

June 16, 2014  
6:05 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, Allen, Beemer, Busby, Sawyer, Saelens, and Swanson were present.

Staff present was City Manager Nebel, City Recorder Hawker, Interim Finance Director Gazewood, and Community Development Director Tokos, Library Director Smith, Public Works Director Gross, Fire Chief Paige, Assistant Fire Chief Murphy, Parks and Recreation Director Protiva, and Police Chief Miranda.

### **PLEDGE OF ALLEGIANCE**

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

### **PROCLAMATIONS, PRESENTATIONS, AND SPECIAL RECOGNITIONS**

**Receipt of Plaque from the Newport Boosters Club for Participation in the 2014 Marathon.** Plaque from Boosters for participation in Marathon. Showed plaque and read letter.

**Proclamation - Day to Ask - June 21, 2014.** Roumagoux declared June 21, 2014 as Day to Ask Day in the City of Newport. Cynthia Jacobi accepted the proclamation.

**Proclamation - Sri Chinmoy Oneness Home Peace Run.** Roumagoux recognized the upcoming Sri Chinmoy Oneness Home Peace Run.

**Oath of Office - New Fire Department Personnel.** Hawker administered the oath of office to the following new Fire Department personnel: Jason Barth; Tyler Marklein; Trevor Michels; Scott Moser; William Stole; Cody Gutierrez.

### **CONSENT CALENDAR**

The consent calendar consisted of the following items:

- A. Approval of minutes from the executive session of May 19, 2014, the City Council meeting of June 2, 2014, and the special meeting of the City Council acting as the Local Contract Review Board of June 9, 2014;
- B. Confirmation of Mayoral Appointments:
  1. Ken Brown to the Airport Committee for a term expiring December 31, 2016;
  2. Ralph Grutzmacher to the Airport Committee for a term expiring December 31, 2016;
  3. Lee Hardy to the Planning Commission for a term expiring December 31, 2016.

Hawker read the title of each agenda item.

Nebel reported that Busby has suggested organizing a regional task force to discuss the role of the airport as a regional facility, and that this matter will be discussed at the July 7 City Council meeting.

MOTION was made by Allen, seconded by Sawyer, to approve the consent calendar as presented. The motion carried unanimously in a voice vote.

## PUBLIC HEARING

**Public Hearing and Possible Adoption of Resolution No. 3675 Adopting the Budget and Making Appropriations; and Resolution No. 3683 Imposing and Categorizing Ad Valorem Taxes for the 2014/2015 Fiscal Year Budget for the City of Newport.** Hawker introduced the agenda item. Nebel reported that the packet contains a memo from Janet Webster, Chair of the Budget Committee which outlines the actions taken by the Budget Committee regarding the approval of a budget for the 2014/2015 fiscal year. He noted that Webster will give an overview of the Budget Committee actions prior to the opening of the public hearing and the Committee's recommendation to the City Council that the budget be adopted along with appropriate tax levies for operations and debt service. He stated that following the public hearing, the City Council will consider approval of two resolutions to complete the 2014/2015 fiscal year budget process.

Janet Webster, Chair of the Budget Committee, commended Nebel, Gazewood, and Brown for compiling the budget. She reported that the Budget Committee recommends adoption of the budget. She noted that there is a slight change to the budget document, and that the correct number is included in the budget. Webster encouraged Council to stay within the approved budget, noting that currently, the city is spending more than it should be. She reported that the Budget Committee had made two policy recommendations, one is to phase out the payment to the General Fund, from the sewer and water funds, over the next five to seven years; and the other is to reduce the General Fund subsidy to the airport over the next three to five years. She reviewed other aspects of the budget.

Roumagoux opened the public hearing on at 6:31 P.M. She called for public comment. There were none. Roumagoux closed the public hearing at 6:33 P.M. for Council deliberation.

Swanson requested that a half-time position for emergency operation coordination position be placed back into the budget. She reviewed a number of reasons why the position is important, and noted that it would be funded in the Fire Department Budget. Sawyer stated that he wishes to abstain from this discussion because if the position is created, he may be an applicant. Allen noted that pursuant to City Charter, a City Councilor cannot be an employee of the city. Saelens addressed the complete overhaul of the Lincoln County Solid Waste Emergency Plan, and the fact that this will be a need for all Lincoln County cities. Roumagoux noted that everyone has their passion, but that Council needs to take to heart what Webster said about operating within the budget. She added that the City Manager has recommended that the emergency operations position is important, but that at the end of the year, there will be better information as to whether the position should be added. Allen noted that Swanson brought this matter up at the Budget Committee meeting, and that Nebel was asked for his position on the

request. Nebel stated that he would monitor the positions that were not approved this year during the next budgeting process.

