CITY OF NEWBERG COUNCIL MINUTES
MAY 19, 2008
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 EAST THIRD STREET

Work Session was held prior to this meeting. A presentation was made on housing rehabilitation and general discussion was held. No decisions were made.

I. CALL MEETING TO ORDER

Mayor Bob Andrews called the meeting to order at 7:04 PM.

II. ROLL CALL

Members Present:	Mayor Bob Andrews	Mike Boyes	Roger Currier	Bob Larson
	Jeff Palmer	Bart Rierson	Marc Shelton	
Staff Present:	Daniel J. Danicic, City Manager		Terrence Mahr, City Attorney	
	Barton Brierley, Planning and Building Director		Norma I. Alley, City Recorder	
	Howard Hamilton, Public Works Director		Jennifer Nelson, Recording Secretary	
Others Present:	Darlyn Adams, Gail Watson, Deb Galardi			

III. *PLEDGE OF ALLEGIANCE*

The Pledge of Allegiance was performed.

IV. CITY MANAGER'S REPORT

Mr. Daniel J. Danicic, City Manager, said at the next Council meeting starting at 5:00 p.m. is the meeting with the Yamhill County Commissioners to discuss the Urban Reserve Area (URA) and SE Transportation Plan.

V. PUBLIC COMMENTS

Ms. Darlyn Adams, Newberg Animal Shelter Friends representative, reported on a successful Mega Yard and Plant Sale with a net of $6,090. The next event is the Annual Blessing of the Animals on June 28th at 1:00 PM at North Valley Friends Church.

VI. APPOINTMENTS

Consider a motion to appoint two citizens to the Newberg Downtown Revitalization Committee for terms ending 12/31/2010.

TIME – 7:11 PM

Mayor Andrews stated his two citizen appointees for the Newberg Downtown Revitalization Committee were Ms. Gail Watson and Mr. Allen Herriges.

Ms. Gail Watson introduced herself to the Council. She has been involved with downtown businesses through Art Walk activities; she comes from and likes small towns, and really enjoys downtown areas and thriving art communities. She is an artist and owns her own small business offering creative print services and has been given the opportunity to rent some space at Tastefully Yours downtown.

MOTION: Currier/Palmer to appoint two citizens, Gail Watson and Allen Herriges, to the Newberg Downtown Revitalization Committee for terms ending 12/31/2010. (Unanimous) Motion carried.

VII. CONSENT CALENDAR

1. Consider a motion approving **Resolution No. 2008-2782** authorizing the city manager to negotiate with Juanita R. Duncan regarding property acquisition to be used for construction of a new city pump station.

2. Consider a motion approving a proclamation declaring May 26-31, 2008, as Newberg Public Library Centennial Week.

3. Consider a motion approving City Council Minutes for June 28, 2007, August 27, 2007, and April 21, 2008.

MOTION: Currier/Larson to approve the Consent Calendar including **Resolution No. 2008-2782**, a proclamation declaring May 26-31, 2008, as Newberg Public Library Centennial Week, and the City Council Minutes for June 28, 2007, August 27, 2007, and April 21, 2008. (Unanimous) Motion carried.

VIII. PUBLIC HEARING

1. Consider a motion approving **Resolution No. 2008-2784** adopting new Water Rates, effective July 1, 2008.
(Legislative Hearing)

TIME – 7:19 PM

Mayor Andrews called for any biases, conflicts of interest, ex parte contact, or abstentions. He stated he sits on the Citizen Rate Review Committee (CRRC) as an ex-officio member, but is not a voting member and has not participated in deliberations.

Ms. Deb Galardi, Galardi Consulting, presented the staff report assisted by Mr. Howard Hamilton, Public Works Director (see official record for full report).

Councilor Currier asked if the increased cost for the new treatment plant was taken into consideration in the rate structure for the non-potable water.

Ms. Galardi stated that is part of the effluent design and is not really impacted by expansion of wastewater treatment; the capital costs are included for the 20 year bonds.

Mr. Danicic added wastewater is picking up some of that debt as well because some benefit is received.

