

MINUTES OF THE NEWBERG CITY COUNCIL
TUESDAY, JANUARY 19, 1999
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING-TRAINING ROOM

I. CALL MEETING TO ORDER

Mayor Cox called the meeting to order.

II. ROLL CALL

Roger Currier (RC)
Donna McCain (DM)
Lisa Helikson (LH)

Alfred Howe (FH)
F. Robert Weaver (RW)
Brett Veatch (BV)

Staff Present: Duane R. Cole, City Manager (DRC)
Terrence D. Mahr, City Attorney (TDM)
Mike Soderquist, Community Development Director
Katherine Tri, Finance Director (KT)
Peggy Nicholas, Recording Secretary

Others Present: Mike McCulloch (Newberg Garbage Service), Steve Donovan (Donovan Enterprises), Kelli Highley

III. PLEDGE OF ALLEGIANCE

The pledge of allegiance was performed.

IV. COMMUNICATIONS FROM THE FLOOR

None.

V. CONSENT CALENDAR

None.

VI. PUBLIC HEARINGS:

1. Public hearing regarding the increase of garbage rates. **Resolution No. 99-2160** approving Newberg Garbage Service request to increase garbage rates.

DRC presented the staff report and reported that the City of Newberg franchises its garbage service. The City is responsible in making sure that the garbage operation runs successfully and the services are adequately provided.

Katherine Tri, Finance Director, introduced Mike McCulloch and Steve Donovan, Donovan Enterprises. Ms. Tri stated that the Finance Committee did an extensive review of the franchise operation throughout the last year. Newberg Garbage Service had not had a general increase since July, 1992 even though there was an increase in customers. They did a projection and they could keep rate structure until the year 2001 without other circumstances (such as an impact of having to provide yard debris) being considered. The rate request is in two parts: the general rate would be increased to 7.23% and the County transfer and disposal cost (River bend land fill) would be at 3.39%. A cost of living increase is included (projected every June). If the County increases their rates, the City would consider passing on the additional amount. The rate proposal from \$12.75 per month to \$14.10 (10% increase). The full rate structure is attached to the resolution.

Councilor RW discussed reduction in rates for customers who are out of town for specified periods of time. He was told that the company would only give credits after a leave of absence of four weeks or more.

Mr. Mike McCulloch, Controller for Newberg Garbage Service, 2124 Prospect Drive, Newberg, Oregon, clarified the credit reduction policy for the Council. He said that if a customer is gone for three weeks, they are given a credit for the three weeks.

Mr. McCulloch discussed working with Yamhill County concerning the increase over the land fill charges. Mr. McCulloch said the matter is still being considered by the County and will be heard in February, 1999. It is not a question of "if", but a matter of "when". The best estimate is the third Wednesday in February which would hopefully be finalized in March, 1999 by the County's Solid Waste Committee. Discussion was held concerning issues relating to the rates increased due to an increase by the County.

Councilor FH asked for clarification of Section 1 and 2 and the words "effective January 1, 1999" (the implication of the retroactive fee becoming effective February 1, 1999). Mr. McCulloch stated that it would be retroactive back to January 1, 1999. He bills two different systems (monthly or quarterly system). When billed quarterly, they send out the bills for February 1st which covers three months January, February and March. The monthly billing is billed out on the first of February for the month of January, 1999. If the Council approved the Resolution tonight, the bills going out on February 1st, would have the increase in the new billing. Councilor FH said he was under the impression that he is billed ahead each month for the next month. Mr. McCulloch stated that they bill for the past month.

Councilor FH expressed how the County may or may not be approving their portion of the

increase until possibly March. Ms. Katherine Tri said the language "pending Yamhill County approval" could be added which make the increase take effect at that time.

Councilor FH addressed issues relating to providing a subsidy to Yamhill County customers. Discussion was held concerning separating residents of the City of Newberg and other entities being charged correctly.

