

January 6, 2014
6:00 P.M.
Newport, Oregon

The City Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Roumagoux, Beemer, Allen, Busby, Swanson, Sawyer, and Saelens were present.

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, Public Works Director Gross, Interim Finance Director Gazewood, and Police Chief Miranda.

PLEDGE OF ALLEGIANCE

Council, staff, and the audience participated in the Pledge of Allegiance.

PROCLAMATIONS, RECOGNITIONS, AND SPECIAL PRESENTATIONS

Miranda introduced Brent Gainer, newly-appointed Sergeant in the Police Department, and Jonathan Humphreys, a newly-appointed Police Officer. Hawker administered the oath of office.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of City Council minutes from the joint work session with the Bicycle/Pedestrian Advisory Committee, and the joint meeting of the Bicycle/Pedestrian Advisory Committee, and the joint meeting of the Public Arts Committee, and the City Council of December 16, 2013.

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

OFFICER'S REPORTS

Mayor's Report. Roumagoux reported that she had participated in her third Police Department ride-along.

Roumagoux reported that she had attended the recent Chamber Board of Directors dinner.

Roumagoux reported that she had attended the tree planting for the "Tree City" designation.

Roumagoux reported that she had attended the recent Lincoln County Mayor's meeting in Depoe Bay.

Roumagoux made the following committee appointments/reappointments:

<u>Committee</u>	<u>Term Expiration Date</u>
<u>Planning Commission</u>	
Jim Patrick	December 31, 2016
<u>Budget Committee</u>	
Fred Springsteen	December 31, 2016
Robert Smith	December 31, 2016
<u>Airport Committee</u>	
Mark Watkins	December 31, 2015
Douglas Nebert	December 31, 2015
<u>Library Board</u>	
Carol Ruggeri	December 31, 2017
<u>Parks and Recreation Committee</u>	
Jimmy Rodriguez	December 31, 2015
Sandra Surber	December 31, 2015
Nancy Steinberg	December 31, 2015
<u>Destination Newport Committee</u>	
Lil Patrick	December 31, 2014
John Clark	December 31, 2014
Ric Rabourn	December 31, 2014
Lorna Davis	December 31, 2014
Carrie Lewis	December 31, 2014
<u>Senior Advisory Committee</u>	
Richard Reynolds	December 31, 2015
<u>Bicycle/Pedestrian Advisory Committee</u>	
Alisha Kern	December 31, 2016
Chuck Forinash	

MOTION was made by Allen, seconded by Saelens, to ratify the Mayor's appointments. The motion carried unanimously in a voice vote.

Roumagoux appointed Bob Berman to the Planning Commission. MOTION was made by Beemer, seconded by Saelens, to ratify the Mayor's appointment. The motion carried unanimously in a voice vote.

City Manager's Report. Nebel reported that he had begun his employment with the city three weeks ago today, and has subsequently spent lots of time talking to City Councilors, department heads, and other employees to gain an understanding of the important internal issues. He added that he plans to spend time talking with people outside the organization to get a comprehensive view of what is important and how to allocate time in the position. He noted that, at the work session earlier today, he had outlined some operational and procedural issues. He added that he plans to have a report for the January 21 City Council meeting summarizing the outcome of the work session discussion.

Nebel reported that he plans to work on filling the Finance Director position. He noted that two candidates were recently interviewed by a panel of department heads, another panel consisting of Gazewood and a retired Finance Director from Lincoln City, and that he had conducted the third interviews. He added that it was the consensus of the groups to expand the applicant pool. He noted that consideration is being given to changing the salary range to 21 as the salary may be an issue in attracting qualified candidates.

Nebel reported that he and Gazewood had spent time working on the budget process. He noted that he will present information regarding the budget calendar and a date for the Council goal setting session at the January 21 meeting. He added that he plans to make changes in the way the budget is compiled. He noted that he plans a meeting in March to discuss these changes and obtain input relative to the development of the budget. He stated that he appreciates Gazewood's efforts in making the upcoming budget process meaningful.

Nebel reported that he had booked a vacation before he came to Newport, and would be would of the office beginning January 9, but back in Newport on January 19. He noted that during his absence Ted Smith will be acting City Manager.

Nebel reported that City Hall will be closed on January 20 for Martin Luther King Day, and the City Council meeting will be held on Tuesday, January 21.

Nebel noted that he is working on various operational issues in getting established. He added that he appreciates Cindy Breves' work.

