

**CITY OF NEWBERG COUNCIL MINUTES  
JUNE 18, 2007  
7:00 P.M. MEETING  
PUBLIC SAFETY BUILDING - TRAINING ROOM**

**I. CALL MEETING TO ORDER**

Mayor Bob Andrews called the meeting to order.

**II. ROLL CALL**

Members

|          |                   |              |            |
|----------|-------------------|--------------|------------|
| Present: | Mayor Bob Andrews | Robert Soppe | Bob Larson |
|          | Roger Currier     | Bart Riersen | Mike Boyes |
|          | Jeff Palmer       |              |            |

Staff

|          |                                                 |
|----------|-------------------------------------------------|
| Present: | James Bennett, City Manager                     |
|          | Terrence Mahr, City Attorney                    |
|          | Barton Brierley, Planning and Building Director |
|          | Dan Danicic, Public Works Director              |
|          | Norma Alley, Deputy City Recorder               |
|          | Jennifer Nelson, Recording Secretary            |

Others

|          |                                                                                                                                                                                                                                      |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Present: | Sheryl Kelsh, John Bridges, Olga Haley, Sonja Haugen, Michael Sherwood, Kristen Horn, Lon Wall, Mike Tresidder, Mia Birk, Roy Gathercoal, Matt Noesen, R. Mike Bracken, Joe Schiewe, Frances Jackson, Charles McClure, Ellen McClure |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**III. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was performed.

**IV. CITY MANAGER'S REPORT**

**James Bennett, City Manager**, announced that next week on Wednesday, June 27<sup>th</sup>, a study session is scheduled upstairs in City Hall at 6:00 PM. He also reminded the council the tour of the waste water treatment plant is scheduled for Monday, June 25<sup>th</sup> at 6:30 PM on Wynooski Road.

**V. COUNCIL APPOINTMENTS**

None.

**VI. PUBLIC COMMENTS**

None.

## VII. CONSENT CALENDAR

Consider a motion approving the City Council Regular Session Minutes for May 21, 2007.

**MOTION: Larson/Currier** to consider approving the City Council Regular Session Minutes for May 21, 2007 as amended. (Unanimous) Motion carried.

## VIII. PUBLIC HEARING

1. Consider a motion approving **Resolution No. 2007-2715** adopting the City of Newberg Budget for the 2007-08 fiscal year.  
**Legislative**

**Mayor Andrews** opened the public hearing to testimony and called for the staff report.

**Mr. Bennett** presented the staff report reviewing the items worked on by the budget committee in their last seven meetings. He discussed the number of changes and cuts made, and noted everything was published in The Newberg Graphic as required by law (see official record for full report). He also mentioned there were some underestimations as to what the city was going to receive in property taxes and revenue. Between the last budget meeting and today, the city received an additional \$128,000 over and above what had been budgeted which is available for use by the council for whatever they felt was appropriate. He suggested it could be used to restore some of the cuts made by the budget committee or added to the General Fund contingency which is not currently very high.

**Councilor Soppe** referred to page 24 the seventh or eighth item down, stating the original budget had \$225,000 transferred to the general fund and we appropriated \$60,000 less. He asked why this was represented as a cut.

**Mr. Bennett** replied that it was because it had a negative impact on the overall bottom line of the General Fund. He said we could have put it in an additional column to eliminate confusion.

**Councilor Soppe** said the budget committee approved changes but there was no mention of the increase to the water and sewer franchise fees that was not approved. He thought it would have been nice to have that in the total.

**Elizabeth Comfort, Finance Director**, stated it was an oversight.

**Councilor Soppe** referred to the \$50,000 of extra revenue coming from the Planning department and asked why it was all shown at the beginning of the fund. He objected because it was his understanding that a portion of that revenue would not be received until the 2007-08 budget year and therefore would not be there at the beginning.

**Mr. Bennett** replied the vast majority of the revenue will be received in this fiscal year and only a small portion would be realized in the 2007-08 budget year so we just put it all in the current year.

**Councilor Soppe** referred to page 60 and the fact the committee did not transfer the Cable TV fund. He said he did not recall a motion to show the fund balance as an expenditure. He stated he has objected to this every year.

**Mayor Andrews** agreed with him on that issue.

**Mr. Bennett** responded the committee did not specifically approve that and it was not discussed. He said this is the way it has been handled in the past years and the committee did not give staff any direction on doing it differently.