Mr. McCulloch explained how the bookkeeping would be consolidated to generate the automated billings. Mr. McCulloch said they have lists of customers by street address with each truck and driver serving a multiple customer base (sometimes making 500-550 stops). He also noted that the drivers and truck routes track their pick-ups and the costs associated with the collection effort in each jurisdiction.

Councilor FH said he was concerned about cost efficiency in certain areas, customer lists and costs per customer rates. Councilor FH said it is unclear as to whether or not there is a shortfall based upon the information presented. In his view, their model is insufficient to determine the revenue shortfalls, if any exist.

Mr. McCulloch said that if he feels that there is a subsidy, there is no model that he has or he can design that would change Councilor FH's mind. They are making the appropriate calculations based upon basic accounting principles. Other jurisdictions have used this type of model and is a useful tool in getting out of the dilemma in setting subjective solid waste rates. It may not be perfect, but feels that the proposed model by far benefits the rate payer in a positive way.

Councilor RC said that people outside the County area are driving in with their own garbage. Mr. McCulloch said the rates for the transfer site is being reviewed by the County.

Mr. McCulloch said that it costs more to process the City garbage. There are 7 city routes (28 miles), 4 County routes (58 miles) which is a distance of 30 miles. In the City, he is going to pick up 18 customers per mile (504 customers - one man/one truck per day). With the County, he will pick up 6 customers per mile.

TDM stated the amendments to the language for Section 2 to pass on through the Newberg disposal costs up to a maximum of 3.39% which rate would begin the first day of the month after the Ordinance becomes effective. The City Manager shall verify the increase and the date the increase shall become effective.

Discussion was held concerning the billing process and when the rate would be included on the billing statements.

TDM further clarified that if they bill on a quarterly basis and the increase is passed on at the end of this month (January), the increase will take effective February 1st. If the increase goes

into effect in the middle of February, the increase becomes effective on March 1st. Discussion was held concerning what billing adjustments would be made in dealing with the increase. He suggested that they make the adjustment make it effective the first day of the new quarterly billing.

Councilor RW suggested that the notice going out to the rate payers be as simple as possible so that the customers are not confused. Mr. McCulloch said he would draft versions of a letter and come back with Katherine Tri and Duane Cole to make sure it is clear.

TDM said that with the re-wording from McCulloch, it would be more beneficial to the customers. DRC suggest that they change Section 3 of the Resolution which would reflect the samples as noted on Appendix "E" and "C".

Councilor FH asked that Section 4 be amended to include the words "and/or City Council". He noted the reason being that the garbage service holds a monopoly on an authority to operate. They have had this monopoly for some time.

MOTION: FH that this matter be tabled until such time the City Council receives and reviews requests for proposals so that the Council can make sure that the citizens are getting the best value.
(MOTION FAILED FOR LACK OF SECOND)

Councilor RC said that they have provided a good service to the City in the past, and have made every possible effort to work with Smurfit on recycling. He thinks that the City has other utility monopolies (GTE, NW Natural Gas and other franchisees). He urged the City to work with the franchisee and the citizens to work out any problems customers may have.

Councilor FH said that the purpose of the motion was to make sure that the citizens of the City get the most bang for the buck. Discussion was held concerning a date certain for the requests for proposals.

Councilor LH asked when the last time it was put out for a bidding process. TDM said the City does not issue a monopoly. It issues a non-exclusive franchise to the entity, due to the lack of other viable entities doing the business. The reality is that the business tends to be monopolistic, because there are no other viable competitors.

DRC said there are other cities who have let the market prevail have problems with duplicate services, more damage to the streets and the service, while in some cases, less expensive, is less efficient.

MOTION: LH/RC to approve Resolution 99-2160 with the amendments previously stated by TDM.

Councilor FH called for a separation of all four sections.

TDM said the amendments could be read separately. Discussion was held concerning the

two increases due to the County proposal.