Allen clarified that the payment to be phased out that is going from the water and sewer funds into the General Fund is for payment in lieu of franchise fees, which is separate from the payment for direct services provided by the General Fund. He added that the subsidy from the General Fund to the airport is \$355,000, and the recommendation is to consider phasing the subsidy out over the next three to five years. He noted that the reasons these two policy recommendations were made is to keep more money in the Water and Sewer Funds with minimal impact on the General Fund, and added that the Airport Fund will need to become more efficient and effective.

Busby reported that the airport is averaging more than \$300,000 annually in subsidies exclusive of capital projects, and the city needs to find ways to make it smaller. He thanked Webster for a great budget summary, and thanked Gazewood, Brown, and Nebel for a much better process this year. He added that the city is still spending more than it is taking in. He stated that he is happy that this is understood this year, and will vote for adoption of this year's budget.

MOTION was made by Busby, seconded by Allen, to adopt Resolution No. 3675 adopting a budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015 with a sum total of requirements of \$65,001,051; unappropriated fund balances and reserves of \$4,771,806; and budget levels for appropriation purposes of \$60,229,245 in accordance with the budget approved by the Budget Committee, as corrected, for the 2014/2015 fiscal year. The motion carried unanimously in a voice vote.

MOTION was made by Busby, seconded by Beemer, to adopt Resolution No. 3683 establishing taxes for the fiscal year beginning July 1, 2014 and ending June 30, 2015 at a rate of \$5.5938 per thousand dollars of assessed valuation, plus an amount of \$2,376,705 for the Debt Fund in accordance with the following individual general obligation bonds: wastewater bonded debt payments of \$921,221; water treatment bonded debt payments of \$906,271; and swimming pool bonded debt payments of \$549,213. The motion carried unanimously in a voice vote.

**Public Hearing and Possible Adoption of Resolution No. 3667 Regarding the City's Election to Receive State Shared Revenues.** Hawker introduced the agenda item. Nebel reported that the state revenue sharing law, ORS 221.770, requires cities to pass an ordinance or resolution each year stating that they want to receive state revenue sharing monies, and that the resolution must be filed with the state before July 31 in order to be eligible for these funds. He noted that two public hearings are required, and the first one was held before the Budget Committee on April 30. He added that tonight's public hearing will be the second required hearing. He stated that these funds are proposed for general operational purposes within the general fund. He added that highway gas taxes are proposed for operational purposes within the street funds, and sidewalk and bicycle way improvements are proposed in the capital projects fund in the 2014/2015 fiscal year budget.

Nebel recommended the Council conduct a public hearing on the utilization of state shared revenues, liquor taxes, and cigarette taxes from the state to be used for general operating purposes within the general fund, and that highway gas taxes are proposed for operational proposes within the street fund, and sidewalk and bicycle way improvements in the capital projects fund.

Roumagoux opened the public hearing at 6:56 P.M. She called for public comment. There was none. She closed the public hearing for Council deliberation at 6:57 P.M.

MOTION was made by Sawyer, seconded by Saelens, to adopt Resolution No. 3667 declaring the City of Newport's election to receive state shared revenues for the purpose of general operating purposes in the general fund for state revenue sharing, liquor taxes, and cigarette taxes, with the highway gas taxes proposed for operational purposes within the street fund, and sidewalk and bicycle improvements in the capital projects fund. The motion carried unanimously in a voice vote.

**Public Hearing and Possible Adoption of Resolution No. 3672 Adopting a Supplemental Budget and Making Appropriations for the 2013/2014 Fiscal Year Budget.**