**Councilor Mike Boyes** asked staff if each department was consulted with over the cuts as they were made.

**Mr. Bennett** replied he did not but the finance director, Ms. Comfort, did go over them with each department when they were submitted and these cuts were what were thought to be best by the individual departments.

**Councilor Boyes** brought up the costs of travel and training and mentioned some calculations he made showing over \$193,000 is being spent on this over all departments. He said some of the departments went up in this area significantly such as the emergency manager 775%, finance 123%, and city manager 80%. He wondered if that was not something that should be looked at and cut.

**Mr. Bennett** explained the philosophy behind training noting most of work done in city government is highly specialized; it involves special software programs and training in the laws and how they affect daily activities. He added more people are also going to be allowed to have training that perhaps were overlooked in previous years to keep staff up on current practices and make most effective use of the tools. Travel is usually required to attend these trainings and they are an important way to make sure staff is doing their job well.

**Councilor Boyes** asked about another city tax rate being 6% and ours is 4.3% and wanted to know what makes the difference.

**Mr. Bennett** replied an initiative was passed by the public that rolled everything back to the 1995 levels and capped them at a permanent tax rate. Depending on what level had been set up to that point, that is where they stayed; he said ours is not as bad as some and we are somewhere in the middle.

**Councilor Soppe** asked a question about page 26 concerning general government from the General Fund. He asked what central services covered for general government and how the contribution by general government was calculated.

**Mr. Bennett** replied there were no employees and that it covers all the mayor and council stipends and expenses.

**Councilor Soppe** said his understanding is that central services covers Information Technology (IT), the phone system and a whole lot of other things and he asked how does general government have an allocation so high; how that number is gotten.

**Mr. Bennett** said he there was a complex formula to determine that amount.

**Ms. Comfort** added it was an allocation formula based on dollars.

**Mr. Bennett** also added contributions made to visitor center and fireworks were included as well.

**Councilor Soppe** replied he would like an answer at some time for why that number is so high.

**Mayor Andrews** opened public testimony announcing the use of a new timer. He requested speakers to stick to the five minute limit, stating their names for the record and trying not to repeat testimony made by others.

**Sheryl Kelsh, Executive Director of the Chehalem Valley Chamber of Commerce**, thanked council for the time they spent on running the city and mentioned it was both of their goals to make Newberg a better place. She asked the council to reject the budget cuts made by the budget committee to the Visitor Center; otherwise they will have to close on weekends and cut salaries. She felt this could harm the local outlook on Newberg. She discussed historical use of the transient room tax for promoting tourism as well as money from the economic development fund and, although it was not specifically earmarked for the Visitor's Center, they have done an excellent job of bringing revenue back to the city through tourism. She discussed the business community doing their part through business licenses and she implored them to restore this funding.

**Councilor Roger Currier** asked if she had any numbers validating the Visitor's Center claim that it has actually brought about the 38% increase in hotel tax. He wondered if there was anything to prove the increases were not from increased sporting events at George Fox University or just from people passing through.

**Ms. Kelsh** replied there was an increase in the number of hotel stays and looking at the past five years the numbers were pretty flat until this year when there was a big bump.

**Councilor Currier** argued that this was not proof that the increase was not from an increase in wineries or something else that would cause that fluctuation. He mentioned asking for a report to show what the Center actually brought into the community, but he never saw one.

**Councilor Palmer** referred to the dramatic increase in this past year in transient occupancy tax and asked Ms. Kelsh if she had a corresponding report for something that reflects that.

**Ms. Kelsh** replied they only have the web tracker and she did not have specifics, but she could get it for him.

**Councilor Soppe** expressed concern for the comments about the two taxes being dedicated in part originally, but the intent was quite murky. He agreed it was for economic development but he did not think that meant the city was obligated to give it to the Visitor's Center.

**Ms. Kelsh** replied it was a standard in other cities to tie that tax to a visitor information center and she was strongly against the city putting this towards other uses.

**John Bridges, Board Member of the Chamber of Commerce**, discussed the dynamic between the city and the Chamber to maintain some measure of respect for the ability to do what each

party needs to do. He discussed the efforts of the three employees and their accomplishments and warned the city what it risked losing. He said they should be concerned because we not only advocate for the business community, but for the community of Newberg as a whole and he felt the city would be cutting itself short if they cut that funding. Money spent in the Chamber is money well spent in his opinion.