Discussion followed concerning page 25 capital improvements, inflation adjustments, System Development Charge (SDC) funding, and a large portion of the revenue increases to go into building a reserve for future water treatment facilities based on growth. It was noted there were a number of years where no increases to the water rates occurred, which is a primary reason for larger increases being needed now.

Councilor Shelton questioned how much of the increase would be dedicated for the reserves, staff estimated an increase by 3-4%. He also wondered how likely an increase would be in the fourth and fifth year of the projection when this is reviewed again in two years. Staff stated there was a 12.5% increase anticipated for all four years, but if the two year review indicates something better, that can be adjusted down. Only the first two years are being adopted tonight.

Councilor Currier asked why the SDC charges were not looked at earlier to fund this.

Ms. Galardi added there are laws prohibiting the charges made and if growth triggers the need they can only charge a maximum amount for growth based on the share of the capacity of use.

Councilor Jeff Palmer asked if the $15 million anticipated for the water system improvement was the only alternative. Staff stated the $15 million is separate from the $20 million figure because the $15 million relates to the project being looked at now and the additional $20 million is for improvements in the sixth year; the reserve to fund that is building today. This is needed regardless of future growth.

Mayor Andrews opened and closed public testimony as there were no citizens present to support or oppose the resolution. The public hearing was closed.

Mayor Andrews commended the CRRC for a thorough job accommodating an era of deferred rate increases and deferred maintenance, while being responsible for the community's needs. He was not delighted with a 12.5% increase and wondered if there was a potential to reconsider placing the increases in the third or fourth year. He noted the CRRC was willing to start reviewing the task of rate mitigation or creating revenue tiers now if needed.

Ms. Galardi explained the concept of creating different tiers based on usage during peak periods to the Council as a way to encourage water conservation.

Councilor Currier spoke of people on fixed incomes not being able to afford an increase over 50% within four years when Social Security increases only 3% per year. Staff reminded the Council of their approval of a utility credit program for low income families which will be implemented at the same time, creating a safety net for the public.

A discussion followed on the conversion to potable from non-potable system and verification of Otis Springs' daily production levels for the golf course needs.

MOTION: **Palmer/Shelton** to approve **Resolution No. 2008-2784** adopting new Water Rates, effective July 1, 2008.

MOTION: **Palmer/Larson** to amend **Resolution No. 2008-2784** to direct the Citizen Rate Review Committee to investigate and make recommendations concerning a conservation rate structure. (6 Yes/1 No [Currier]) Motion carried.

Councilor Bart Rierson said he was uncomfortable with the increases but did not see any way around them if the facilities are needed. He wondered what the actual cost would have been had there been rate increases every year instead of being deferred.

Mayor Andrews agreed the Council predecessors were remiss for not addressing these issues sooner and felt this Council had to avoid handing this issue off to their successors.

Councilor Mike Boyes expressed his surprise and concern for the lack of citizens present this evening and agreed having the assistance programs helps.

Councilor Currier felt the citizens are paying for a lot of planning and consulting to promote growth in a community that does not really need it. He felt SDCs pay their share, but the citizens are paying more.

VOTE: To approve **Resolution No. 2008-2784**. (6 Yes/1 No [Currier]) Motion carried.

2. Consider a motion approving **Resolution No. 2008-2785** adopting new Wastewater Rates, effective July 1, 2008. (Legislative Hearing)

TIME – 8:24 PM

Mayor Andrews called for any biases, conflicts of interest, ex parte contact, or abstentions. He stated he does sit on the Citizen Rate Review Committee (CRRC) as an ex-officio member, but is not a voting member and has not participated in deliberations.

Ms. Galardi presented the staff report (see official record for full report).

Councilor Larson asked about the numbers reflecting inflation. Staff stated the costs today are escalated by 3% per year for assumed inflation.

Councilor Palmer asked if it was typical for the cost of design to be one quarter of the cost of construction for phase one and two. Staff explained the percentages being about 12% of construction for design, stating an additional 6% for highly specialized technical work and a 50% inflation factor contributing to this. He still felt the numbers were a little high.