Hawker introduced the agenda item. Nebel reported that ORS 294.473 requires a supplemental budget with a public hearing when the estimated expenditures differ by more than ten percent of the expenditures from the most recent amended budget or the supplemental budget will create a new fund or a new appropriation category. He noted that there are three activities that meet the requirement of holding a public hearing in order to adjust the appropriations prior to closing the current fiscal year. He stated that the first is creating a new appropriation category in the SDC Fund for the street SDC activity. He added that in this case, we are anticipating expenditures of approximately \$50,000 for the 6<sup>th</sup> Street right-of-way acquisition costs, and that this item will come to a future Council meeting for action when an agreement has been reached with the appropriate property owners. Nebel reported that the second issue relates to the transfer of airport construction costs from the Airport Operating Fund to the Capital Projects Fund. He added that this will allow the expenses for the runway and related projects to be separated from the operational expenses of the airport. He noted that this has been problematic in separating project revenues and expenses from operational revenue and expenses, particularly at budget time. He stated that this has been done consistently with water and sewer funds by creating a separate capital project cost center in one of the two capital outlay funds for those types of projects. He noted that the amendment will set-up a new category of expenses (materials and services in the Capital Project Fund) and provide appropriation authority to spend those funds. Nebel reported that this will establish an appropriation for the airport general construction project in the Capital Project Fund in the amount of \$8,233,567 with the offsetting revenues being transferred in. He stated that the Airport Fund will see a reduction in the same amount of \$8,233,567 in revenues and expenses with these funds being transfer to the Capital Projects Fund. He noted that while all of these funds will not be spent during this current fiscal year, the remaining balance of the unused capital outlay funds will be appropriated during the next fiscal year. He stated that this is consistent with assumptions for all capital outlay projects that they be completed during the fiscal year ending June 30, 2014. He added that any budgeted funds unspent will be carried over by a budget amendment to complete the project in the 2014/2015 fiscal year. He noted that this will aid in avoiding the scenario of overestimating reserves based on unspent capital outlay funds by assuming that all would be spent within the current fiscal year. He stated that this will also create a clean beginning for amending next year's budget with the remaining funds being appropriated in a budget amendment in the next fiscal year.

Nebel recommended that Council hold a public hearing on Resolution No. 3672 which adopts a supplemental budget for the 2013/2014 fiscal year, by appropriating \$50,000 from the SDC streets project for roadway acquisition, transferring \$8,233,567 to a Capital Projects Fund for airport construction activities including the associated revenues, and reducing the appropriation and revenues for the Airport Fund by the same amount of \$8,233,567 reflecting the move of capital projects funds from the Airport Operating Fund.

Roumagoux opened the public hearing at 7:01 P.M. She called for public comment. There was none. She closed the public hearing at 7:03 P.M. for Council deliberation.

MOTION was made by Beemer, seconded by Sawyer, to adopt Resolution No. 3672 with attachment A, which adopts a supplemental budget for the fiscal year 2013/2014 and makes appropriation and revenue changes for the fiscal year 2013/2014. The motion carried unanimously in a voice vote.

**Public Hearing and Possible Adoption of Ordinance No. 2066 Amending the Library Section of the Newport Comprehensive Plan.** Hawker introduced the agenda item. Nebel reported that on May 27, 2014, the Planning Commission held a public hearing on the proposed modification of the Library Services section of the Public, Cultural, and Educational Services element of the Newport Comprehensive Plan to identify the city's role in implementing the goals, objectives, and strategies outlined in a March 2014 strategic plan prepared on behalf of the Library Board of Trustees and Newport Library Foundation. He noted that more than 75 citizens were involved in the development of the new strategic plan that covers the next ten years of the Library's operation. He added that the updated provisions provide a service goal that the Library should be a place that stimulates the imagination, invites and enables life-long learning, and creates young readers. He noted that the updated plan identifies an organizational goal that the Library facility is a gathering place for individuals and groups with two specific policy statements as part of that goal. He stated that the last update of this section of the plan was done on October 7, 1991.

Nebel recommended that the Council hold a public hearing on the possible approval of Ordinance No. 2066, amending the Library Services section of the Newport Comprehensive Plan, by identifying a service goal that the Library be a place that stimulates the imagination, invites and enables life-long learning, creates young readers, and an organizational goal that the Library facility is a gathering place for individuals and groups including incorporating of the associated policies as outlined in exhibit A of Ordinance No. 2066.

Roumagoux opened the public hearing at 7:04 P.M. She called for public comment. There was none. She closed the public hearing for Council deliberation at 7:05 P.M.

MOTION was made by Sawyer, seconded by Saelens, to read Ordinance No. 2066, an ordinance amending the Public, Cultural, and Educational Services element of the City of Newport Comprehensive Plan replacing the Library Services section, by title only and place for final passage. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2066.

Voting aye on the adoption of Ordinance No. 2066 were Roumagoux, Allen, Sawyer, Beemer, Swanson, Busby, and Saelens.