**Councilor Currier** stated they have asked all departments to start thinking for next year because if we use all the contingencies we will be zeroed out and we need to start somewhere so we do not lose personnel.

**Mr. Bridges** appreciated what he had to say and offered to try to correlate the room tax with the services we provide better, but he thought they would have to hire someone to do a market study of that proportion.

**Councilor Currier** suggested having something in the hotel rooms for people to check if they were referred there from the Visitor's Center.

**Mr. Bridges** also noted they have expanded their services significantly and they need to communicate how they have done that. They have also raised more money to do this and they need to tell council how they have done that. He added the money the city gives is a small portion of what it has and the benefit the city gets out of that is great.

**Mayor Andrews** expressed concern for an earlier statement that characterized the council as only being interested in tourist dollars. He stated that was a misnomer and some of us are also looking for economic development, not just tourist dollars.

**Olga Haley** stated she worked for a marketing firm that had a hand in the aviation museum, the airport and aquarium, as well as the Springbrook development. She encouraged the city to get ahead of the tidal wave of tourism by restoring funding to the tourism department. She said people will be looking for things to do and cutting back on weekends will not be helpful. She mentioned the neighboring cities down the road are expanding their efforts in the tourism industry, such as McMinnville looking for more hotels and more restaurants. She warned the flow of tourists will bypass Newberg to other cities and the city needs the Center so people will know where to go and what to do here. She also thought it would be a great idea to have a marketing survey; they had developed one for aviation museum.

**Sonya Haugen, General Manager of Austin Industries and Springbrook Properties**, stated the quality of life is enhanced by visitor spending, either directly or indirectly. She said that everyone benefits from it, folks count on it and businesses depend on it. She said without it there was little incentive to look and stop in Newberg and people were likely to continue on through town. She said we need to sustain and strengthen our businesses as well as bring in new ones. She felt it was common sense that all other communities were putting more towards this goal, which creates competition and visitors will be attracted to other communities. She felt cutting the budget was also an insult to the volunteers working to build this area as a true destination, not just a pass through location. She felt it was important for the city to partner with businesses to support Newberg as a destination and to enhance economic development; a simple and effective way to do this is to fully fund the Visitor's Center.

**Councilor Soppe** said she mentioned other cities were increasing the amount of money put into tourism and asked what kind of money they spend and if we are above or behind.

**Ms. Haugen** said Newberg is on the low end, but she cannot provide any numbers at this time.

**Councilor Soppe** asked if the businesses rely on this service and they count on it, then why are they not willing to fund it.

**Ms. Haugen** replied many do fund it through membership but for small businesses to come up with additional funds, they would be hard pressed.

**Michael Sherwood, President of the Chamber of Commerce**, stated he did not have all the answers and he knows it is tough to do budgets and he appreciates the city's hard work; the part he does not like is the cut. He said it was like giving your best employee a wage cut. The staff is on the front line; they are the first people seen when coming into Newberg and they suggest businesses and places to visit to new residents. He said there is often a crowd there and they help with employment, too. They enhance relationships with the city and the business community and are the only connection the city has or at least the best. He encouraged council to bring the funding back for the Visitor's Center.

**Councilor Soppe** mentioned one of the cuts was also the \$299 for the city's membership fee and he asked if anybody was concerned the city would no longer be a member as well. He was curious as to why no one seemed to have an issue with this.

**Mr. Sherwood** stated he had missed that entirely.

**Kristen Horn** spoke on behalf of reinstating the funding for the Visitor's Center stating she had volunteered in the past and she knows what kind of work is done there and the impact it has on the community. She mentioned a number of people from outside of the area looking for commercial or industrial land to build a business had checked in at visitor center first, and she is only one realtor experiencing that. She states she knows it impacts small businesses downtown because she owns one and she gets a lot of people sent in from the Visitor's Center. She said if it were not for the Center they would not be able to keep their doors open. She said the small businesses here cannot afford marketing and are just trying to stay on top of things; the Visitor Center provides the word of mouth marketing for them. She said it was a shame the Chamber did not make sure monies from the transient tax were earmarked specifically for the Center, but they believed they were partners with the city and maybe should not have been so trusting.