Nebel reported that he attended the play, "Joseph and the Amazing Technicolor Dreamcoat," at the PAC. He noted that there is lots of local talent, including city employees, and he encouraged people to attend.

Nebel wished everyone a Happy 2014 and added that he is excited to be part of the City of Newport.

DISCUSSION ITEMS AND PRESENTATIONS

Infrastructure Task Force Report. Allen asked members of the Infrastructure Task Force, who were in the audience, to come forward. Patricia Patrick-Joling, Fred Springsteen, and Mark McConnell came to the podium. Allen reviewed the composition of the Task Force and recognized staff. He noted that there is a quorum of the Task Force in attendance. Allen added that the City Council and Task Force members have

received a copy of the draft minutes. MOTION was made by Saelens, seconded by McConnell, to approve the Infrastructure Task Force minutes of December 19, 2013. The motion carried unanimously in a voice vote.

Allen, as Chair of the Infrastructure Task Force, reviewed the information that was included in the packet. He discussed the general assumptions, including the responsibility of the city to fund the maintenance and improvements of its capital assets; the assumed need for annual investments to upgrade capital assets in the future; potential near-term (1 - 5 years) recommendations; and potential long-term (ongoing) recommendations. Allen noted that the suggestions are things for Council and city staff to consider. He added that the Task Force did a great job of moving recommendations forward.

Saelens noted that initially, the task seemed impossible. He added that what is not clear to those not involved is the number of ideas and concepts that were reviewed by the Task Force. He stated that through Allen's leadership, the Task Force needed to move toward consensus, and what is before Council is a good representation of that. He concluded that at the end of the day, the goals were accomplished. He added that the utility SOS fund is important to him, and that the city needs to begin developing a program that actually works.

Busby noted that Allen's summary was accurate, and that the process was a learning experience. He added that there is no magic bullet in this list of items, and no one item that can win the contest. He stated that he would have liked more specificity, but that there was not enough time or resources. He added that the final solution will be a mix. He noted that the fee in lieu of issue, generally and in a broader sense, addresses the idea of efficiencies. He stated that this is an amount that would not be in the General Fund, and something from the General Fund would have to be removed.

McConnell noted that he is pleased that Council started down this road three years ago. He added that the city knew what would happen to the utility rates, but thought it needed to get started. He stated that grant writing and a search for other sources of funds had been accomplished, and those things will help relieve pressure on water rates. He noted that he is not surprised that the city needs to look at a multi-phase approach. McConnell added that the philosophical part comes down to creating, developing, and maintaining a level of trust with the voters. He stated that it is important that the public has the opportunity to provide input on priorities and has the trust in the City Council to know that money is being used wisely. He noted that it is also important for the City Council to develop trust and a good relationship with the City Manager so that Council does not have to micromanage the budget.

Allen noted that services will be prioritized through the goal setting session. He added that the Infrastructure Task Force wanted to get feedback from the public, staff, and other stakeholders in prioritizing issues and needs.

Fred Springsteen stated that he felt privileged to have been a part of the process. He added that he was unable to get questions answered during the budget process, and he now has answers. He added that when the rates go up, there is a reason for it, and he hopes that is communicated to the voters and residents.

Patricia Patrick-Joling thanked Busby for the last handout. She noted that at the end of the day, the budget was out of sync. She thanked Bob Gazewood for coming on board. She asked Gazewood what he feels is the best course of action considering the state of the budget. Gazewood reported that he is not a fan of pay as you go financing

simply because it takes such a hefty rate increase to maintain, and then is limited in terms of spending based on what is generated from the rate structure. He added that this cannot be sustained over time. He stated that he wants the opportunity to look at projecting what the city could accomplish through issuing bonds. He noted that he thinks bonding is a great opportunity to expand the amount of dollars that can be spent in any year, with substantially smaller increases. Allen noted that what Gazewood reported is something that he has said over the course of the ten Infrastructure Task Force meetings. Patrick-Joling noted that the last page shows the current and projected rates, and that many people cannot pay those rates. Allen added that the word “consider” is at the beginning of each bullet point. He noted that many Task Force members were not in favor of continuing pay as you go, but felt it was necessary to include it. Allen stated that there is a reason why it is there and worded the way it is.