## COMMUNICATIONS

**From Mayor Roumagoux and Councilor Swanson - Extension of Agreement for City Attorney Services.** Hawker introduced the agenda item. Nebel reported that at the June 2, 2014, City Council meeting, the City Council designated Roumagoux and Swanson to meet with City Attorney, Rob Connell to review the agreement for the City Attorney which expires on June 30, 2014. He noted that Roumagoux and Swanson are recommending that the contract be extended while they continue their negotiations with Connell since this is the last City Council meeting prior to the expiration of the agreement. He added that he understands that the parties plan to have a revised agreement for the Council's consideration at the July 7, 2014 meeting.

Roumagoux and Swanson recommended the City Council approve an amendment to the agreement with Connell that deletes the expiration clause of the contract, and replaces it with language allowing the agreement to continue unless terminated as set forth in the agreement, and allowing the contract to be amended or replaced by subsequent agreements as the parties may determine from time to time.

Roumagoux reported that she and Swanson believe that they have met in the best interest of the city. She added that they have met with Connell twice, and will finalize the contract on June 30. She asked Council to approve the extension of the agreement as requested.

Allen noted that he and Roumagoux had negotiated the first agreement with Connell. He stated that he does not have an issue with extending the current agreement until a successor agreement is in place. He recommended that the extension contain a date certain. Roumagoux reported that she is firm in her opinion. Sawyer supported changing the date of the extension to a later date. Roumagoux noted that Council established a date certain with LGLG the first time, but not on the second time, and that there is no reason to treat Connell differently. Swanson stated that she did not understand the objections. She added that she and Roumagoux did consider the time, and believe it is better to leave the extension open-ended for a short period of time. Saelens noted that if someone is empowered to negotiate, he would tend to honor suggestions from the negotiators, and based on this, will vote with Roumagoux and Swanson.

MOTION was made by Swanson, seconded by Saelens, to approve an amendment to the agreement with Robert W. Connell, Attorney at Law, for City Attorney services which deletes the expiration clause of the contract, and replaces it with language allowing the agreement to continue unless terminated as set forth in the agreement and allowing the contract to be amended or replaced by subsequent agreement as the parties may determine from time to time. The motion carried in a voice vote with Allen and Sawyer voting no.

## CITY MANAGER REPORT

**Consideration of Resolution No. 3673 Providing for Budget Transfers and Making Appropriations for the Fiscal Year 2013/2014 Budget.** Hawker introduced the agenda item. Nebel reported that as the end of the 2013/2014 fiscal year nears its end, there are a number of appropriations that need to be made prior to the end of the fiscal year. He stated that these changes are being made in order to address possible shortfalls in various appropriation categories. He noted that many of these changes will be offset

with other spending categories ending up under budget, but these adjustments will ensure that sufficient appropriations will cover the anticipated expenses until the end of the year. He stated that a more detailed report is provided by Interim Finance Director, Bob Gazewood. He stated that in most cases, the appropriations are being taken from budget contingency funds for this purpose. He noted that since these modifications fall below the threshold requiring a public hearing. MOTION was made by Beemer, seconded by Saelens, to adopt Resolution No. 3673, which provides for budget transfers and makes appropriation changes for the 2013/2014 fiscal year. The motion carried unanimously in a voice vote.

**Consideration of Resolution No. 3674 Providing for a Budget for the Use of Bond Proceeds and Making Appropriations for Fiscal Year 2013/2014.** Hawker introduced the agenda item. Nebel reported that Council approved a contract for architectural services for design of the Newport Aquatic Center on June 9. He stated that prior to this, the city sold \$7.9 million in general obligation bonds which were authorized by the voters on November 5, 2013. He noted that the city is required to commit five percent of the bond proceeds by the end of this month to meet bond requirements. He added that with the architectural contract that was previously approved by the City Council, and with this appropriation, the city will meet that requirement. He stated that Gazewood is recommending an appropriation, at this time, of \$97,388 in materials and services and \$886,330 in Capital Outlay Projects which equates to the professional services expenses for the design of the pool facility. MOTION was made by Saelens, seconded by Beemer, to adopt Resolution No. 3674 approving a budget for the use of bond proceeds for the fiscal year ending June 30, 2014, and making the appropriation as outlined in this resolution. The motion carried unanimously in a voice vote.

