazewood, and Executive Assistant Wanda Haney.

**Audience Members:** Citizens: Nyla Jebousek and Ellen Bristow; and media: Larry Coonrod of Lincoln County Dispatch and Dave Morgan of News Lincoln County.

**I. Call to Order.** Allen called the meeting to order at 3:05 p.m. Introductions were made around the table, and Allen introduced the news media and the audience members.

**II. Approval of Minutes from the October 10, 2013, Meeting.**

**MOTION** was made by Patrick-Joling, seconded by Springsteen, to approve the meeting minutes of October 10, 2013, as presented. The motion carried unanimously in a voice vote.

**III. Options for Restructuring the Approach to Services.** Allen noted that a subcomponent, "Discussion on Organizational Efficiency and Outsourcing", was included on the agenda in case Ralph wants to bring that up for discussion. Gross noted that he would be sharing the floor with Tokos who had a conversation with Smith yesterday about what to discuss today. Gross said that he was at a little bit of a loss of what to bring forward in terms of operational efficiencies; so Tokos had put together a memo with bullet points of draft recommendations, which was distributed. Allen said he hoped this topic would generate a lot of Task Force discussion because we are getting close to the point of trying to decide how we are going to make recommendations. So, he thought if there was time today, maybe the Task Force could start sorting that out. Gross said that he thought that was really what the intention of this memo was. He said we as a community don't have data to actually tell you how to operate infrastructure operations more efficiently without doing additional work. So basically what this memo reflects are some things that need to take place for us to get to the point in operations of the city to be able to make concrete recommendations. He said for instance the first item, we started doing condition assessments on our infrastructure because he can't tell you if he has to replace "x" miles of pipe a year or how many lines he has to change each year; he just doesn't know. Nobody knows that until we do some additional assessment. Five years down the road he may be able to make a response to that because he will have more information and be better educated. So, a recommendation that the Task Force may want to make to the Council is that we need to get a better understanding of what we have in the ground so we can make better-educated recommendations on how to approach that and maintain it. Gross said, likewise with level of service standards, and gave an example of a pavement enhancement program. Lots and lots of cities have a pavement management program where they go out and rate the conditions of their streets. They make conscious decisions based on their budgets and how their constituents want their roads to look that they will maintain their streets to "x" level and that corresponds to this amount of financing that is reflected in their operations each year. Gross said you could do that for water or sewer to a lesser extent; but certainly streets, maybe buildings, any kind of services that a city runs. He would love to do a category like that where you have to correlate what sort of level of service you have to expenditure. He gave another example of a category for street plowing. Jebousek asked if Gross had any idea or could quantify some percentage of infrastructure that he has evaluated or that he knows about; and Gross said not really. He said the way we have looked at our replacement schedule is more along the lines of how much infrastructure we have, generally when it was installed, and what the typical life cycle of that infrastructure is. So, he knows that concrete pipe probably lasts 60-70 years, and he has 90% of his system that was installed 70 years ago. That is the only kind of information he really has at this point. We haven't done televising with a condition assessment tied with that where he can say this pipe may be 70 years old but it is in great shape and this one is 50 years old but is in terrible shape. He said that's where we really want to get so that it's not just conjecture based on age, and we can lump projects together because it is a lot cheaper to do pipes that are close together. Jebousek said, as a follow-up, Gross has responded to some pretty catastrophic events and wondered if he had any idea what percentage of infrastructure that has been. Gross said that the part that has failed has been a very, very small piece because they have been point failures. He has 90 miles of water lines and has a fitting that fails in one spot, so it is hard to even correlate that to a percentage. You could correlate it to how many fittings he has; but he doesn't even really know that information yet.

Allen asked if then what Tim is thinking about is that this is a list that perhaps the Task Force can consider and include as part of our recommendation, and Tim confirmed that. Allen said there is nothing in here that really speaks to any restructuring of services with respect to how we handle things as an organization with the different departments and any efficiencies we can use there as well as the opportunities for outsourcing services that might provide a benefit or a cost savings and still provide an

adequate level of service to the community. He wondered if maybe that is beyond what Gross can recommend. Gross said that seems outside the scope of what we are trying to accomplish; but he thought it is good to consider that. He said we are talking about infrastructure funding, and you may get there. He used outsourcing in the parks and recreation operations as an example. There likely would be some sort of indirect cost impact to infrastructure. Allen said there are different perspectives on this Task Force as to how we approach this recommendation and he is basically just trying to put on the table all the different things that people have mentioned as being of interest to them. He said what we choose to decide as a recommendation is a group decision, but Allen thought not discussing something just because certain people don't agree with it isn't appropriate. He thought that everything that everyone around the table thinks is appropriate should be discussed, and then we can as a group decide what it is we want to forward as a recommendation. He said he is bringing this up because the issue of organizational efficiency and outsourcing has been mentioned. Allen said that all he is saying is that there may be people around the table that don't agree with it, and there may be people that do; but it is worth vetting and discussing it in making a decision of a recommendation and moving forward. Gross said if he could push back a little bit on that, from his perspective, he looks at how to finance infrastructure. When he says infrastructure, it could be facilities as well because he is maintaining buildings. So when he looks at organizational efficiency, he has eleven commercial buildings and two guys; which isn't efficient at all. So maybe he can outsource some of those facilities' operations. He said the problem is that outsourcing is almost never cheaper than doing it internally. But, it does change the dynamic. If you don't have enough bodies, you get to the point where you say "I can hire three more FTEs or I can manage it with two FTEs and contract "x" amount of dollars out." He said that's that balancing point that we as staff have to find. Or, maybe it becomes that he only has nine commercial buildings to maintain instead of eleven. He noted that one conversation we started to have was how many of these facilities do we want to maintain. Gross said he is concerned that we are going to get to a point on this Task Force that we're not going to have great recommendations because we explored so many things that don't necessarily have very direct impact with infrastructure financing. He added that they may be good ideas that may need more exploration. Outsourcing is one of those where you may have to do a pretty comprehensive study to understand if outsourcing or increasing the efficiency of a division is more cost-effective than just handling it as it is. Allen clarified that he wasn't talking about evaluating outsourcing issues and getting into the details; all he was asking was if that is something the Task Force should at least consider as a general concept as we move forward with a recommendation. In his view, the recommendation probably would not be a list of things we are going to outsource, but hypothetically the Task Force saying to the Council that we think outsourcing is something to look into more closely as you proceed over the next year or two. Tim agreed that is a perfect and realistic recommendation.