A discussion followed on the role of SDCs verses the rate payers and how there is more responsibility on the rate payer because the costs are also for land purchase.

Councilor Rierson asked if the 3% per year for inflation was reasonable to plan for recently higher construction costs. Staff felt this was a good number in the long run.

Councilor Currier asked for explanations for the 38% rate payer responsibility.

Mr. Howard Hamilton, Public Works Director, explained there were higher standards in place and original parts are no longer supported by the manufacturers; therefore, parts must be custom made just to get to current operation standards. Other pieces have also reached the end of their use in order to serve the current population. Changes in standards regarding mercury amounts, bacteria, and bio-solids require changes to failed infrastructure over a twenty year period, which increases the percentage.

Mayor Andrews opened and closed public testimony as there were no citizens present to support or oppose the resolution. The public hearing was closed.

MOTION: Larson/Palmer to approve **Resolution No. 2008-2785** adopting new Wastewater Rates, effective July 1, 2008. (6 Yes/1 No [Currier]) Motion carried.

3. Consider a motion approving **Resolution No. 2008-2786** adopting new Storm Water Rates effective July 1, 2008.
(Legislative Hearing)

TIME – 8:41 PM

Mayor Andrews called for any biases, conflicts of interest, ex parte contact, or abstentions. He stated he does sit on the Citizen Rate Review Committee (CRRC) as an ex-officio member, but is not a voting member and has not participated in deliberations.

Councilor Currier spoke of a letter he received in complaint of raised storm water rates on older homes that did not drain directly into the storm water system.

Ms. Galardi presented the staff report (see official record for full report).

Mayor Andrews opened and closed public testimony as there were no citizens present to support or oppose the resolution. The public hearing was closed.

Mayor Andrews agreed with the issue brought up in the letter received by Council Currier and his previous requests of staff to recognize single family residents without direct impact on the storm water system. He stated he felt mitigation for these costs should be provided.

Councilor Rierson also agreed incentives should be provided for those not having a negative impact on the system as part of home design, like homes with bio-swales that benefit the whole neighborhood. There should be an appeal for credit for homes not impacting the system or the fee eliminated.

Councilor Boyes expressed disappointment no citizens were present for any of the rate increases and asked about notifications. Staff listed all areas where notifications occurred.

MOTION: Shelton/Rierson to approve **Resolution No. 2008-2786** adopting new Storm Water Rates effective July 1, 2008.

MOTION: Andrews/Palmer to amend **Resolution No. 2008-2786** to direct the Citizen Rate Review Committee to consider and make recommendations for a storm water credit mitigation program for single family residents. (Unanimous) Motion carried.

VOTE: To approve **Resolution No. 2008-2786**. (6 Yes/1 No [Currier]) Motion carried.

IX. CONTINUED BUSINESS

None.

X. NEW BUSINESS

None.

XI. COUNCIL BUSINESS

Consider approving **Resolution No. 2008-2790** approving a five percent merit increase for the City Attorney.

TIME – 9:05 PM

Mayor Andrews presented the staff report (see official record for full report).

Mr. Terrence Mahr, City Attorney, stated his conflict of interest and that he can give no legal advice.

MOTION: **Larson/Palmer** to approve **Resolution No. 2008-2790** approving a five percent merit increase for the City Attorney. (Unanimous) Motion carried.

Councilor Palmer stated the Animal Shelter Subcommittee has two meetings this Thursday; one at 6:30 PM and a joint meeting with the Newberg Animal Shelter Friends at 7:00 PM.

XII. EXECUTIVE SESSION

None.

XIII. ADJOURNMENT

MOTION: **Larson/Palmer** to adjourn at 9:32 PM (Unanimous) Motion carried.

ADOPTED by the Newberg City Council this 16th day of June, 2008.

Norma I. Alley

Norma I. Alley, City Recorder

ATTEST by the Mayor this 19th day of June, 2008.

Bob Andrews

Bob Andrews, Mayor