**Approval of Resolution Nos. 3679, 3680, 3581, and 3682 Setting Rates Beginning on July 1, 2014 for Water Utility Charges, Fees, Deposits, Penalties (3679), Wastewater Rates (3680), Infrastructure Improvement Fees (3681), and Stormwater Utility Rates (3682) in Conjunction with the 2014/2015 Fiscal Year Budget.** Hawker introduced the agenda item. Nebel reported that as part of the development of the budget for the fiscal year beginning July 1, 2014, the utility rate increases have been modified from the original schedule adopted by the City Council which would have resulted in a ten percent increase in water rates, a 15% increase in sewer rates, and five percent increases in stormwater and infrastructure fees beginning July 1 of this year. He stated that based on Council actions, staff was directed to develop a budget that would utilize revenue bonds instead of a “pay-as-you-go” method for financing infrastructure. He added that as a result, the utility increases for the 2014/2015 fiscal year have been reduced to a five percent increase in water rates, a four percent increase in wastewater rates, a five percent increase in the stormwater fee, and a five percent increase in the infrastructure fee. He noted that the proposed resolutions have adjusted rates to generate revenue in accordance with the revised infrastructure financing plan.

Nebel reported that Resolution No. 3679 sets rates for water utility charges, fees, deposits, and penalties, and repeals Resolution No. 3628. He noted that the rates are adjusted by approximately five percent rounded to the nearest nickel.

Nebel reported that Resolution No. 3680 sets wastewater utility rates and repeals the Resolution No. 3627. He added that this resolution modifies the provisions for extra

strength charge from a \$1.20 per 1,000 gallons applied to commercial users when the biochemical oxygen demand and suspended solid strengths of wastewater is greater than 600 milligrams per liter, to an extra strength charge of \$.25 per pound of biochemical oxygen demand applied to commercial property users when the biochemical oxygen demand exceeds 300 parts per million. He proposed that the rate for disposal of septage at the city's wastewater treatment plant be amended to \$.17 per gallon, and that Class A sludge manufactured at the city's wastewater treatment plant be free to anyone willing to haul it.

Nebel reported that Resolution No. 3681 sets the infrastructure improvement fee to generate an approximate increase in revenues of five percent in accordance with the city's infrastructure replacement plan. He stated that this fee is based on a monthly rate which increases with the size of the water meter, and that this resolution repeals Resolution No. 3630.

Nebel reported that Resolution No. 3682 sets the stormwater utility rate for the 2014/2015 fiscal year and repeals Resolution No. 3629. He added that the fee is being increased to generate an additional five percent of revenue for the coming year.

MOTION was made by Busby, seconded by Beemer, to adopt Resolution No. 3679 which establishes rates for water utility charges, fees, deposits, and penalties effective July 1, 2014, and repeals Resolution No. 3628. The motion carried unanimously in a voice vote.

MOTION was made by Busby, seconded by Beemer, to adopt Resolution No. 3680 which sets wastewater utility rates, modifies the methodology for calculating the extra strength charge for commercial properties that generate a biochemical demand that exceeds 300 parts per million, and repeals Resolution No. 3627. Amendment to accept septage at \$0.17 per gallon, and to give away Class A sludge for anyone willing to haul it. The motion carried unanimously in a voice vote.

MOTION was made by Busby, seconded by Beemer, to adopt Resolution No. 3681 which sets the utility infrastructure improvement fee effective July 1, 2014, and repeals Resolution No. 3630. The motion carried unanimously in a voice vote.

MOTION was made by Busby, seconded by Beemer, to adopt Resolution No. 3682 which sets the stormwater utility fee effective July 1, 2014, and repeals Resolution No. 3629. The motion carried unanimously in a voice vote.

Allen reported that this is the first time in three years that he has voted in favor of the water and wastewater utility rate resolutions. He added that the Infrastructure Task Force achieved its objectives, and the city is at a point where it can impose more reasonable rate increases over a period of time.

**Consideration of Resolution No. 3678 Supporting the Transportation Growth Management Grant Application for Local Improvement District Financing Strategies with City Land Use and Transportation Standards.** Hawker introduced the agenda item. Nebel reported that city staff has been discussing the appropriate use of Local Improvement Districts (LIDs) for funding various infrastructure needs within the city. He stated that the Oregon Department of Transportation and Department of Land Conservation and Development jointly administer a grant program to help jurisdictions prepare plans to respond to pressing transportation, land use, and growth management issues. He noted that city staff submitted a pre-application proposal to address

strategies to finance various infrastructure issues such as local streets, sidewalks, and pathway projects to complete these networks throughout the city.