Busby said that the reason he had this put on the agenda was that he didn't know what was going to precede it or what was actually here. He said this memo actually falls in right with that. He said that he sees the goal of this committee to come out with ways to fund the infrastructure rebuilding; ways to find money. Those ways can be a lot of things including all the things we have already talked about like selling assets, putting out bonds, and things like that. He said that re-organization and outsourcing can be part of that because it is a way to find money. Busby said he didn't expect the Task Force to walk out of the room and say let's outsource the engineer position. Gross said he had one thing he wanted to caution the committee on. His approach to managing infrastructure is that he has been pushing hard to get some of our master planning done because he feels we are shooting blind a little bit. By doing some of these more intensive studies, it allows him to be far more efficient on how he uses resources. He said that the key is spending in the right places at the right time. We have a relatively decent water system master plan. If you take a look at the projects we have done in the last few years, they go right down that master plan. He has a pretty hard core number on how much it is going to cost, he knows what the benefit of it is, he knows where it is, also if it's SDC eligible. It is easy for Gross to schedule water system projects; but it's a little less easy for him to schedule wastewater projects because he doesn't have a master plan. He said we did what he calls a sub-plan, which is the Agate Beach wastewater plan. It is so obvious which of the wastewater projects need to be done first; so a master plan is not nearly as important. But in the 5-year planning, it sure is because his planning horizon is four years out and it drops right off a cliff and he has no idea after that what to do. So what ends up happening is to do some of these studies, which helps you to more strategically spend your dollars. What that means is for a year or two you are not doing any projects because you are trying to figure out what projects to do. So, you start out slowly, but he thinks you are much more efficient in how you spend your dollars and where you spend your time than if you didn't do them because then you are just shooting from the hip.

Busby said there are some concepts here in the memo. On the bottom line for instance. We have talked about a regional fire authority and the cost savings as a result. The airport is being discussed. The regional airport is a great idea; but since right now it's a loser, you don't get anybody looking to pick it up. He said those are all things that can play into this. The airport, fire, and water for example are all things that provide services to a bigger entity than ourselves; and are we getting our money back for it. McConnell said the second bullet point will help drive your labor needs also. That would get you into the process of looking into staffing levels and efficiencies; what is needed now and what in the future. So you can utilize your staff to the fullest extent you can. Busby said there are some services that are inherently governmental. The police department is something that comes to the top of that pile for example. There are other things that obviously are not inherently governmental. Talking about what used to be done in federal government, Busby said that one thing you can do is actually put something out for bid and let the existing staff bid against others for their own jobs. What it amounts to is that you have to prove you can do it more efficiently than the contractor. He said he is not saying we should do that. But, you have to be able to look at if you are doing it the best way. He said we have things that would fit into that category. He thought that we need to look at that.

Allen noted that the Task Force has these five bullet points, which are all great concepts. He wondered if Gross or Tokos wanted to elaborate on them or perhaps the committee should just go through each and discuss them and where we are in maybe including those as a potential recommendation once we reach that point next month. Springsteen said that if he were the banker sitting here looking at this, what he is seeing is a business plan. These guys should be or should want to do these on an on-going basis. He said this is an outline for your existence really. Springsteen said if there was one bullet point above these five, it would say something like "we want to be the preeminent provider of services in the universe that we are in; and these are the five ways we are going to do that." He would say that then what we need to have is a direction for each of these for the future as to how we are going to achieve these five basic bullet points. Allen said that he had read through these points very carefully, and they all make a lot of sense. He was wondering if before going into more detail there were any more bullet points that anyone thought could be added to this list that would make it an even better "business plan." He said that maybe the members could think about that and come back at the next meeting with other ideas.

Busby said the only trouble with what is before the Task Force is that it doesn't give anything concrete in the short term. One thing he has the expectation of is that we can provide something so that next year we are going to be able to add an extra "x" amount of dollars to fund infrastructure over the way we did business this year. He said this is something that gives a good theory and a good long-term plan, but what can we do that is solid to get our hands around. Allen suggested calling this document for right now "long-term objectives or goals" and focus on that as a long-term perspective; and then we can focus on the short-term and have a separate document. But at least, if we are looking ahead long-term, these are the five bullet points that staff has prepared. He said that maybe between now and the end of this Task Force process when we make a recommendation we can add to this list if we think of anything to add and then start another list for the short-term recommendations. Maybe we can have two separate lists. We can start brainstorming on the short-term stuff. He thought that staff has given the Task Force a good start on the long-term things, and he thinks we can build on this. He said if Busby wants to focus on the short-term things that is appropriate, and maybe we can continue focusing on that.

McConnell said he thought this list is great. But for all the things we have talked about, we need to spend more money than we are spending now. These things all cost money to do. There is a financial component there. He thought that everybody understands that the dollars that were raised through the rate increases the last couple of years have been beneficial and have done great things. McConnell said that Gross has had an opportunity to start progressive planning but is telling us that he's not there yet. There's a cost associated with this sort of thing. At the same time we don't want to rob from projects that need to be done. One thing to take a look at in the next 5-10 or even the next couple of years is what expectation you have when you invest money into these things; and when the cost for these drops off and you start putting that money into projects. You don't have to do this over and over; you do it once and keep it up. Allen's noted that we have an entirely separate meeting to talk about the funding structure and thought that if we try to combine both at the same time, we're not focusing. So, if we just focus on the service aspect today, and then the next meeting we focus on the funding aspect; we can start lining those two things up. He thought if we mix them up and go from one topic to another that sometimes gets us going in circles. Allen said he would like to focus on the service aspect if people were comfortable with that and not really get into the funding aspect right now because that is an entirely separate meeting.

Tokos said when staff put their heads together to put these items before the Task Force in terms of a recommendation, they did think about the near-term. Their view is that the opportunity to adjust the near-term financial issues is coming up in the following conversation. They talked about for example taking a hard look at putting together a borrowing schedule much like we have in urban renewal to try to get a handle on what is that balancing point in terms of debt load as opposed to funding that is available for operational needs to see if there might be the opportunity to load some of the needed infrastructure work into a borrowing plan. Tokos said they can bring that type of information before the Task Force at the next meeting. But, he said that at this particular time when we are talking about restructuring services we just don't have anything in the near term. Their thought was this is probably the best we can do right now in terms of steps we need to start taking to get a handle on it. Allen asked if then the discussion of near-term approaches to restructuring services really needs to be there with the funding aspect as well to have it make sense. Gross said there is nothing you can do immediately to change efficiency because we don't know what to change without studying it more, which takes time and costs money. Gross said that given directive to do that, in a few years, maybe even just a year, we can come up with some recommendations on what we can change for short-term.

Busby asked if the Task Force didn't think that if we make changes in services that the City provides, we can gain money that could be placed in the infrastructure. In other words, reduce the service in one area, which would provide money in another. Gross said we certainly could, but he doesn't think anybody is able to tell you what that is right at the moment. Busby thought there are people that might have some ideas. He thought we have some areas where the costs could be reduced. He said the point is if you take money away from one place you should be able to put it in another. He said it may not be acceptable to everyone, but we shouldn't be afraid to talk about it. Allen thought that if anyone on the Task Force had ideas about that, we should get it on the table and discuss it.

Saelens said with all the discussion we have had, we recognize that finances are linked to all of these things; but it sounds like we will get into more detail at the next meeting. His observation so far is that as simple as this is it's the kind of thing that should have always been going on; but it hasn't. He said that from his perspective, it's kind of like investing in a new business. If you

don't follow these steps and don't know how much it costs, you can't make a decision of whether you should invest in this business. However, having done all of these things, you immediately start to get information that will stop this continuous cycle of putting a bunch of money in and kind of haphazardly fixing everything and then in 10-20 years you have a new Council and new staff and then we are in the same boat. But the other thing he sees coming out of this planning exercise is it would help us with level of service. For example, streets will become like Gross had mentioned with replacing water lines, and we say it will cost "x" million dollars a year to keep the streets up to a certain standard. But we can't afford that, so maybe realistically our level of service is that the City will commit to resurfacing 10% of the streets each year so that over time they meet whatever that standard might be. At least then the public recognizes that you are balancing what you have for money versus the agreed-upon standard. He said that if we do that, presumably when this initial planning goes away, we will be able to incrementally increase those services. We're not having to do as much mapping, so then maybe we will replace 15% of our pipes because we know where they are now, and it's much more cost effective to go after a group at a time. Saelens said that having said that, one of the discussions that keeps circling around and more where Busby is coming from, is that we need to be looking at the cost of doing all that against the cost of everything else the city does. Maybe at some point, you decide that some other activities need to be cut back so you can conduct this planning stage. He said when you think about it buildings should be included too because basically just about every citizen is impacted by that decision.

Allen asked what kind of timeframe Gross and Tokos were looking at on this bullet point plan when talking long term as far as getting started and implementing these bullet points. Tokos said that each one of them is slightly different. Allen wondered if the general timeframe is 5-10 years or further down the line. If this is really long-term and we are going to have to perhaps implement certain things to get here in the short-term (maybe 0-5 years out), as a Task Force we might want to have a separate discussion of what we need to do to look at our provision of services on more of a near-term basis. Tokos said that we have the master plans for storm drainage and the sewer system programmed. Gross said he just yanked the sewer plan because of the budget, but the storm drain master plan is going forward as far as planning. Gross said they were intending to do a sewer master plan and televising the main interceptors in the sewer lines this year; but after he was told about their financial situation, they put the brakes on that. McConnell said that the first bullet point could be accomplished in a year if you had the money. Gross agreed that he would have a pretty good handle on where our wastewater system is within the next year. He said that ideally he would like to do about 1/7 of our sewer system a year and run a camera down it every year; and there is a rating you put on it. But that is beyond the scope of work they can do. He could hire somebody to come in and do it; and they come in full guns and do the televising. They give you a report with some photos and give a condition rating. If you keep doing it one year after another, you can get a pretty good idea of the conditions of the sewer in different areas of town. The interceptors take in whole neighborhoods; so those are the ones you really want to make sure are working and prioritize those and televise them first. Saelens said it sounds like for lack of a more exact estimate, if you were to say how long it might take for us to be able to achieve the effort to map, locate, and assess the sewer system, it will maybe be about seven years. Gross said yes, if he wanted to do the entire city. He said that within a year he would have a better handle on where things go and which are the critical lines. Saelens asked if we applied that same logic to the water pipe, what the situation there would be. Gross said that is a different animal; he can't run a camera up a water line. He said that we have good information on the water system; we know what type of material is where, generally when it was installed, and where we have capacity deficiencies. We are basically addressing capacity deficiencies right now; not even condition or material. Of the material in this town, 80-85% of the pipe is asbestos concrete. He said that asbestos concrete has a really steep failure rate when it reaches a certain age; and we are approaching that window. So, we need to make a conscious decision on what we replace. That is what all these random breaks all over the place are. It is asbestos pipe bursting out in random locations. There is no way to determine where that is. Saelens asked if when talking about the first point on this list would we be talking more about a 10-year horizon to get this done. Gross said he can do a replacement schedule today on the water system; but it's not feasible because there is no financing in there to do it. Allen said then generally speaking, these five items are probably at least five years or more out. Gross agreed in order to effectively have a comprehensive plan. Trying to get some timeframes in mind, Allen said that when we're talking about the short-term stuff, it's more of a 0-5 year period; and Tokos will come back with more on that at the next meeting.

Smith wanted to make sure to stress the point that we don't make some of these decisions in a vacuum and specifically start cutting a service here or there. He thought it was pretty obvious that we are not going to cut infrastructure services to try to improve the effect. He was concerned that if we go to the Council in March with recommendations for cuts in services we are basically saying that these are done deals and are not giving people who are affected by these cuts in services any say. He said these are quality of life services that could be threatened or shortened. He thought that if we wait until March to say we are thinking about making cuts to the Rec. Center, the Library, or the Performing Arts, it is too late for people to react. He thought if we were going to make those kind of recommendations to cut services, we should let those affected know as soon as we can. Allen said that he didn't think we were making those recommendations. Smith thought we were going to make recommendations about cutting services. Allen said that he didn't hear that. He thought he was hearing about being more efficient in providing services; not necessarily cutting services. Allen said he wasn't hearing what Smith was. Busby said he thought it could be both; he didn't think one mutually excludes the other. Smith agreed that we want to make savings this year; but, putting on his taxpayer hat, he said he is one of these people saying why should the current people living here be solely responsible for paying for this themselves when we can fund it over twenty years and make the people moving here in the future pay as well. He thinks it is short-sighted to make the current homeowners be the only persons responsible to pay for this infrastructure. Jebousek said that

is exactly why she was at these meetings. Allen noted that the directive for the Task Force is to look at different ways of funding services to spread it out and make it more equitable. That's not something we have given up. That is our objective.

Saelens made a clarification that he did bring up having to cut other services. He meant it in the context that as we go through with the planning and have all the facts in hand and know what we're up against for what we have to get done in the next ten years, and you also add on all the infrastructure that is supported including quality of life infrastructure, then you can get a more realistic picture of what you're going to need to cut to take care of those problems on a year-to-year basis; not cutting those services. If it ends up being 2% then you are probably going to end up doing more digging. If it ends up being 10-20% then that would probably end up making most people in the room happy because they know at 5% you would end up spreading that cost out over 20 years to whoever lives here. McConnell said that is what a bond issue does. You go to the voters and say this is your trade-off. You pass the bond, and this is what we can provide. If you don't pass a bond, then this is what is going to happen. The reason to do a bond is that you spread it out over a period of time. Saelens said that in the past we haven't had a true record of where we are going to look back on and say that that bond was really going to get us where we want to go. He said that's the difference. Gross said that a bond only takes you so far for so long. That is where the bond schedule comes in; what can you afford with what you have on hand to be able to do "x" amount of improvements each year. We have a ten thousand person town with a fifty thousand person infrastructure; and it's there because of tourism. We have a room tax. They're not really pulling their share in the infrastructure we maintain; streets, water, facilities, etc. The argument for the Visual Arts Center is that it is a huge tourist draw. If that's the case, then how much is room tax helping to pay for that facility. Putting on his taxpayer hat, Gross said that he watches the Council give away money to help start ventures and to nonprofit organizations. He said let's say that we don't change how we do our services today at all and we pay for the same things we are already paying for today. That doesn't mean that as we move forward we don't prioritize how we spend future dollars on the things that the City should be focusing its spending on. Maybe it's worthwhile in a recommendation to say that we need to prioritize core city functions; literally from top to bottom. Pick the top three and start chipping down. Revenues continue to increase each year. Your operational costs don't always change reflectively. Let's have a good decision-making paradigm and make the right investments so over time it will start to balance out a little bit. Gazewood thought that was a good point. He said we have some nonprofits today that perhaps could substitute getting a city grant by doing their own fundraising. He questioned how long the aquarium is going to be carried by the City. He thought reassessing the overall allocation of room tax monies is a good point.

Patrick-Joling agreed. But she noted as having been on the Council it has been brought to her attention that whenever there is a cost savings, there always seems to be another plan to spend the money. She is of the mind that if you have a savings, you need to sock it away. She said the city needs to start saving money and stop putting itself so thinly on the line. She said that at the end of the day the City is only responsible for a few things; and that's the essential services for the City. She said that's the bottom line. She knows the next meeting is funding; but she wanted to emphasize the importance of tracking the expenses. She said that nobody buys a house because they love it; it's do you have the money for it. It's how much you can afford. She feels that getting a handle on the finances is crucial. That is going to be the guiding point as to what services are going to be taken out.

Allen said that right now he is just getting suggestions for a future recommendation. He wrote down Gross' suggestion to prioritize services. Another is to get track of expenses as an ongoing thing. Gross said he thinks it needs to be correlated to your priorities; and by that he means how much do you spend in your number one tier priority, how much do you spend in your number ten tier priority, and do those expenditures line up with your priorities. If not, you need to re-adjust your spending. He said if public safety is your first priority, you should be spending more there. Busby agreed with that 100% and that is why he said we can look at short-term things where money can be transferred from low priorities. He noted that we have been spending \$600 thousand on the airport for the last four years, and \$300 thousand of that is more operational support. He asked if that is as important as fixing water lines or a new water tank. He said those are the kinds of decisions we need to look at and say we want to spend less here and more there. McConnell said you have to get public input when you do that, and how much time is that going to take. Busby agreed, but said he is just saying that needs to be considered.

Allen noted that we have a new city manager coming in December and the Council goes through the goal setting session. But he wondered if a Task Force recommendation could be that in conjunction with that goal setting session the Council should set the priorities and match up what you have as far as paying for those priorities. His thought is maybe not just a goal setting session but do a prioritization of the goals that the Council are setting and line that up with how you are spending on those priorities. Maybe we could have a public forum prior to or after the goal setting to get public input before we finalize those priorities. It should happen at the beginning of the year before the proposed budget review in March because it will set the framework for how we approach the budget next fiscal year. Smith thought it made sense to prioritize as part of the goal setting and align them with the expenditures. Busby said he would love to see the Council have a goal setting independent of the staff prior to the one with staff and pass that information on to the staff. He said the public should be part of that in the very early stages. He said his evaluation of this year's goal setting was that the Council just kind of nodded their heads with what staff said, although there was nothing wrong with what they said. He feels the Council should do an independent evaluation up front because their role is to pass that guidance down. Allen said we could make that a recommendation.

Saelens wanted to follow up on a couple of things. First, the tourism thing; he said that is a balancing act. We don't want it to be too expensive for tourists to come here. But he said when he travels back East to see family, it costs a fortune to do various things like going to the beach and parking downtown, or whatever. He guarantees that it is much more expensive than for them to come to Newport. Second, on the nonprofit situation; he wanted to offer as someone on nonprofits and not as a Councilor that it is always great to go get the easiest money. He said it's true that in this town in many cases the easiest is to come to the City Council and ask for support. You could be recommending things like, and there are groups in this area that give money other than the Council, up the ante a little bit. Ask them who else have you applied to, who are your partners in this project. Lots of time they could ask the City for \$5 thousand instead of \$50 thousand and use that as match money for other grants. It's a matter of teaching them that the game is changing and to work a little harder and that they need to partner more.

Jebousek made a suggestion that the City have a draft agenda of these priorities and budget process that was talked about and hold a town hall meeting and go through those sections and give people an opportunity to comment. She thought it needs a concerted effort to publicize and get that information to the people to draw in a large number of people. She said that people are frustrated that they don't have any idea of what goes on in the City. Allen said that part of our recommendation if we move forward with this could be just a note that we do want to go out and get public comment on prioritization policies with a large concerted effort to make sure it happens. It can be a recommendation to the Council, and staff will have to make sure that it gets done; but our recommendation would be to make sure they get the word out appropriately before the input happens. Jebousek suggested calling it a town hall meeting because it sounds really open. Allen said that we can probably note that these might be our expectations as a Task Force. He said we can give a recommendation on that as well. There are three council members on this Task Force who will be part of that decision. He said that the reason why the Council wanted three of us here was to provide the direction necessary so we don't have to do things over again.

Tokos said that with respect to this list in front of the Task Force, something to consider is to emphasize that there is general agreement that cost savings can be achieved through restructuring of services. That's out there. That can be done. It's that additional work needs to be done so decisions can be made in a rational manner. Near term, it's funding that work; such as completing the mapping, level of service standards, and things like that. So that, say over the next 3-5 years, those types of rational decisions can be made by the policy-making bodies.

Allen noted that we have two meetings reserved solely for making recommendations. From his perspective, he would hope that when we are making those recommendations that we are actually looking at how to provide those various and different options for funding which is our directive in the resolution. That maybe we can at least give some examples of projects that might be looming ahead and ideas of how we would recommend to pay for those if there is a different way other than water and sewer rate increases. We can make those recommendations. We can be general, but he thinks we should at least for the benefit of the Council and the public be specific to the extent we can be on certain projects to give an example and a directive of how we would like to see the City Council approach it from a general concept basis. He said that discreet projects might be something Gross, Tokos, or Gazewood might have to provide. You might say we have this project happening in five years, and Gazewood might say there might be a better way to pay for this rather than rate increases. Give us your recommendation as finance director, and then we can see if there is a better way; and if there is then we can make that recommendation to the Council and it will be off the table and we won't have to worry about that as part of the water and sewer rate issue. He thought we can probably do that sort of thing. But that's maybe for the final two meetings. Busby thought that was okay, but he doesn't think it matters too much to the average taxpayer. They know we need a new water tank and a new sewer line; they don't care whether their money goes to one or the other. Allen still thought that we can give specific examples. We're not saying that it's set in stone, but we can at least give examples so people know what we are talking about. Busby agreed they should at least know what the projects are. He thought more important to people, if we are going to rearrange and/or cut services, that in our recommendations we ought to put out there that we are going to be looking at those services. He said that we sort of have already done that when we started talking about the Visual Arts Center. All he is saying is, if we are looking at rearranging services to fund infrastructure, then at least give them an idea of what they might be and give them an opportunity to discuss it. Allen agreed that is part of the comprehensive approach we are taking. Busby said we have to start getting specific and thought that we need to be able to show about the amount of money and the timeframe we are talking about. Jebousek added, and where it's going to come from.

Tokos said, when talking about prioritizing, there are ranges of expenditures within those priorities. Public safety is top priority; but you can fund fifteen new police cars or you can fund two new cars and still achieve your public safety objective. One of those objectives may mean dramatic cuts to a lower service as opposed to less dramatic cuts depending on where you land. Similarly with streets for example; you can resurface in a more aggressive manner or not. In some folk's minds less in terms of street work in the near term is better than cuts to say Library services. Those are the policy things that may be coming down the pike; but there are layers to this onion so to speak. The other, with respect to goals, he just wanted to emphasize that goals build upon each other. These steps before you now are an example of that. When Council does its goal session it's important to recognize that a lot of these things are multi-year efforts. If we reinvent the wheel each time the Council does its goal setting, it can cause us great difficulty in getting traction on an issue. Keep in mind that a number of these things build over time.

Bristow noted that from a previous meeting, someone was supposed to speak about the rolling stock assessment. Allen said that the rolling stock is more of our capital structures and not part of infrastructure per se. He noted that the Council asked staff at a



council meeting a couple months ago to internally talk amongst each other to see if they could look at the rolling stock and come back to the Council with a recommendation. The rolling stock is more equipment and such, and we are not focusing on rolling stock; but what we would like to see staff do is something similar to this process. Smith said he put it in his report a couple of times ago. The police and public works are taking care of their switch outs in their annual budgets, and there are no adjustments to be made. The fire department has never saved enough money or put any back; and they need to purchase things. Gazewood recommended a five-year option tax to start and having a certain amount of money put away. The fire department has so much rolling stock that the Chief said he needs almost \$500 thousand a year to go into his fund just to replace stock; and that's on top of the money in the budget. Allen assumed that once a new city manager is on board, the Council can get an update at the council level and for the public as well on the rolling stock issue; which will probably be sometime in January. He said the rolling stock issue is what the Council is focusing on. The Council is getting updates from the city manager on that at council meetings. That's going to be more of a Council issue; not a Task Force issue. Gross said it goes back to what kind of standard of service you want to maintain. If you walk into the fire station, it is busting out of fire engines and the reason for that is their response time. The reason they bought the extra fire station on the north side is to improve their response time. That's a very quantitative thing that you can say. By investing \$500 thousand a year, we reduce our response time to only three minutes; if we spend \$250 thousand a year, we have fewer engines to respond and our response time goes to ten minutes. That's a dollars and cents decision that you make on fire departments. That's how they all do it when it comes to equipment. He thinks what they are really trying to do is advance their equipment to improve response time. That's discussion that needs to take place because it's clear we can't finance \$500 thousand a year in fire equipment, so what can you finance and what is the impact of that. There is a quantity of impact of what the City can afford for the fire department. Allen said that the rolling stock issue is out of the scope of this Task Force, but as a Council they could probably use what this Task Force is doing in looking at the rolling stock issue on a similar basis.

McConnell noted that it's a community. People who decide to come visit Newport or decide to move here don't do so because we have the very best water system or best sewer system. They move here for all the other things we have been talking about. We can't have a viable, economically healthy community unless we take into consideration to prioritize some of the quality of life issues. He said without those things, you will stop growth. We will stop having people visit here and then will have even less money to spend. He is just saying that as we are prioritizing and as we make a recommendation to the Council we have to keep in sight that it's just not as simple as the basic pieces. There's a lot more to a community that makes it successful.

Allen said the direction of this Task Force is to look at public infrastructure investment. We will make our recommendation along those lines, and it will then be up to the Council how to incorporate those recommendations with the quality of life issues that McConnell is talking about. He said we are not really tasked to focus on those issues in the next four meetings. He said if McConnell feels that is an important recommendation to make as a Task Force, we will put it on the table when we make the recommendations and as a group we can decide whether to move forward with that recommendation. Allen said he put that down as something McConnell would like to see, and we will consider it when we get to the appropriate time. Allen said right now our focus is public infrastructure investment. We've got a lot of good recommendations today; we have these five bullet points. Trying to get direction from the Task Force, Allen said he didn't know what more we could do today other than just talk through some of these bullet points some more; unless someone had another idea. One thing Springsteen wanted to throw out on this draft that he called a business plan was that if all department managers had something like this to work from, you would gain some direction within probably 18 months. Allen said that for the next meeting he would like to take a closer look at this and perhaps see if there are any more bullet points the Task Force wants to add to this as part of a long-term "business plan." Springsteen thought you could probably add A, B, and C under some of these points you have here; but if you get more than five you are swamping yourself. McConnell suggested that having timeframes and costs associated with these would be helpful. Allen agreed, saying that was a great idea. He asked Gross and Tokos if they thought they could give the Task Force general timeframes and costs associated with each of these bullets to the best that they can.

#### **IV. Establish Next Agenda.**

Allen said the next meeting will be how to restructure the funding, and Gazewood will have some really great ideas on that from a budgetary standpoint; and, as Tokos had mentioned, the short-term restructuring of services might correlate to the funding as well. Tokos said that funding the additional analysis is a short-term thing for the restructuring of services. He said what he was talking about earlier with respect to funding is to take a hard look and bring information before this Task Force about where that sweet spot is in terms of our capacity to take on additional debt to pay for infrastructure projects without compromising our ability to fund the operations side at least based on our existing revenue streams. Allen asked if that is something Tokos could bring for the Task Force's consideration at the next meeting. Tokos said that is what they are shooting for. Allen wondered if there was anything else that anyone would like to see as part of this restructuring of funding, which he noted is just a week away so there's not a lot of staff time to put this together. Saelens said it probably is a bit of a stretch for it being just infrastructure, but a variety of people around the table have said that we need a bullet or the City Council itself needs to be made aware of the fact or something has to happen where we are actually evaluating what we are getting back given the investment made; and he would extend that beyond infrastructure as was discussed today. So, what are we getting back for the \$600 thousand invested in the airport, what are we getting back if we invest \$500 thousand in the fire department versus \$250 thousand, what are we getting back in the economic development round that goes to support those things, what are we getting back for whatever it is. Because,

as Jebousek had touched on, many citizens don't feel they understand what we are actually getting back on these things that make us the City of Newport. You have safety standards, infrastructure standards, and what makes Newport what it is; and how much do we invest in that and what do we get back for it. Saelens said it goes a little bit beyond what is here. Busby said that was a good paragraph. He just saw Sault Ste. Marie's budget when he was there and some of that is in there to a certain extent. You can say that the return on investment should be addressed on each major budget topic, and he thinks it is a great idea. But you also have to put it in terms of tangibles and intangibles. He said that would be great to have. Busby said that is just not readily available, and maybe that is the part that the public is missing; and maybe they have lost faith in the fact that we are really addressing those things. Busby said that it comes down to "Joe Average" on the street should be able to pick up the budget and read it and have a basic understanding of what is going on. McConnell said they may or may not agree with the priorities. The priorities should point out the intangible goals. Saelens said that cycles back to what was talked about earlier, more involved town hall priority setting. Allen said he no doubt will support that kind of recommendation; it's a group decision, but he thinks that is important.

Patrick-Joling said that the other thing with funding is the tracking component, and she hopes that Gazewood will talk to that next week. She has asked before if we know how much Don Davis Park is, and she knows finance has new software. She said that is pretty critical. She said maybe that is a recommendation. She said maybe that is in place or it needs to be, but she would like to have that information. She said information she wants is if somebody comes to her and asks what does the water department cost, what is its income, and the whole nine yards. Gross said today he can track every cost on pump stations, every large piece of rolling stock, every vehicle all the way down to lawnmowers, and every building including utilities. That is the level that they go to. He can look at the total operational cost of the water system or he can get down to the pump station level or a particular park or building.

McConnell said he didn't know if this was really a Council issue or what, but we came to this table because of rate increases. So, we need to understand what would happen to the rates if they were frozen, or if they dropped back, and what kind of increase do you just have to have because everything costs more each year. We need to have some kind of idea what the impact would be. Allen agreed. McConnell said people shouldn't be under the impression that if the rates are frozen they are going to stay there. They have to go up. Even the base rate that we had a couple of years ago has to go up because you always have increased costs. McConnell said it would be nice to know what some of the rules of thumb are there. Gazewood noted that if we rolled back the water rate increase, we would have to cut the budget \$200 thousand right off the bat. Allen agreed that is important information. He believed that Gazewood will give an update next week, which he gave to the audit committee yesterday. Gazewood will share his concepts about perhaps restructuring some of the budget funds, mostly enterprise funds into special revenue funds if that were allowed under State law; which would actually open up the ability to utilize those funds with more flexibility to meet our objectives. Gazewood was going to check with the Department of Revenue after the audit committee asked him to look at it. Allen said next week would be a perfect time for Gazewood to give the Task Force an update on that. He said that does focus on restructuring funds from a budgetary perspective. McConnell noted that the City has restructured and renamed its funds so many times. Allen said that Gazewood has good ideas. Saelens shared that Gazewood gave a sneak peak that will be providing at least on a quarterly basis all the types of real time tracking stuff. Allen said he was going to be presenting that as a committee report at Monday's City Council meeting. He said that he will make sure it is sent out as an attachment to the Task Force; but Monday evening, he and Saelens will give an update on that.

Allen said he thought we had enough for next week. Then after that we have two meetings for recommendations; and he thought we are already starting to make a list of those so we are starting that process. Busby asked everybody to think of positive solid things so when people read the outcome of this Task Force, they can put their hands on this and see that it will give us half a million dollars this year and a million dollars next year.

## **V. Task Force Comments.**

Gazewood noted that Busby has talked about taking away that \$600 thousand subsidy that the airport is paying and wondered how. Busby said that there are others working on this. This is just him talking. He said if you look in the budget document, subsidies transferred out of the general fund and room tax is roughly \$600 thousand each year. About half is to meet FAA grants. A little over \$300 thousand per year was dedicated for things other than grant matching to operate the airport. He said when you look at the number of operations at that airport based on staff counts, which is about 6-7 thousand in operations (one landing or one take-off) per year, and you forget about the grant monies, the taxpayers are paying \$50 for every airplane that lands and \$50 for every airplane that takes off. Busby is a pilot, he uses the airport, and he supports the airport; but he doesn't support wasting money. He would like to see something done about that. The reason he brought it up in this committee is he thought some of that money that is being wasted at the airport could be put to better use on the infrastructure. He looked at the budget, and there are things that appall him. He said things like \$1 thousand a year for periodicals, \$49 hundred for small tools for a three-man staff, \$1 thousand for clothing, and \$15 hundred for guns and ammunition for the airport staff. He said the reason he is concerned, and on a personal level, if this goes on pretty soon he won't have an airport to fly out of. So he would like to see it corrected. Part of how we do that is to look at if we are certifying to a level we don't need. Are we doing things to maintain to a standard that provides no extra safety and no extra benefit? He said it's something that needs to be looked at, and the airport committee