Nebel noted that the report will provide a great opportunity to understand some of the issues used in developing rates; the needs from a private standpoint; and an excellent list on which to base some of the budget this year. He added that he anticipates providing a response if Council accepts the report. He noted that the report has saved him time in figuring out what is feasible; what needs to be looked at; and will provide good information for the Budget Committee in utilizing these concepts.

Allen reported that a lot of the handouts for the Infrastructure Task Force were the work of Tokos and Gross. He added that Gross had prepared a five-year scenario which was needed to raise the awareness of infrastructure needs so that people could see what it would take in terms of rate increases. Allen stated that Gross recommended establishing a Task Force during a discussion at the final Budget Committee meeting last year.

Tokos encouraged Council to view the report as a work in progress, noting that a lot of recommendations will take a number of years to accomplish. He added that the value of having good quality data permeates through a better understanding of means for long-term investments. He noted that it also supports the decisions Council makes in terms of rate adjustments.

Allen reported that Nyla Jebousek and others attended most of meetings. Nyla read a letter into the record, and distributed copies to Council. Allen noted that he would have Jebousek’s documents placed on the Infrastructure Task Force page on the city website.

Sawyer reported that former Mayor McConnell started the utility SOS fund. He requested a report on the fund; asked to see the city’s criteria; and suggested using the criteria that is used by the PUD.

It was noted that other communities have an SOS application that contains income limitations, senior discounts, etc. It was suggested that as a part of the budget process, examples of SOS programs should be provided to determine what works for Newport. It was further suggested that ongoing funding for the program be discussed.

Allen noted that some items require Council direction. He added that there are seven funding options listed in the report, and asked what the preference is to move forward on. He added that the other issue that is important is to have more concrete numbers for the upgrade of city facilities infrastructure by March 1. A discussion ensued regarding the possibility of including additional information on the utility bills to assist in disseminating information to residents. Nebel noted that until he has a comprehensive understanding of the budget and the financial scenario of the city, he does not have an

answer tonight for what is appropriate. He added that a lot of groundwork has been provided by the Task Force which provides a roadmap for him to focus on. Nebel noted that for the goal setting session, he will bring back a discussion from the staff standpoint as Council prioritizes the issues. He added that once the framework is established, there should be a method to get public participation and have a meaningful discussion with the public. Allen asked whether the framework will be in writing in the next month or so, and Nebel noted that the approach will be outlined at the goal setting session. Allen asked how Council wants to move forward, and Saelens suggested going into the issues in more detail at a work session. Nebel noted that before the work session, he will need to feel comfortable with where the city is at, and would like to have until the goal setting session before providing additional input to Council. Saelens noted that bringing the issue up at a work session would be a way to identify issues. Nebel noted that this is a good base document for Council to consider approving, and that by approving it, Council is indicating that this is what it wants staff to look at and respond to. It was the consensus of Council to accept the report and move forward.

Allen thanked McConnell, Patrick-Joling, and Springsteen for participating on the Task Force.

ACTION ITEMS

Consideration of a Tourism Facilities Grant Agreement with the Newport Sea Lion Docks Foundation. Nebel explained that the issue before Council is consideration of approval of a tourism facilities grant agreement with the Newport Sea Lion Docks Foundation, and an extension of time for the Newport Sea Lion Docks Foundation to enter into a grant agreement with the city.

Roumagoux asked for Council comments. Allen asked what caused the delay. Bob Ward, representing the Sea Lion Dock Foundation, reported that the in-water work can only occur between November 1 and February 15, so it was not possible to perform the work a year ago. Ward added that the cost of the docks increased from \$35,000 to \$79,000 which caused the costs to be renegotiated, and that the change in the docks caused the federal permitting process to be extended. MOTION was made by Swanson, seconded by Beemer, that notwithstanding the general requirement in the city's adopted Tourism Facilities Grant Program that awardees enter into a grant agreement with the city within one month of the date of the award, which occurred on March 18, 2013, to extend the time for awardee Newport Sea Lion Docks Foundation to enter into a grant agreement with the city until January 10, 2014. The motion carried unanimously in a voice vote.

MOTION was made by Swanson, seconded by Saelens, to approve the tourism facilities grant agreement with the Newport Sea Lion Docks Foundation, for a total of \$50,000, as outlined in the grant agreement. The motion carried unanimously in a voice vote.

Sawyer stated that the Tourism Facilities Grant Task Force had agreed to leave \$100,000, of the initial \$1,000,000, in the account, and he asked for the status of those funds. Gazewood distributed and reviewed a handout that indicates that there never was \$100,000 included in budget based on the resources that were in the budget. Allen noted that there was an adopted formal policy on how to spend the event center monies.