**Lon Wall** addressed the council as a member of the budget committee and started by mentioning the article in The Newberg Graphic being somewhat misleading. He is serving his 4<sup>th</sup> year with the budget committee and felt that he and other members were also misled and not given a lot of information. He stated the committee asked staff to come up with a series of cuts from \$50,000 to \$250,000 and they were presented to them. He said the commission did not come up with these cuts and many were surprised to see things like the membership fee to the League of Oregon Cities (LOC) and membership to the Chamber of Commerce; plus they were at the top of the priority list, not the bottom. He felt things have radically changed since the decision to approve, and if council decides to restore the money, then it is his personal feeling as a citizen and a budget committee member it should first go to the fire department, police, library, and to road maintenance long before we restore money anywhere else. He said it comes down to the fact that if we do not raise taxes, like the water and sewer fees, in the next year and the year after we will see personnel cuts in public safety. He added that none of the cuts were taken lightly.

**Councilor Boyes** mentioned timelines for how much time was spent on deciding about the actual cuts and thought it was rushed and not enough time was spent to investigate the cuts.

**Mr. Wall** stated he would hope that no one would use the excuse that it was rushed because they had plenty of time to get this right. At the very beginning some people wanted to discuss these issues and they were told to put it off until the end. He added if there were concerns they should have been brought up and that several members of the council passed the budget through.

**Councilor Boyes** stated we had to cut a lot and we did not go into detail and he pointed out that no one knows what is on the paper that was handed out at that last meeting.

**Mr. Wall** felt the citizens of Newberg should understand the real situation the city is in.

**Councilor Soppe** agreed that staff prioritized things, but he said it was the committee that had the discretion as to how they dealt with this and they could have directed staff to do anything they wanted.

**Mayor Andrews** closed public testimony and asked for the staff recommendation.

**Mr. Bennett** recommended council adopt the budget.

**MOTION: Currier/** to add the first \$100,000 worth of cuts back into the budget except for the \$18,000 for the code enforcement officer, then reduce the Recorder position by \$10,000 adding \$4-5,000 to the General Fund, use the \$18,000 for the Chamber of Commerce and the \$28,000 left from the new tax revenue for the telephone system. Motion failed for lack of a second.

**MOTION: Larson/** to add the \$98,000 from the Cable TV fund with the \$128,000 in new tax revenue for a total of \$226,000 into the General Fund and put back all of the proposed budget cuts up to column four, including the \$5,000 cut from the library. Motion failed for lack of a second.

**Councilor Boyes** mentioned a letter he sent to all of the councilors suggesting taking \$50,000 out of the Cable TV fund and restoring ten cuts including the employee dinner, fireworks, LOC fees, COG, Chamber, etc. He felt there were ten items he felt were crucial to showing the community who we are and that we are part of the state.

**Councilor Currier** discussed an AV committee meeting and the money for the Cable TV fund stating he did not want to touch that \$98,000, but wanted to use it for the purpose it was reserved for.

**Councilor Soppe** brought up concerns about council having the authority to overturn the decisions of the budget committee, feeling like the citizen members should be included on this conversation. He felt there was time to reconvene the budget committee so they could be involved on deciding what to do.

**Councilor Palmer** agreed and added all the cuts had been made in one meeting when three of the members were not there including two councilors. He stated those absentees had not even

received information about the final decisions or minutes until today. He would say it was best to reconvene the budget committee to make new decisions in regards to the new money and cuts.

**MOTION: Soppe/Palmer** to reconvene budget committee to address what was approved and see if the budget committee wants to make any changes.

Clarification was made that the budget committee can not make any formal changes to the budget that was presented to the Council, but they can make recommendations for changes to the Council for them to make those changes at their hearing.

**Councilor Bart Rierson** asked what that schedule might involve and if a special council meeting could be held between now and the end of June because we cannot adopt the budget any later than June 30<sup>th</sup>.

**Mr. Bennett** replied all they can do is try their best to get all members to attend.

**Councilor Soppe** stated his biggest concern as it was last year is that we are projecting to spend so much more than we are taking in. For this year, we are looking at spending \$490,000 more than we are taking in.

**Mayor Andrews** expressed concern for what appears to be isolationist practices; he suggested not filling any vacancies could be a way to save money and offered his support for the motion to reconvene the budget committee.

Discussion continued concerning the \$98,000 for Cable TV money and its restricted use for scholarships. Amendments were also added to the June 5<sup>th</sup> meeting minutes of the budget committee concerning those who voted against the budget.

**VOTE:** To reconvene the budget committee. (Unanimous) Motion carried.

**Mayor Andrews** called for a five minute break at 8:57 PM and reconvened at 9:02 PM.

2. Consider a motion approving **Resolution No. 2007-2718** adopting the Newberg ADA/Pedestrian/Bike Route Improvement Plan.  
**Legislative**

**Mayor Andrews** called for conflicts of interest and abstentions. None were noted.

**David Beam, Economic Development Coordinator**, presented the staff report with the assistance of a consultant and recommended adoption of the resolution (see official record for full report).

**Councilor Soppe** asked if spot improvements were separated out and staff directed him to a list on page three which included a breakdown of each critical route.

**Mr. Beam** wanted to be sure council was clear the request was to adopt the plan as a guide for future investments and they were not requesting council to approve any kind of funding. They will be asking to address some sort of funding for that in the near future.

**Roy Gathercoal** testified in support of the resolution stating it was both legally and ethically correct. He stated Newberg is not and has not been in compliance with the American Disability Act (ADA). He said the ADA does not really target specific facilities, but if a service is provided to some by the city, it cannot deny the service to other citizens because of their disability. If the city decides not to do the sidewalks they can provide the services in another way, but they would probably spend at least as much and it would not help the rest of the citizens as well. He felt that morally this was important to do and he talked about not previously understanding how isolating it is to be a person with a disability. He said by saying we cannot afford to accommodate, the city sends the message to stay at home for persons with disabilities. He talked about the danger he placed himself in if he decided to make it from his house to 99W, traveling next to cars. He discussed it being a universal design for everyone to use and added that the crime rate would be lower with more people on the street walking. To conclude he said a lot of work and effort went into this plan and he believed it was the first step to making things safer for everyone to get around without having to compete with cars on the road.

**Councilor Currier** mentioned use of the transit system.

**Mr. Gathercoal** stated it was only partly a solution because it does not run all the time. He mentioned he may be able to make it to a meeting if he wanted to but there would not be any way for him to get home afterwards. If the sidewalks were safe, he would not have to worry about being at the edge of the curb.

**Mayor Andrews** closed the public testimony and called for staff recommendations.

**Mr. Beam** added one more comment about this plan, stating it was important to emphasize we are asking to adopt without funding, which is still valuable because it will bolster our capability to secure grant funds. He recommended adoption of the resolution.

**MOTION: Palmer/Rierson** to approve **Resolution No. 2007-2718** adopting the Newberg ADA/Pedestrian/Bike Route Improvement Plan.

**Councilor Currier** stated he felt this was a “catch 22” situation because although it opens the door for more grant money if we adopt it, the City Attorney has also told us it legally binds us to do this as well. He was concerned with funding being the way it is that it would be a hard sell to tell people they have to pay for it. He felt opposed because it is too binding in the legal sense and was concerned that someone could walk in tomorrow and demand it to be put into place now.

**Terrence Mahr, City Attorney**, commented that the city is obligated to make the sidewalks accessible under law anyway and this plan is a transition element so we can implement it. If we do not adopt the plan, the obligation does not go away. We move closer to the goal by having a plan in place and, by adopting it, you are telling people you have to comply and we cannot wait six months to do it; it needs to be done quickly.

**Mayor Andrews** asked if the plan can be modified and what is the legal obligation to implement this plan specifically. He said he understood the law and what we must do but he wondered if we would be stuck with this plan.

**Mr. Mahr** replied the plan could be modified and it is not set in concrete, but it is an act of good faith to meet our obligations by implementing the plan. He added that any area built post 1992 should have adhered to the law already, so there will not be much time.

**Councilor Soppe** commented the plan was well done but he was concerned about the cost and although we are hoping there will be some great contribution from grants he was worried about getting this funded.

**Councilor Boyes** asked what the total cost was if we completed the entire plan.

**Mr. Beam** referred to a handout he distributed as part of the update, noting the total cost of the priority critical routes, and estimated the cost would be \$35 million in the short term pointing out the amounts that would need to be raised as somewhere around the \$5 million mark in additional funding.

**Councilor Boyes** asked if this is adopted would it be easier to get grant money. Staff replied it would be and you are actually required to have an adopted plan or no grant money would be available.

|                                                                                       |
|---------------------------------------------------------------------------------------|
| <b>VOTE:</b> To approve <b>Resolution No. 2007-2718</b> . (Unanimous) Motion carried. |
|---------------------------------------------------------------------------------------|

## **IX. CONTINUED BUSINESS**

1. Consider a motion approving **Resolution No. 2007-2713** authorizing the financing for the Effluent Reuse System Project from Oregon Economic and Community Development Department.

**Dan Danicic, Public Works Director**, presented the staff report (see official record for full report).

**Councilor Soppe** brought attention to the actual numbers, stating it seemed odd that for twelve years from 1988 to 2000 the maximum demand did not change and then in 2001 it started increasing dramatically; he asked staff if there were any ideas as to why that is.

**Mr. Danicic** replied the numbers were based on early 2001 but he had not added the actual numbers noting the peak demand was over 6 ½ million gallons in 2006. He said he was not here in the early 1990's; but when he arrived in the late 90's there was active water curtailment and they were going around trying to get people to conserve.

**Councilor Currier** asked about supply and demand, expressing concern if we try to get more customers there would be a need for more supply.

**Mr. Danicic** replied in the next three years they will need to look for a new well. He also discussed incremental increases, stating the costs were heavy in the beginning, but not astronomical.

**Councilor Currier** stated he asked before about dealing with effluent discharge into the river and a generator system being in there; he was told they could only generate enough energy for the sewer plant. He asked about possibly reducing costs and cooling the water with turbines.

**Mr. Danicic** replied this would not be feasible because there would actually be a slight increase in temperature going through a turbine and we would not recover the costs. He continued by discussing the increase in cost from \$5 million to \$8 million with construction cost increases and the redesign of the membrane to accommodate ½ million gallon module. The need would be for a larger building and the increased costs are associated with that.

**Councilor Boyes** asked what the possible income would be to pay for this.

**Mr. Danicic** replied through rates for the people who use the reuse water.

**Councilor Currier** asked about the contamination level of Otis Springs and wondered how we are using it.

**Mr. Danicic** stated it depends on the definition of contamination you are using. It cannot be used as potable water, but irrigation is different and Otis Springs meets those criteria.

**Councilor Boyes** asked if the city pays for piping to the property.

**Mr. Danicic** stated the city pays for piping in the right of way with new developments and they will be required to use some reuse water.

Discussion followed concerning bond financing and pay back, noting the city's cost at approximately \$300,000. Also discussed was the Return on Investment (ROI), ongoing costs of operation and maintenance, paybacks being based on the quantity of water sold only during the summer months, and the only consumer being Chehalem Park and Recreation District (CPRD). The reasons for the change in costs from the original plan were discussed and staff clarified the changes from the original plan and the increases because of those changes as well as giving details of the different components.

**Councilor Soppe** asked how much contingency was in this when looking at the original report and if we were not projecting for the increase in costs.

**Mr. Danicic** stated the original called for 30% of the contingency but they did not take into account the rapid increase in construction costs, which is usually more gradual.

**Councilor Currier** asked if staff ever looked into a local vendor installing equipment in Carlton that had a process for making drinking water from sewage.

**Mr. Danicic** did look at other options, but there was not a process that had enough longevity to be trusted. He said he does not recall any process meeting the standards for processing sewage water to drinking water standards or he would have looked at it. Based on his experience, that cannot be done.

Discussion followed about funding equally from the water and waste water funds, through rates and System Development Charges (SDCs); the percentages are funded 100% by SDCs through water and 50% by rates and 50% by SDCs in waste water. Further discussion took place on the ten year ROI and the expected revenue allocated to the bond payment, the burden being placed on water SDCs.

**Councilor Palmer** brought up that this is an eight million dollar project and the income is \$800,000 a year which would cause excessive rate revenue and still have operating and maintenance costs. The financing makes sense but he was not sure how the ten years pays for itself since it makes the assumption of receiving \$1 million a year in rate fees. He said he liked the idea of reusing water, but he did not have solid answers on the consideration of how it operates and pays back. He stated he would like to see more in writing.