is. Jebousek asked if it is appropriate to charge a landing fee. Busby said yes you can. Typically the only airports charging for aircraft under a certain weight are Seattle/Tacoma and major airports on the east coast. Generally speaking landing fees hurt you more than they help. He said North Bend tried it, and what happens is everybody just goes somewhere else and you lose on fuel sales. McConnell said the discussion around the airport has been around a long time; but it is an essential part of our emergency preparedness, and hence the reason for matching the FAA grants and keeping the place nicely paved and really well-maintained and operational. He said whether Newport needs to be providing for the entire county is another question. Gross said as public works, he weighs the benefit of investing in infrastructure. He sees from the background the investment in infrastructure at the airport and consequently the obligation that is involved in that. You don't get the federal money for free; there are strings attached. When we accept federal money, we are taking on an obligation to maintain the airport at a certain level. That is the piece that concerns him dramatically because the City has that very significant obligation to the federal government that we may not be able to meet in the long term. Allen said what this Task Force could do is make a recommendation to the Council that the City take a closer look at the airport operations and FBO. Gross said it's the paradigm we just talked about; what is the cost benefit that you get out of your investment. Allen said we can note that. Gross said he is very concerned about taking those grants because of the obligations. Busby said that the airport provides a public benefit, but can we do it more efficiently. He thinks we can. McConnell said it isn't any different than the City in the past building a lot of buildings with urban renewal money; and now they are old and tired. It's the same thing that there has been no real projection far enough forward. We really need to get a handle on that. If you decide you are going to build a building, you have to decide that this is how much it is going to cost 20 years from now. Allen said that urban renewal is a concept that is being reviewed at the Planning Commission level; and that's part of what he thinks we will be looking at as part of our recommendation from the Task Force that will probably fall in line with what is being done at the Planning Commission level in some of these general infrastructure issues. Tokos said that urban renewal is certainly a source of revenue, and the Planning Commission is considering it and the City Council will have a presentation at their next meeting.

## **VI. Public Comment.**

Jebousek said she was upset that we don't have a vacation water rate. This argument that infrastructure is there whether you are home or not is ridiculous because she only pays for the electricity she uses. So if she's not home and doesn't use her electricity, she doesn't get charged the full base rate when she's not home. She's not using the base rate amount of water either; so if she took off and isn't using the water, she should get a vacation rate. She said that it's fine to have a base rate; but not \$90, which is a base rate plus thousands of gallons of usage. Allen told Jebousek that is a good general comment to make to the Council. How we set our water rates is more of a Council issue; so he suggested that it is on the record now, but if she really wants to get it to the appropriate group to do it at a council meeting during public comment, and then the Council can consider it. He said the Council will be more appropriate for that.

Jebousek also wanted to state again that she doesn't think there should be citizen funding of major infrastructure problems.

She said that concerning discussion about outsourcing city functions, she thinks that you need to be concerned about having labor standards attached to that kind of bidding process if you do something like that. She noted that with federal projects you have the Davis Bacon Act. She said you don't want somebody coming in here with a low bid and the City has to come in and clean it up because the people that wanted to bid didn't have their act together. Allen noted that we have formal public contracting rules that address all those issues.

Jebousek noted that we have been talking about infrastructure and quality of life and community issues. She said that she sees those things as being connected. She said we invite people to come to this community; to our beaches. It is a big selling point. Yet we have sewage that runs right out on the beach. It's embarrassing to her personally. She feels it is almost a fiduciary duty of this town. She said if visitors knew what their kids were in. She tells them when she is on the beach that she wouldn't let her kid go in that stream if she were them. She said she shouldn't have to be saying that to people, and she in good conscious can't just walk by kids sitting in that stream. She said that is where infrastructure meets community, meets quality of life, and meets aesthetics. She doesn't see these things as being separate. Allen said in that particular issue they are connected very much. He said that the Council has noted those kinds of issues, and we are all aware of it. Jebousek thought we kind of hush it up as a community. Allen said we could probably incorporate those kinds of concepts in a recommendation, which we can forward to the Council.

Jebousek said she is a person that came from a really small town. She goes back there for her class reunions, and life continues in a similar way. They have like a little event every summer on a Saturday; a celebration, a parade thing. It started raining, and no professional people came in to shut it down. Everybody in town does things. They are part of a community and are so involved that they just kind of handle things themselves. So for some of the expenses the City has been paying for like park maintenance, she wondered if we don't have service groups that can regularly help. Allen noted that we have an "adopt a park" program that actually tries to utilize nonprofit organizations to help with that. He said we look at that issue very closely, and that is not something that is off our radar. Other than SOLVE, Jebousek doesn't really see anything. So, she thinks that maybe something we can include is to get more of those groups involved. She said that it makes the town more connected. Gross said

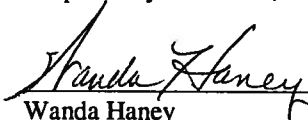
it is easy to get a volunteer group to come out once, but not every week. Allen said we would explore that. He said it is a good concept to be explored. It has been noted.

Jebousek's final critique was about public meetings and about Council meetings and this group. She said she shows up here, and all the handouts are at the table and she has to go after them. Acronyms are used in the discussion. She said they are almost like internal dialogs among the group that are done in public. She said that it's not like the public feels like they are part of the process; they are just allowed to be in the room to watch. She understands that these groups are trying to get things done and move along, but at the same time you need to balance that with when someone goes to one of these meetings; it's almost like fear. Allen noted that everything that is distributed at these meetings is posted on the website so people are able to look at it.

**VII. Adjournment.** Allen noted that the next meeting is next week, November 7<sup>th</sup>, at 3:00 p.m., followed by November 21<sup>st</sup> and then the first Thursday in December. Patrick-Joling noted that she will not be here on November 7<sup>th</sup>.

Having no further business to discuss, the meeting adjourned at 4:30 p.m.

Respectfully submitted,

  
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Wanda Haney  
Executive Assistant