Nebel agreed to bring a report to Council to illustrate what actually occurred with the event center monies.

Consideration of Resolution No. 3661 Adopting a Tax Exempt Bond Post Issuance Compliance Policy. Gazewood reported that the issue before Council is the consideration of Resolution No. 3661 which, if approved, would adopt a tax exempt bond post issuance compliance policy. He explained that after bonds are issued, an issuer is required, under federal law, to continually monitor the actual investment and expenditure of the proceeds of the bonds and the use of the facilities financed with such proceeds. Gazewood noted that the monitoring process and collection of information must be maintained as long as tax-exempt bonds, including refunding bonds, are outstanding, plus three years after the last bond is retired. He added that some of the ongoing monitoring requirements include: retaining a nationally-recognized bond counsel law firm to assist in issuing bonds and provide legal opinions on the bonds; adhering to tax requirements as defined in the tax certificate executed in connection with the bond issue; monitoring the use and timely expenditure of bond proceeds; ensuring that the project is owned and operated by the issuer for the life of the bond issue; monitoring and tracking investment earnings on bond proceeds to comply with applicable yield restrictions and/or rebate requirements; ensuring that all relevant documents and records are maintained by the issuer for the term of the bond issue (including refunding bonds) plus three years.

MOTION was made by Beemer, seconded by Saelens, to adopt Resolution No. 3661, a resolution adopting a tax-exempt bond post-issuance compliance policy. The motion carried unanimously in a voice vote.

Consideration of Resolution No. 3662 Approving a CPI Adjustment to Land Use Fees. Nebel reported that the issue before Council is the consideration of Resolution No. 3662 adjusting fees for land use actions to account for annual inflation using the Bureau of Labor Statistics Consumer Price Index for Urban Consumers. Tokos reported that the FCS fee study indicated that a recovery rate of 50% of the direct land use costs was appropriate, and the city was, at the time of the study, recovering only 15% of the direct costs. He added that at the time, Council elected to phase in the fee adjustments over a four-year period. He stated that now that the four year phase-in is complete, it is necessary to adjust the fees annually to account for changes in the CPI-U. Busby asked how the fees compare with other comparable cities, and Tokos noted that the fees are comparable.

MOTION was made by Beemer, seconded by Busby, to adopt Resolution No. 3662, a resolution that makes annual inflationary adjustments to fees the City of Newport charges applicants for the review of land use actions. The motion carried unanimously in a voice vote.

Selection of City Council President. It was noted that the City Charter requires that Council elect a Council President at its first meeting of the year. Beemer nominated Busby, and Saelens nominated Swanson. Swanson prevailed in a written ballot vote, with Allen, Swanson, Saelens, Sawyer, and Busby voting for Swanson, and Roumagoux and Beemer voting for Busby.

COUNCIL REPORTS AND COMMENTS

Allen reported that he attended a recent meeting of the COMES Advisory Board, at which Bob Cowen, director of the HMSC, gave a brief update on what is being planned relative to the marine studies campus initiative (by OSU) which could bring up to 500 students or more over the next five years. He noted that HMSC is still trying to put in place adequate funding. Allen noted that the HMSC and surrounding facilities will be used, but more importantly, there is no plan to build housing, so the students will be looking for rental or other accommodations in the community.

Allen discussed the provision in Rob Connell's agreement that provides for a check-in after three months. He suggested Connell meet with Council in February to review how things have worked from his end. He added that Resolution No. 3624 needs to be updated to incorporate Connell.

Beemer reported that the Port needs to dredge an extra four feet at the International Terminal before they can fully load a log ship. He added that due to permitting, the dredging will likely not occur until next November. He noted that Teevin and ALCAN are willing to partially load log ships.

Beemer reported that Ken Brown had been selected to replace Oly Olson on the Port Commission.

Busby reported that the water rates of Oregon coastal cities are posted on the Infrastructure Task Force page of the city's website. He noted that the highest rates are in Yachats, and the lowest is Depoe Bay.

Swanson reported that she attended the VAC re-envisioning meeting on Saturday, and it was well-attended. She added that the Library Board and the Senior Center Advisory Board had not met in December.

Saelens reported that the Wayfinding Committee did not meet due to lack of a quorum. He added that his ankle injury is not a break.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:18 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor