MINUTES OF THE NEWBERG CITY COUNCIL
MAY 17, 2004
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING - TRAINING ROOM

I. CALL MEETING TO ORDER

Council President Bob Larson called the meeting to order. Mayor Stewart was absent.

II. ROLL CALL

Bob Andrews	Roger Currier
Bob Larson	Mike McBride
Doug Pugsley	Robert Soppe

Others Present:
James Bennett, City Manager
Terrence Mahr, City Attorney
Robert Tardiff, Police Chief
Kathy Tri, Finance Director
Peggy Hall, Recording Secretary

III. *PLEDGE OF ALLEGIANCE*

The Pledge of Allegiance was performed.

PUBLIC MEETING SECTION

IV. PUBLIC COMMENTS

Roger Grahn presented information concerning donations for Doernbecker Children's Hospital. Mr. Grahn reviewed the background for the children's hospital. They treat the entire family and not just the child. They are about to build a new addition which needs to be funded privately. The Ford Foundation will match funds dollar for dollar through June 15, 2004. He would like to ask that they give to Doernbecker. He is writing a check for $1000 and he will match the next $2000. The Ford Foundation will also give another $2000. His grandson has been through this. This is the only medical facility on how to effect a cure. They never ask for money. They are remarkable people.

V. CONSENT CALENDAR

1. Consider approval of City Council minutes from regular meetings held on April 5, 2004, April19, 2004 and May 3, 2004.

Councilor Soppe asked for a clarification to Item 3 of the May 3, 2004 minutes regarding Councilor Larson's potential conflict of interest. It should reflect that, although Councilor Larson is a multi-family dwelling resident, he did not have a conflict because his sewer charge is included in the fees that he pays to his homeowners association.

2. Presentation of a Proclamation honoring retiring Police Sergeant David T. James.

Council President Bob Larson read the Proclamation recognizing Sergeant James for his dedication and service to the City of Newberg.

MOTION: Currier/Pugsley to approve the Consent Calendar with the minutes as amended. (Unanimous). Motion carried.

VIII. NEW BUSINESS (moved up on the agenda by Council President Larson)

3. Consider the submission of a grant application to the Yamhill County Economic Development Opportunity Grant Program for downtown improvement projects.

David Beam, Economic Development Coordinator, requested permission to submit a grant application to Yamhill County for downtown improvements consisting of decorative banners and traffic signs. The amount requested is $20,000. GFU has offered to contribute to help fund the project. They have requested that the banners be flown at least 6 months of the year during peak times for visibility. The design has not been created yet but it will be subject to Council approval. Public Works estimates annual maintenance costs will be about $900 in materials and $5,000 in staff time. GFU has said they would be willing to help with annual maintenance.

Council President Larson asked about the contents and the location of the banners. David Beam said they would be positioned on the light posts. The content has yet to be determined. It will be reviewed by the Downtown Revitalization Committee and the Council.

Discussion was held concerning GFU involvement in the project.

Councilor Soppe asked for clarification of LS ('lump sum' as identified by Mr. Beam).

Mr. John Bridges, 515 E. First Street, Newberg, Chair of the NDRC reviewed the following:

1. The NDRC was created after urban renewal was repealed in the election. They identified a quick project that addresses both improvement to the downtown and safety and pedestrian signage. They had in mind thematic signage not to replace ODOT signs but to complement them. GFU wants to be more engaged in the community and came to the City and volunteered to help pay for the rectangular banners which may be seasonal. In exchange for their help, they wanted their name on the banners to be located throughout the downtown area. There is an opportunity for banners to promote the Central School area and the arts. He thought there would be 20-30 through-out the year that would provide a more unified theme to the area and improve safety with signage. There is a $30,000 pot and they are asking for $20,000. They are prioritizing the spots and there are only two communities actively engaged in pursuing the grant funds.

Councilor Currier noted June 1st is the deadline. Do we need a design in place? Mr. Bridges said he did not feel that the design needed to be in place at this time. This application would be sufficient to apply for the grant. Councilor Currier asked if ODOT has given written approval to put anything on the state highway. Mr. Bridges said they have not, but anticipates that the banners would be less difficult a task than the signage. Mr. Bridges said that we are in a unique position to identify and define the downtown area of Newberg.