Nebel reported that this project would specifically provide local policy as to how the city can best and fairly utilize LIDs as a financing tool for funding planned transportation improvements, preparing recommended code changes to ensure the city's LID financing strategies are properly integrated with the land use and transportation standards it uses to evaluate new development, and developing a framework for cost effective administration of an LID program. He added that the funding would be used to effectively engage local stakeholders in focus groups on the proper use of LIDs and to create informational materials to educate the public on the benefits, costs, and mechanics of forming an LID. He stated that a resolution of support is required from the City Council and must be submitted no later than June 27, 2014.

Nebel reported that the utilization of LIDs could be an important tool for financing many of the infrastructure projects where financing is currently unavailable. He stated that having a comprehensive strategy that has been vetted with the public would be critical in utilizing this type of tool for financing local improvements throughout the city. It was noted that the grant match is included in the approved budget. Sawyer added that Tokos had done a wonderful job on this grant application.

MOTION was made by Beemer, seconded by Sawyer and Allen, to adopt Resolution No. 3678, a resolution in support of a Transportation Growth Management Grant application for updating the city's local improvement district ordinance and integrating that ordinance with the city's land use and transportation standards to make it a more effective tool for financing needed infrastructure improvements. The motion carried unanimously in a voice vote.

**Consideration of Resolution No. 3677 Extending Workers' Compensation Insurance Coverage to City Volunteers for Fiscal Year 2014/2015.** Hawker introduced the agenda item. Nebel reported that the city is required to approve an annual resolution to extend Workers' Compensation insurance coverage to the city's volunteers, and that Resolution No. 3677 affirms the city's desire to continue providing this coverage for the fiscal year beginning July 1, 2014 and ending June 30, 2015. MOTION was made by Sawyer, seconded by Saelens, to adopt Resolution No. 3677 which extends the City of Newport workers' compensation coverage to volunteers of the City of Newport for the fiscal year 2014/2015. The motion carried unanimously in a voice vote.

**Approval of a Request for Funding from Salmon for Oregon for the Implementation of a Spring Chinook Project for Yaquina Bay.** Hawker introduced the agenda item. Nebel reported that earlier this year, the City Council heard a report from James Wright regarding the efforts of Salmon for Oregon to develop a spring Chinook run for Yaquina Bay. He stated that on June 6, 2014, the Oregon Fish Commission approved the ODF&W Coastal Management Plan which includes the Spring Chinook Project for Yaquina Bay.

Nebel reported that the efforts of Salmon for Oregon are now shifting toward the set-up of a long-term and sustainable infrastructure and management and education of this issue. He added that Jim Wright is requesting, on behalf of Salmon for Oregon, that the city financially participate in the next phase of this effort. He stated that the city's funding would pay for expenses related to travel and the creation of infrastructure involving

construction of pens, and establishing a formal volunteer organization that will manage this effort. He added that the establishment of a spring Chinook season will have significant benefits in attracting sports fisherman to Newport during a slower tourism time period. He noted that if this program is successful, it will certainly generate additional activity both from a tourism standpoint and a local sports fishery standpoint. He noted that following the presentation earlier this year, the Council expressed its support for this program, and he recommends that Council consider funding this request from appropriated room tax revenues that will be unexpended at the end of this fiscal year.

Nebel reported that he has also encouraged Salmon for Oregon to apply for the city's tourism facilities grant program that has an application deadline of June 30, 2014, for possibly funding the hard costs such as the rearing cages that would be utilized in this project.

Jim Wright asked the U-Da-Man people in the audience, who came to support this issue, to come forward. He thanked Council for its support, and noted that he looks forward to the city's cooperation in moving forward. He noted that efforts in Coos Bay are moving forward, although that project will be somewhat different than the Newport project.

MOTION was made by Swanson, seconded by Sawyer and Beemer, to authorize the payment of \$5,000 to Salmon for Oregon to assist in costs related to the implementation of a Spring Chinook Project for Yaquina Bay with the funds coming from the Room Tax Fund. The motion carried unanimously in a voice vote.

**Approval of an Intergovernmental Agreement Between the City of Newport and the Port of Newport Relating to the Yaquina Bay Fruit Processing Facility in South Beach.**

Hawker introduced the agenda item. Nebel reported that the Yaquina Bay Fruit Processors operates a maraschino cherry manufacturing facility on land leased from the Port. He added that the property is zoned "Water-Dependent" which requires a connection with water (transportation, recreation, energy production, or water supply, etc.) for a use to conform to this zoning. He stated that the Yaquina Bay Fruit Processors facility received a conditional use permit as a water-dependent use because it relied upon a salt water intake and discharge structure for cherry processing.

Nebel reported that this process has changed so that the salt water intake and discharge is no longer part of the facility. He stated that the Port has been working with the Yaquina Bay Fruit Processors and the city to address the zoning issues related to this use on Port property. He noted that Yaquina Bay Fruit Processors has also indicated a desire to add retail tourist oriented elements to its business which could be an acceptable conditional use. He stated that the other factor related to this lease is that it is due to expire on April 1, 2015, which does not leave Yaquina Bay Fruit Processing with enough time to redesign the operations in a manner that conforms to city zoning standards. He reported that the Port has suggested extending the lease by one year to allow the Port to bring the property into compliance during the term of the extension. He noted that while this agreement is somewhat unusual, he believes that it is a worthwhile effort in order to give the fruit processor the necessary time to redesign their facility to include a tourist commercial element which would make this use eligible for a conditional use permit on this property. He stated that the Port has requested

assurances from the city, through this intergovernmental agreement, that the additional time will be acceptable.

MOTION was made by Allen, seconded by Sawyer, to enter into an intergovernmental agreement with the Port of Newport relating to the Yaquina Bay Fruit Processors facility's compliance with city zoning standards, which will allow the Port to address non-compliance issues through March 31, 2016. The motion carried unanimously in a voice vote.

**Approval of Amendments to the City Council Rules.** Hawker introduced the agenda item. Nebel reported that at the June 2 City Council meeting, the Council reviewed the interim operating procedures that have been utilized since February. He stated that the interim operating procedures were adopted at the January 21, 2014 Council meeting, and on May 5, 2014, the City Council also established interim rules for the use of work sessions. He noted that it was the general consensus at the June 2 City Council meeting that the Council Rules are working effectively and should be incorporated formally into the City of Newport Council Rules as last amended on April 15, 2013. He added that a copy of the proposed changes to the Council Rules is included in the packet showing the additions and deletions. Nebel reported that the various sections relating to boards, commissions, and committees have been consolidated into one area for easier reading. He added that staff has also taken a stab at language regarding the establishment of boards, committees, commissions, work groups, task forces, and subgroups. He asked that Council review this language which is new and attempts to address the point in which meetings need to be properly notice pursuant to the Oregon Public Meetings law. He stated that the proposed rules indicate that this is necessary for all meetings except work group and subgroups with no more than two councilors. He stated that the question has arisen from time to time as to what residency requirements are necessary to serve on boards and committees. He noted that staff has developed language in an attempt to address this definition that states unless otherwise specified by City Charter or state statute, a residency requirement for an advisory board shall be met by property ownership and/or residency in the city. He reiterated that this is new language that was not part of the original rules and should be reviewed by Council before taking action on this set of rules.

Nebel reported that as part of the interim procedures, changes made to the operation of City Council meetings were to be reviewed by the Council at the June 2 meeting. He noted that the interim rules established new deadlines for publishing the Council agenda, allow for all Councilors, City Attorney, boards and committees, or any citizen to request items be placed on the agenda, and allow for any presentations by the public to be placed on the agenda with a ten-minute time limit. He stated that the rule changes provided that certain items should be placed on the consent calendar where they can be voted on through one motion or by separate motion at the request of any member of the City Council. He noted that the rules provide that during periods of public comment, the public shall be allowed to speak on any scheduled agenda item during any public comment or hearing time as prescribed by the policy. He added that it also provides that the public should have the right to speak, without interruption by the Council or staff, with any questions being answered or asked by the City Council or staff members following the conclusion of their comments.

Nebel reported that the revised rules provide that business items not listed on the agenda may only be considered at the meeting after an affirmative vote of 75% of those voting when a quorum of the City Council is present, with the suggestion that these added items should truly be the exception rather than the rule. He stated that finally, the interim rules provided for modification of the order of business for issues before the City Council, the placement of proclamations, presentations, and special recognitions, public comment, public hearings, and communications ahead of other business considered by the City Council.

Nebel stated that from an administrative standpoint, he believes the interim rules have worked reasonably well, and recommended approval by Council. Allen suggested referencing a definition for residency requirement for purposes of committee appointments in the Municipal Code. Beemer concurred. Allen recommended having legal review the Municipal Code and determine the appropriate place for reference the Council Rules.