**Mr. Danicic** agreed it was appropriate to rethink the ten years.

**Councilor Soppe** said the real value would be if we could find other customers to purchase the water during the other five months in the year that CPRD was not being counted on for

**MOTION: Soppe/Larson** to consider approving **Resolution No. 2007-2713** authorizing the financing for the Effluent Reuse System Project from Oregon Economic and Community Development Department.

**Councilor Boyes** asked if it was really not costing us anything.

**Mr. Danicic** replied it was not in the long run.

**Councilor Soppe** asked if there was a policy regarding what rates can be above and beyond a certain number and that we cannot go way over those.

**Mr. Danicic** said he did not think so.

**VOTE:** To approve **Resolution No. 2007-2713**. (Unanimous) Motion carried.

2. Consider a motion approving **Resolution No. 2007-2714** authorizing the City Manager to enter into a contract with the Pall Corporation Water Processing Division for filter packages to be used in the new reuse water system.

**Mr. Danicic** presented the staff report (see official record for full report).

**Councilor Palmer** brought up the one year extended warranty at \$11,000 beyond the initial first year and pointed out that extended warranties are not usually a good investment and if staff had a reason for this. Staff replied the city typically requests two year warranties on complex equipment, but there is ten year coverage on the membrane.

**Councilor Currier** asked why there were only three bids.

**Mr. Danicic** mentioned there were only two choices of manufacturers and he did not want to be the first to use a new product so they did not request a bid from one of them.

**Councilor Currier** brought up the \$1400 a day for monitoring costs and felt it was ridiculous to pay this for a new system that should be fully operational and someone needs to be trained within the city to do this, not pay \$175 per hour for someone from the company to do it.

**Mr. Danicic** agreed the system needs to work, but as with anything, you pay for a technician to install it and that \$28,000 per month includes traveling, room and board per day. He did not think it was ridiculous to make sure it works and everything is covered.

**Mayor Andrews** said staff is recommending two months but he asked if it could be less than that if someone was not needed the whole time.

**Mr. Danicic** stated if he is done in the first week and all is working, then we would not want to extend.

**Mayor Andrews** wanted staff to make sure that is included in the contract so the city can walk away.

Discussion continued concerning the cost of installation and maintenance initially, concluding that it is not to exceed \$28,000 and it will be marked in contract that the city could pay for a fraction of the services if they are not needed for the entire month.

**MOTION: Soppe/Andrews** to consider approving **Resolution No. 2007-2714** authorizing the City Manager to enter into a contract with the Pall Corporation Water Processing Division for filter packages to be used in the new reuse water system. (Unanimous) Motion carried.

## **X. NEW BUSINESS**

1. Consider a motion approving **Resolution No. 2007-2716** approving the Engineer's Report for the East Greens Advance Financing of Public Improvements and setting the reimbursement amounts onto the intervening properties.

**Mr. Danicic** presented the staff report (see official record for full report).

**Frances Jackson** read a letter she had written to the council and asked it be submitted for the official record. She argued against the city imposing any conditions on property not already annexed and stated she was not willing to participate in the Advance Financing District. She also objected to the construction cost allocation and imposition of the 9% interest rate accrual. (See official record for full report).

**Councilor Soppe** asked the City Attorney about her point that the city does not have jurisdiction on this property and asked what she does not like about the method used for allocation of the costs between the different properties and the interest percentage.

**Ms. Jackson** stated she mainly felt it was too high of a cost and the fact the 9% interest starts as soon as this resolution is filed.

**Councilor Soppe** asked for her to explain how she did not think her cost is fair compared to others and what number was too high.

**Ms. Jackson** replied she did not have an answer for that.

**Councilor Soppe** asked the City Attorney if the 9% was a in state statute.

**Mr. Mahr** replied it is the state's legal rate of interest, but council can choose to go lower.

**Ms. Jackson** asked if it can be negotiated.

**Mr. Mahr** replied the city could agree to a lower rate. He also asked about her legal representation and if she was advised to submit this letter into the record and if it was prepared by a lawyer.

**Ms. Jackson** replied it was and her legal council is Ed Sullivan who advised her to do this.

Discussion commenced concerning whether or not the city was on safe and legal ground to make this decision. The city attorney mentioned there was already one case on appeal in the circuit court. The determination was that the risk is on the developer, not the city. There was also a question of whether the developer has had a chance to speak with and negotiate with this property owner.