Councilor McBride said it was a great idea. Would the signs and banners be on every light pole or every other light pole? Mr. Bridges thought they would be on every other pole. Councilor McBride asked about the percentage of the maintenance of who would pay. Mr. Beam said that they have engaged in discussion with GFU on this, but an agreement has not been reached yet.

Mr. Rob Felden, GFU, Director of Public Information, 3120 N, Center Street, Newberg. He thanked David Beam for making them aware of this grant and the opportunity to work with the City and expects to put forward the funds and work with the Downtown Association in getting the banners done.

Councilor Soppe asked about the content GFU wants on the banner. Mr. Felden said it would be spring, fall, or some other artwork and their new logo.

Councilor Andrews asked about the matching requirement. Mr. Beam said there is none. Have other organizations contacted or been contacted by the City? Mr. Beam said no one has offered to contribute financially. But there have been more people involved.

Ann Dolan, 415 Sheridan Street, Newberg, supports the application. She is anxious to have a means to communicate to residents and visitors to advertise events and likes the idea of collaborating with GFU. Councilor Soppe said no one else was interested on the same terms as GFU? Ms. Dolan said she had not heard of anyone. Mr. Bridges said he could see something like what McMinnville has done in its downtown. They envision a banner advertising Old Fashioned Days. There would be multiple banners throughout the year. Ms. Dolan said it will make it pedestrian friendly, attractive and safer for visitors downtown.

Kris Horn, 610 E. Sheridan Street, President of Downtown Association, spoke in support of the project. They just found out about the grant proposal and had previously talked with GFU about the banners. They wanted to get more involved in the community and be less of an island and take a more active role in community. They are looking for ways to partner with the community. She is all for it. Discussion was held concerning interacting better with the University. They started working on this during the URD project with directional signage. They have spoken with people from ODOT about the banners and were told by a couple of different people at ODOT that they were allowed. She said that David Beam will contact ODOT concerning issues relating to the signage.

Lon Wall, 625 N. Morton Street, Newberg, said he was an opponent of the URD. This is almost a no brainer and a good opportunity. There were originally signs saying "Welcome to Newberg Founded by Quakers". They are no longer there. The Friends college (GFU) is probably the greatest historical identity that the City has. It is not the wineries. That is a recent development. He would like to see the students come downtown more and get people together more.

Councilor Soppe asked about the numbers. GFU is proposing $4500 and the grant is for $10,500 for a grand total of $15,000 for the project. Mr. Beam said this would be for the banners only. The signage would cost an additional $9,300 and is also included in the grant request for a total request of $19,800. GFU is requesting the banners they create be posted 6 months out of the year. Mr Beam clarified that this would spread over at least six months during certain times of the year. Discussion was held concerning contacting the business merchants for advertising. Mr. Beam said that the

Committee has not approached people to sponsor banners for things such as the Old Fashioned Festival. They are not committing to GFU. Mr. Bridges said the reality is that, if he went to the businesses in the downtown area, with exceptions, he would have a difficult time getting them to commit funds for this. The Committee is having a tough enough time trying to get a business improvement district (BID) set up for the downtown.

Councilor Soppe said the design would be a mutual agreement between the City and GFU. Mr. Bridges said there is an idea that there would be 4-5 designs and 15-20 different banners throughout the year. The banners could recognize Central School, parks, special events, seasons, etc. Mr. Bridges said that other communities have developed banners like these.

Ms. Kris Horn said they have been trying to get banners for years. This is the first opportunity to actually do something. The University has said they were not thinking of something blazing "GFU" and they are willing to participate in the maintenance and other issues.

Councilor Currier asked Mr. Bridges about his statement of 15-20 banners per year. How would the maintenance costs be handled for that many banners (putting them up, taking them down, changing them). Mr. Bridges said that he is trying to talk about dreams and ideas to improve the community. He recognizes the Council has to worry about the nickels and dimes and dollars. If later down the road, the Committee wants more than 10 banners, there would be a maintenance cost for additional banners and they would work with GFU to have their maintenance people help.

MOTION: Andrews/ Pugsley to approve the submission of a grant application to the Yamhill County Economic Development Opportunity Grant Program for downtown improvement projects.

Councilor Soppe said it was a great idea, but has concerns about the frequency with which GFU would have their names on the banners. It can be handled later and there is time to deal with that issue.

Councilor Pugsley said the designs will come back as recommendations from the NDRC.

ROLL CALL: (Unanimous). Motion carried.

VI. PUBLIC HEARING

1. Public hearing to consider **Resolution No. 2004-2497** adopting Supplemental Budget #2 for Fiscal Year 2003-04.
(Legislative Hearing)

Katherine Tri, Finance Director, presented the supplemental budget addressing unanticipated revenues and expenditures involving fire equipment, pension bonds, grants, court costs, court appointed attorneys, salaries, utility costs and transfers.

Councilor Soppe addressed the PGE issue (they failed to bill one month). In September 2002 the bills were not generated for Library and Street lights. The CDBG funds for the Butler property. The source of the funds is from federal grants. Mr. Bennett said the Finance Committee reviewed the supplemental budget (lack of quorum) and passed it on without comment.

MOTION: Andrews/Currier to approve **Resolution No. 2004-2497** adopting Supplemental Budget #2 for Fiscal Year 2003-04. (Unanimous). Motion carried.

2. Public hearing on Grahn Annexation - consider the adoption of **Ordinance No. 2004-2600** declaring that property at 813 S. Springbrook Road be annexed into the City of Newberg, withdrawn from the Newberg Rural Fire Protection District and zoned M-2 annexing property at 813 S. Springbrook Road, subject to public vote and consider the adoption of **Resolution No. 2004-2498** authorizing and directing the City Elections Officer to certify to the Yamhill County Clerk a ballot title for a measure to be submitted to the electorate of the City of Newberg for their approval of an annexation for property at 813 S. Springbrook Road and scheduling this item for the November 2, 2004 General Election.

City Attorney TDM noted that, if approved, the annexation would require a vote of the people. He called for declaration of any bias, ex parte contact or conflicts of interest. Councilor Mr. McBride cited a potential conflict because the co-applicant, Mr. Bowlen, is a client of his. Mr. Mahr said that there was no conflict, however, because Mr. Bowlen had withdrawn his application. In this hearing, testimony should be directed to the criteria. Any issue needs to be raised. Unless raised, it would be barred from appeal - "raise it or waive it". After testimony and the record is closed, the applicant has the opportunity to address issues in writing and the Council cannot take action unless the applicant waives the right to provide a written response(7 days).

Mr. Barton Brierley, Planning Manager, presented the staff report. The property is zoned industrial. The applicant has provided a concept plan with two new manufacturing buildings dwellings that could be constructed. The Planning Commission recommends approval as well as staff. If approved, the election would be set for November 2, 2004.

Councilor Currier asked if a better map could be provided. Mr. Brierley said they would do this in the future. Councilor Currier asked how the annexation is affected by Mr. Bowlen withdrawing. Mr. Brierley said the findings and information relating to the Bowlen property have been removed. There was discussion of changing Finding B.1. first paragraph on page 35. Remove "for the majority". When the two lots are consolidated, the lot will meet minimum lot size for the M-2 zone: 20,000s.f.

MOTION: Currier/Andrews to read and approve adoption of **Ordinance No. 2004-2600** declaring that property at 813 S. Springbrook Road be annexed into the City of Newberg, withdrawn from the Newberg Rural Fire Protection District and zoned M-2 annexing property at 813 S. Springbrook Road. **As amended deleting "for the majority "in first paragraph of Finding B.1., Exhibit A.**

Councilor Andrews asked about the lot dimensions for Lot 1900.What is proposed for the area? Mr. Brierley said the area would be for parking.

Councilor Soppe said the smaller lot does not conform unless joined with the other lot. All the objections and setbacks will go away when they are combined. Neither property is the Bowlen property.

Mr. Roger Grahn, Sherwood, Oregon, said the tax assessor will automatically merge the two when the ownership is combined. He thought originally Lot 1900 was meant to be an access. Fundamentally, he is in concurrence with the prior hearings and staff report. One issue is if the City could direct engineering or Mr. Mahr to explore options on how he can do improvements prior to the vote on the annexation. He is under a pretty tight time line and would like to get started sooner than November.

Council President Larson closed the public hearing.

Mr. Mahr said that if the applicant could now take up to 7 days to respond or waive it if he would like Council to take action tonight. Mr. Grahn indicated he would waive his right to respond.

ROLL CALL: (Unanimous). Motion carried.

City Attorney Mahr said the Charter requires approval of the annexation by a majority of the voters at an election. The November 2, 2004 election should be a free election. No cost to the city. The City Elections Office will prepare the ballot title.

Discussion was held concerning the property being part of an island. Councilor Currier noted that, with the elimination of Mr. Bowlen's property, it would not be an island.

MOTION: Andrews/McBride to approve adoption of **Resolution No. 2004-2498** authorizing and directing the City Elections Officer to certify to the Yamhill County Clerk a ballot title for a measure to be submitted to the electorate of the City of Newberg for their approval of an annexation for property at 813 S. Springbrook Road and scheduling this item for the November 2, 2004 General Election. (Unanimous). Motion carried.

3. Consider adoption of **Resolution No. 2004-2499** approving new sewer rates for the City of Newberg effective July 1, 2004.

Katherine Tri, Finance Director, and Dan Danicic, City Engineer, presented the staff report. The Citizens Rate Review Committee (CRRC) has reviewed sewer rates and made a recommendation to the City Council. The Committee looked at the revenue, operations and capital requirements, customer classifications and characteristics, and the load demands at the sewer treatment plant. They are recommending a 4% increase in 2004 and in 2005. Staff feels that this is not sufficient to fund sewer replacement and recommends an 8% increase in 2004. We need to put more money into the sewer reserve than we have been in the past to pay for future projects, about $700,000 annually. Otherwise, we will have to borrow more to pay for improvements. She is concerned about imposing a lot of debt on the City and rate payers. If the Council wants a rate higher than 4%, the rates have to be referred back to the CRRC for further review.

Mr. Dan Danicic presented a rate comparison of the revenue that would be raised based upon increases in the sewer rates from 4-8% and the projects that could be funded at each rate. Discussion was held concerning postponing the capital projects to another day.

Ms. Tri said there are 75 miles of sewer line and we replace a couple of thousand feet a year. Ms. Tri said it will catch up with us some day if we do not put money aside. City Manger Bennett said the CRRC originally proposed a 10% increase last year. We try to find a happy medium for rate increases that is reasonable so we do not have to come back in future years with a much larger rate increase.

Discussion was held concerning allowing dumping of waste. Ms. Tri said they have been charging all along. The rates for this increase in 2004 and 2005.

Councilor McBride said the resolution is for 4% as recommended by the CRRC. If Council goes with the staff recommendation of 8%, it has to go back to the CCRC. Have we hired additional staff in the sewer department in the last year?. When was the last time we hired someone? Ms. Tri said it has been a long time and they have asked for an additional person, but cannot fund it. Councilor McBride said he is reluctant to go with more than 4%. We need a plan of action on how we are going to bring an economic infusion into the community to pay for anticipated needs. It is up to the Council to show leadership. By putting it at 4%, we will have to put in a plan of action.

Councilor Soppe said what percentage of revenue from sewer fees comes from homeowners versus businesses? Ms. Tri said that, on page 106, there is a pie chart showing 52% of rates come from single family residences. They would be paying about ½ the rate increase. Discussion was held concerning potential projects that could be financed by debt. Councilor Soppe asked why we don't charge outside service users a higher rate? Ms. Tri said that we do for water (1.5 times) and the sewer is proportionate to that.

Councilor Soppe discussed projects being carried over from the current fiscal year to next year. Ms. Tri said that some projects are multi year. They will start in 2004 and end one or two years later. Can any projects be paid for through SDCs (increasing capacity)? Ms. Tri said there is a table on page 85 showing funding sources for projects. There was discussion of the east side pump station. Mr. Danicic said that depending upon whether a project is regional or local in nature they could create and LID or use SDCs.

Councilor Currier said historically, we have the developers pay for the pump station. Given all that, there is another option that worked for the benefit of the school - an advanced financing agreement which gives 10 years to recoup from anyone who develops within 10 years. They have to pay a portion of it. That may be an answer to help.