Councilor RC said that at the next available quarter, the applicant said it would cost the applicant more money. It would be amended to the "next available" quarter. TDM reviewed the amendments and the request for separation.

Councilor RW said that a motion has been made and seconded. Further review of the amendment and division of the sections was held.

Mayor Cox said he is going to deny the division. Additional clarification by Mayor Cox, with the assistance of City Attorney TDM was made concerning the intent of the Council's deliberation:

1. Section 1 language approved.
2. Section 2 language amended per City Attorney previous statements.
3. Addition of Appendix (B & C).

ROLL CALL ON MOTION: (5 Yes/1 No [FH]). Motion carried.

VII. CONTINUED BUSINESS:

1. Information/discussion on City Hall project and land purchase. **Resolution No. 98-2137** authorizing the purchase and/or condemnation of property owned by Stan Bunn located at 410 E. First Street, Newberg, Oregon.

Ms. Kelli Highley, 619 S. River Street, Newberg, Oregon, expressed concerns about the assessed value and taxes. Further discussion was held concerning the purchase or condemnation of the property. Ms. Highley asked why the City was "appeasing" Mr. Bunn to allow him to agree to condemnation in acquiring property and then tack on additional dollars? She also questioned Section 15 (hazards and core samples). She said the Council should consider and approve the condemnation process which is more fair.

DRC presented the staff report. He said it is now in the Council's lap to determine the route to follow. The property is part of the City Hall project. City staff is recommending approval of the purchase of the property and follow condemnation, if needed. The price settled upon is \$62,000 with the appraisal value somewhere between \$50,000 and \$63,000. The appraisal was prepared for the potential eminent domain process. DRC said he would recommend the payment of \$62,000 for the property. If the City had to follow the condemnation process, it would cost the City in excess of \$6-\$7,000 above the appraisal price of \$55,000. Discussion was held if the City offered too low of a price, they City could be liable for attorney fees. The condemnation action gives Mr. Bunn time to reinvest the money. If the Council wishes to change

the dollar amount, they could do so. There has been some drilling on site which provided a soil analysis and loosely compacted soil were found; but no contamination).

Discussion was held concerning removal of the building. The City has negotiated with Mr. Bunn that he is willing to accept the price contingent upon the terms outlined in the proposal. The City is putting the threat of condemnation over the tax advantages that he would not otherwise have.

TDM said the document mentions condemnation, but it is not a tax issue. The City has determined that it needs the property for a public improvement. The City has worked with Mr. Bunn and he offers the sale for a public need rather than as a private citizen purchase.

Councilor RC said he disagrees with the Resolution on the following issues: The value and assessment are different. Mr. Bunn has not been able to sell the property to anyone else and believes that the price is too high. Further discussion was held concerning the terms of the sale. Councilor RC said the City is providing Mr. Bunn with \$3,000 to help him move his personal property off the property and with the additional payments, the sale price is more than what the property is worth. He feels the City is not getting a bargain.

MOTION: FH/BV to approve Resolution No. 98-2137. (4 Yes/2 No [RW/RC]). Motion carried.

VIII. NEW BUSINESS:

1. Discuss the **Right of Way: Protecting the Public's Lifeline** information from the League of Oregon Cities.

DRC presented a video on Public Right of Way and the importance of these issues before the legislature.

IX. EXECUTIVE SESSION

1. Executive Session Pursuant to ORS 192.660(1)(e) relating to a Real Property Transaction. (Held prior to the meeting).

X. ADJOURNMENT

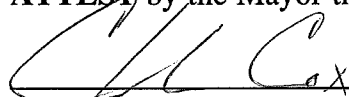
MOTION: RC/LH to adjourn at 8:30 p.m. (Unanimous). Motion carried.

ADOPTED by the Newberg City Council this 17th day of May, 1999.



Duane R. Cole, City Recorder

ATTEST by the Mayor this 7 day of June, 1999.



Charles B. Cox, Mayor