MOTION was made by Sawyer, seconded by Busby, to approve the revised City of Newport Council Rules with the deletion of the residency requirement description. The motion carried unanimously in a voice vote.

**Status Report on the June 30, 2014 Town Hall Meeting.** Hawker introduced the agenda item. Nebel reported that a Town Hall meeting has been scheduled on June 30, 2014, at 6:00 P.M., at the Oregon Coast Community College Community Room, which will focus on the various development issues occurring in South Beach. Staff has invited OMSI, OSU, Oregon Coast Community College, Rogue Brewery, and others to give an overview of issues that their organizations are facing in the future. He added that staff will review a number of the infrastructure changes that are proposed for the 101/ South Beach area as part of the Urban Renewal Agency redevelopment efforts. He stated that staff will be sending notices of this meeting to property owners in South Beach and encouraging them to participate in this meeting. Nebel stated that he truly believes that South Beach is part of the city in which significant transformation will occur during the next few years. Sawyer asked for an excuse from this meeting. MOTION was made by Beemer, seconded by Allen, to excuse Sawyer from the Town Hall meeting on June 30 2014. The motion carried unanimously in a voice vote.

**Final Report from Fire Chief Phil Paige on the Newport Fire Department.** Hawker introduced the agenda item. Nebel reported that Fire Chief, Phil Paige, will be completing his employment with the city on Friday June 20, 2014. He stated that Paige has been a transformative player in regard to the Newport Fire Department, and that on behalf of the city administration, he wishes the best to Phil and his wife, Kelly, as Phil enters a new phase of his life.

Paige distributed the annual report from last year, and made a PowerPoint presentation overview of what is going on in the department. The PowerPoint covered administrative changes, regional cooperation measures, facility upgrades, fleet/equipment upgrades, staffing/deployment changes, goals, challenges, and plans for the near future.

Sawyer thanked Paige for bringing a greater level of professionalism to the Fire Department.

Murphy reported that Paige is leaving the department in a better state than he found it. He added that Paige was an excellent mentor to him.

### **REPORTS FROM MAYOR AND COUNCIL**

Roumagoux reported that she attended the Oregon Mayor's Association Board meeting on June 6.

Roumagoux reported that she served on a panel at Leadership Lincoln on June 11. She noted that Nebel was also in attendance, along with Lorna Davis, and Kyle from David Gomberg's office.

Roumagoux reported that she will be serving on the subcommittee for art elements for the OMSI Camp.

Sawyer reported that there were two recent Oregonian articles regarding drug activity in the state. He asked Miranda what percentage of crime in Newport is drug-related. Miranda noted that nearly 90% of crime in Newport is drug-related. Sawyer asked Miranda about the time frame for the city having an officer on the LINT team. Miranda noted that he will begin addressing this issue toward the end of August.

Swanson reported that the Library Foundation has contributed money for the Library's strategic plan. She added that Library Director Smith is writing five grants for funding for the second phase of the plan.

Busby reported that the Public Arts Committee will be meeting on Thursday, and part of the discussion will focus on the Percent for the Arts Program as it relates to the new swimming pool.

Busby reported that the Business License Review group will meet tomorrow, and that the primary discussion item will be medical marijuana.

Allen reported that he attended an OPAC meeting in Florence, as the coastal city representative on June 5. He noted that the ocean-related issues discussed included national marine sanctuaries. He added that this topic will be further discussed in October.

Allen reported that he attended an OCZMA meeting, on June 13, in Newport. He noted that discussion items focused on ocean related issues, including the Pacific Regional Ocean Uses Atlas through BOEM, the territorial sea plan, coastal ports maintenance dredging, and other marine-related matters.

Allen reported on a recent Coastal Oregon Marine Experiment Station Advisory Board Meeting. He noted that he is an ex officio member as a coastal city representative. He added that Bob Cowen, from HMSC, gave an update on the marine studies campus expansion to include 500 new students and additional faculty. Allen stated that there was a report from Lincoln County officials regarding an update to a Lincoln County economic analysis that was conducted ten years ago. He added that a separate study will be conducted that will look at the economic impact that will occur with the expansion of the HMSC through additional students.

Roumagoux reported that the Cascades West Economic Development District reported that upcoming discussion will occur on energy, the timber industry, and barrier busting relative to wetlands.

### **ADJOURNMENT**

Having no further business, the meeting adjourned at 8:52 P.M.

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Margaret M. Hawker, City Recorder

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Sandra N. Roumagoux, Mayor