Councilor Andrews asked about rates for uses that are not listed. Ms. Tri said that occasionally something comes up not otherwise covered by rates. It is a catch-all. He also asked about the double debt service payments in 2004. Ms. Tri said that this is the only year this will happen. If the developer builds the Creekside pump station and turns it over to the City, do we have any recourse if it fails? Mr. Danicic said the City does not accept improvements until they have been inspected and there is also a warranty. In the minutes of the CRRC, the consultant's growth assumption is 1.8%. Ms. Bennett said he does not agree with the 1.8%. It is very conservative. He envisions a higher growth rate. Councilor Andrews asked for an explanation of how winter averaging works. Ms. Tri said they take the actual water use in December - March and use it to estimate sewer use from April-November. This takes outside watering out of the sewer equation. She went on to discuss why sewer revenue projections have been lower than expected and suggested that this was because the college and the schools were using much less water when school was not in session. What about the other side where there is a measurable number of residences that have a lower winter usage and the City is under collecting from them? Ms. Tri said that we don't want to charge people for water that does not go through the sewer system. It hits the winter months when we have the largest use.

Councilor Soppe requested that capital improvement projects to split into those funded with SDCs and those funded by rates. He said it would be a lot clearer and would answer questions. Discussion was held concerning the growth rate over the next few years. Anything above the 1.8% could help revenue projections. The CRRC could look at this later. Why the difference between what the CRRC recommended and what staff recommended? Ms. Tri said the Committee struggled with a rate increase and finally settled on 4%. Mr. Bennett said that the CRRC was at an impasse and one of the members made a last ditch effort at a compromise. A few weeks later they recommended a 15% increase in water rates. Councilor Soppe said he still did not have a sense of what the CRRC reasoning was. Mr. Bennett said the CRRC was uncomfortable with raising rates and the impact that would have on users. They would rather push some capital projects out a few years although this could mean higher rater increases later.

Councilor Pugsley said, if we vote for more than 4%, it goes back to the CRRC. If we stay at 4%, can the Committee review it again in one year rather than wait for two years? Yes. The Council can refer it back to the CRRC as it sees fit. The Council can also adopt a rate increase for only one year instead of two.

Councilor Andrews said rather than adopting one year only, we should put in a requirement for the CRRC to do an interim review as we see how the revenues are coming in.

Councilor Currier asked if we would have to hire a consultant again to have the CRRC meet again? Ms. Tri said we can do it ourselves.

Councilor McBride repeated his concern that we need a long term strategy to improve the city economy that will help to pay for future waste water and other capital improvements.

Lon Wall, Citizens Rate Review Committee (CRRC) Chair, 625 N, Morton, Newberg, said he concurs with the Committee recommendation for a 4% increase. They carefully reviewed all the data. The 8% was not recommended until a couple of nights ago. The consultant suggested 6% - not the 8%.

Councilor Soppe asked, if the numbers justify the 8%, what were they expecting would happen - bigger rates, projects not being done? Mr Wall said they wanted to stagger projects and build up the rainy day fund.

Councilor Pugsley said that the growth rate and resulting sewer revenues would be important factors for the Committee to review. Mr Wall said it was something they needed to consider.

MOTION: McBride/Pugsley to approve **Resolution No. 2004-2499** approving new sewer rates for the City of Newberg effective July 1, 2004. (Unanimous). Motion carried.

Councilor Soppe said there is nothing to prohibit the Council from asking the CRRC to readdress the issue in the future.

BUSINESS MEETING SECTION

VII. CONTINUED BUSINESS

None.

VIII. NEW BUSINESS

1. Consider adoption of **Resolution No. 2004-2496** authorizing the City Manager to enter into a professional services agreement in the amount of $759,665.00, with CH2M Hill to provide design and construction phase services for the Water Treatment Plant Expansion Project.

Dan Danicic, City Engineer, presented the staff report. The water treatment plant was originally built in 1949 and has been upgraded since then. In 2002, they did a facilities plan that was adopted in June, 2002 by the Council. They completed the first phase of the plant changes as of last summer. The second phase will complete the upgrade and increase plant capacity to 9.5 million gallons which will be sufficient until 2017. CH2M Hill was selected for the design and construction of the second phase. Exhibit A is the proposed contract and detailed scope of work. The total project cost will be about $4 million.