**Joe Schiewe, Real Estate Developer**, replied there had not been any negotiations. He said the city sent the full application three to four weeks ago to intervening properties and requested an audience if they wanted to meet before this evening, but there had not been any requests up to a week ago. No one had contacted him and no negotiations had occurred at this point

**Councilor Soppe** asked if it was reasonable to assume he will contact Ms. Jackson.

**Mr. Schiewe** stated that was not a problem. He also thanked the council and city, claiming it was a good thing and he hoped all would agree. He said it encourages developers to go above and beyond what they have to which creates better systems and the city gets all the improvements. As for costs and timing, presently the ten years would start long before annexation. Under that scenario, the 9% is to start today; the other way to consider is to start the ten years when annexation occurs and therefore the 9% accrual as well.

Discussion continued concerning whether or not to start the ten year time period and the 9% interest at adoption or at annexation. The developer did not seem to have a preference either way but he preferred to take staff's recommendation.

**MOTION: Soppe/Currier** to table consideration and adoption of **Resolution No. 2007-2716** approving the Engineer's Report for the East Greens Advance Financing of Public Improvements and setting the reimbursement amounts onto the intervening properties until the July 2, 2007 council meeting. (Unanimous) Motion carried.

2. Consider a motion approving **Resolution No. 2007-2717** authorizing the City Manager to enter into a contract with Emery & Sons Construction, Inc. for the construction of the new Reuse Water System at the Waste Water Treatment Plant.

**Mr. Danicic** presented the staff report (see official record for full report).

Discussion occurred concerning moving the plant which had no bearing on the water reuse. There were also some corrections noted in the report. A switch gear issue was also discussed as

well as the possibility of re-bidding. Staff felt there would be no changes made by re-bidding since the five pre-qualified bidders did not materialize and they did not want to risk losing the current bid with Emery & Sons Construction, Inc.

**MOTION: Soppe/Palmer** to consider approving **Resolution No. 2007-2717** authorizing the City Manager to enter into a contract with Emery & Sons Construction, Inc. for the construction of the new Reuse Water System at the Waste Water Treatment Plant. (Unanimous) Motion carried.

## **XI. COUNCIL BUSINESS**

**Councilor Rierson** brought up the decision on **Ordinance No. 2007-2671** denying the development agreement with McClures. He stated he has had a tough time with the way the vote went and the reason is because his perception of what the neighbors wanted differed once he had a conversation with Ellen McClure. She expressed disappointment with how the system worked and would be willing to install a dry system for sewer so they would not have to wait the fifteen years.

**MOTION: Rierson/Palmer** to reconsider **Ordinance No. 2007-2671** to extend city water to the McClure property including the language as amended thus far.

**Councilor Soppe** added if council wants to see changes then suggestions need to be made to staff as to what we want to see and it is important to see it in writing.

**VOTE:** To reconsider **Ordinance No. 2007-2671**. (5 Yes/2 No [Currier, Larson]) Motion carried.

**Mayor Andrews** asked staff about the cost of the new timing system and options were discussed.

**Mr. Mahr** wanted to clarify to the council what was allowed to be covered when bringing the budget back to budget committee. He said they are not asking them to readopt a new budget because then we have to republish. We only want them to give input on the cuts only, and the Council can only reestablish them, change them, or add to them in an amount that does not exceed 10%.

**Mayor Andrews** asked staff to make that clear when notifying budget committee members.

**Mr. Mahr** also recommended setting a special council meeting time now and to adjourn to that meeting.

**Mr. Bennett** stated tentatively the budget committee would have to meet on June 26<sup>th</sup> and the council reconvene on June 28<sup>th</sup> at 7:00 PM.

**Mr. Mahr** announced he would be gone on Tuesday, but back by Thursday.

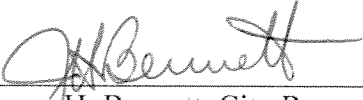
## **XII. EXECUTIVE SESSION**

None.

**XIII. ADJOURNMENT**

**Mayor Andrews** recessed the meeting at 11:27 PM until Thursday, June 28, 2007 at 7:00 PM.

**ADOPTED** by the Newberg City Council this 16<sup>th</sup> day of July, 2007.

  
\_\_\_\_\_  
James H. Bennett, City Recorder

**ATTEST** by the Mayor this 19<sup>th</sup> day of July, 2007.

  
\_\_\_\_\_  
Bob Andrews, Mayor