Councilor Currier asked about the projected scope of work to be done by CH2M Hill. This budget will cover through final construction. It could be a 3 year project.

Councilor McBride said he did not see where there was a clause for holding back money until the City approves the final project. Mr. Danicic said we do this in the construction phase, but not in the design phase. Instead, we review the invoices and approve them individually based on the work that has been completed.

Councilor Pugsley asked how the project will be financed. Mr. Danicic said that it is a combination of user fees (water rates) and SDC's.

Councilor Soppe said he has questions about the water treatment plant. He is looking at whether to extend the life of the plant or to build a new treatment plant now. Mr. Danicic reviewed the differences in cost and capacity between upgrading the existing plant and building a new plant: $4 million/9.5 million gallons with an upgrade - about $10 million/12 million gallons with a new plant. We have not purchased any land yet, but we are working with SP Newsprint to see if we can do a land swap. Discussion was held concerning peak use during the summer. There are 4 reservoirs that have water and help us smooth out the peaks. How many days in a row do we typically hit the peak during the summer? Mr. Danicic said that it depends on the number of days when the temperature exceeds 80 degrees. Discussion was held concerning looking at the sewer plant effluent as an irrigation water source. How would that impact water usage? Mr. Danicic said it would benefit the peaks.

Mr. Mike Soderquist said the facilities plan strategy is to use this plant until we can't use it anymore and then purchase land and build a new plant. A new plant is about $10M. The $4M for the upgrade of the current plan includes the $759,655 for design. The upgrade provides an increase in capacity of about 80%.

MOTION: Pugsley/Soppe to approve **Resolution No. 2004-2496** authorizing the City Manager to enter into a professional services agreement in the amount of $759,665.00, with CH2M Hill to provide design and construction phase services for the Water Treatment Plant Expansion Project.

Councilor Soppe asked about the timing of this and if we could defer it to review the facilities plan? Would it impact anything? Jadene Torrent Stensland, staff engineer, said it would make the design time shorter which is already tight. It might mean it would have to be postponed to next year.

Councilor McBride said that, with the new reservoir, we should have enough capacity. He would like to consider building a new plant rather than paying more out for an old one. Discussion was held concerning reviewing the study already paid for to further determine better options.

Councilor Currier inquired who did the study? Montgomery Watson in 2002. The plan was approved by the Council. Discussion was held to table to a definite time - defer to another meeting.

Councilor Soppe said he has a suspicion that it is a good report, but would like to further review it before approving the $4M project. Mr. Bennett said a new plant would have far more impact on rates which would be spread across several years. We would need to sell bonds.

MOTION: Soppe/McBride to table the matter to June 21, 2004. (Unanimous). Motion carried.

2. Consider a motion directing the City Manager to certify and submit to the Environmental Protection Agency (EPA), a Vulnerability Assessment by June 30, 2004 and to certify an Emergency Response Plan within six months of the Vulnerability assessment but no later than December 31, 2004.

Dan Danicic, City Engineer, presented the staff report.

MOTION: Soppe /Pugsley to approve motion directing the city Manager to certify and submit to the Environmental Protection Agency (EPA), a Vulnerability Assessment by June 30, 2004 and to certify an Emergency Response Plan within six months of the Vulnerability assessment but no later than December 31, 2004. 2 Yes [Pugsley, Soppe] 4 No [Andrews, Currier, Larson, McBride] Motion failed. **Andrews/Currier** to reconsider and approve the previous motion. Unanimous. Motion carried.

IX. EXECUTIVE SESSION

1. Executive Session pursuant to ORS 192.660(2)(f) and 192.660(2)(m)(C)(vi) for considering Water System Vulnerability Assessment.

Executive Session was held during work session.

X. ADJOURNMENT

MOTION: Currier/Pugsley to adjourn at 8:45 p.m. (Unanimous). Motion carried.

ADOPTED by the Newberg City Council this ____ day of June, 2004.

JHBennett

James H. Bennett, City Recorder

ATTEST by the Mayor this 11th day of June, 2004.

Bob Stewart

Bob Stewart, Mayor