

CITY OF NEWBERG COUNCIL MINUTES
JUNE 16, 2008
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 EAST THIRD STREET

Executive Session was held during Work Session prior to this meeting. No decisions were made.

I. CALL MEETING TO ORDER

Mayor Bob Andrews called the meeting to order at 7:02 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	Elizabeth Comfort, Finance Director
	Howard Hamilton, Public Works Director	Norma I. Alley, City Recorder
	Jennifer Nelson, Recording Secretary	

Others

Present: Darlyn Adams, Jim Morrison, Fred L. Brons, Mike Gougler, Leon Blanchard, Louis C. Larson, Russell King, Gerald Martin, Will Gannon, Thomas Barnes, David H. Stannard, Timothy L. Wayfield, Ed McCabe, Robert Soppe, Hector R. Martinez, Donald A. Huwe, Howard Tribbett, Gary Jones, Lori Graber, David L. Petry, Lynn Hackworth, James Highley III, Noel Guedon, Linda B. Hanson, Chuck Zickefoose, David Miller, Sandra Prewitt, Linda M. Walker, Connie Llyod, Shallay Booker, Douglas P. Cushing, Andrew Tull, Joyce Howell

III. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

IV. CITY MANAGER'S REPORT

Mr. Daniel J. Danicic, City Manager, stated June 25th is Public Works Day and events will be held at the library starting at 11 am. The advertisement for a new Public Works Director closes on June 30th with an anticipation of ten applications. The Water Task Force will meet a week from Wednesday and a list of comments for discussion is available for review.

V. PUBLIC COMMENTS

Ms. Darlyn Adams, representing the Newberg Animal Shelter Friends, reported the net profit from the Mega Plant and Yard Sale as \$6,178.45. She also announced the generous donation of 10% of Mrs. Verna Dickensheet's estate for a total of \$60,000. The building fund is currently at \$326,677.90. The fourth annual Blessing of the Animals will be held on June 28th at North Valley Friends Church from

1:00 to 2:00 PM. The next meeting is scheduled for Wednesday, June 25th (see official record for full report).

VI. APPOINTMENTS

Consider a motion to appoint ten citizens to the Housing for Working Families Ad Hoc Committee.

TIME – 7:06 PM

MOTION: Currier/Palmer to appoint the ten citizens to the Housing for Working Families Ad Hoc Committee. (Unanimous) Motion carried.

VII. CONSENT CALENDAR

1. Consider a motion approving **Resolution No. 2008-2793** authorizing the city manager to enter into a contract with Freewire Broadband for the purpose of establishing network connectivity to City buildings.

This item was taken off of the Consent Calendar to be heard under New Business.

2. Consider a motion approving **Resolution No. 2008-2794** approving the Canvass of Votes for the May 20, 2008, Primary Election.
3. Consider a motion approving City Council Minutes for May 19, 2008.

MOTION: Currier/Larson to approve the Consent Calendar including **Resolution No. 2008-2794** and the City Council Minutes for May 19, 2008. (Unanimous) Motion carried.

VIII. PUBLIC HEARING

1. Consider a motion to re-approve **Resolution No. 2008-2784** adopting new Water Rates, effective July 1, 2008.

TIME – 7:08 PM

Councilor Roger Currier stated for the record that Ms. Helda Shibley from West Lake Loop left a message on his voicemail asking him to vote against the increase.

Opponents:

Mr. Jim Morrison felt the elected representatives were out of touch with the financial pains citizens are suffering from due to increased gas prices and cost of living increases. He spoke of government agencies being wasteful and private industries being more concerned with cost and efficiency. He felt the increases should be put to a vote by the citizens.

Councilor Jeff Palmer stated he appreciated his comments and reminded him everyone feels the pinch caused by the current economy and the Councilors are residents as well. He said the City needs to update the current system and asked if he had any alternatives to suggest achieving this other than rate increases. He mentioned the City does not have the federal grants that were available twenty years ago.

Mr. Morrison did not have any suggestions but stated ten years ago the citizens were told there would be plenty of water and maybe they had been misled.

Mr. Fred Brons stated the water rate increases imply there is a bottomless pit where the money comes from. He thanked Councilor Currier for having the nerve to vote against the increases. He added he was also on a fixed income.

Proponents:

Mr. Mike Gougler, representing the Citizen Rate Review Committee (CRRC), stated the proposal was odious but he felt staff did an incredible and thorough job preparing for it. He mentioned the various methods used to encourage public participation and the limited numbers present at the Council meeting and none at the CRRC meetings. He said they did not want to recommend raising the rates and did everything to avoid it. He mentioned the 10-20 years where nothing was put into the water and sewer maintenance and the false premise that development within the City is not paying its fair share. Regardless of System Development Charges (SDCs) there will not be enough funding without the increases and new residents are paying much more for the privilege of living in the community than half of the people already here for the last twenty years.

Opponents:

Mr. Leon Blanchard spoke of living in Newberg almost all of his life; he is on a fixed income. He felt annexing property into the City helps create the problems. He felt the increases should be brought to the voters. He spoke of being unable to even get a 3-4% raise at the paper mill and wondered where the money is going to be coming from. He wondered if the City could be more reasonable.

Mr. Louis C. Larson spoke of the water rates being up two and a half times the growth rate of inflation and development slowing. He gave statistics of homes being built and not sold in Yamhill County. He spoke of the deteriorating housing market. He stated these increases should be referred to the voters in the form of a bond issue. He spoke of the inability of people to pay \$150 per month on a utility bill on median income of \$3,000 per month. With these recessionary times he wanted the Council to fully understand the impact these increases will have on the citizens to afford food, housing, clothing, etc. The current situation is not allowing them to spend more money, the existing rates should be maintained until everything improves economically and then bring increases to the voters. He submitted an article for the record (see official record for full report).

Mr. Russell King expressed his approval at the Council's decision to reconsider their decision. He said he was offended by an earlier comment about the people of Newberg having a free ride for the last twenty years because anyone paying their water bill is not getting services for free. He stated this is a big hardship for seniors and those on fixed incomes. He did think the communication was a lot better this time with the direct mailing and he felt a flyer or insert in the water bill or a different colored envelope for important announcements should continue in the future.

Mr. Thomas Barnes stated for those who do not receive their water bills, the mailer is the first correspondence received and the only way to communicate with those citizens; he felt it was a good idea and should continue. He suggested reviewing where the money is being spent and if certain facilities can wait another year or two. He added he was also on a fixed income and it would not take long with these increases for him to be in trouble.

Mr. David Stannard was against the rate increases as proposed and did not understand the justification. He said something needed to be noticeably different in the water bills when a change this big happens, like a font change for some other difference to get attention. He wondered if other things in the budget were looked at and he did not understand why the facilities needed to be upgraded. He said he has an easier time paying for something he understands to be necessary.

Mr. Timothy Wayfield questioned why the facilities were allowed to degrade to such a high expense and wished to see the facilities himself. He said his job would require him to answer questions if he said he wanted a 100% increase for anything over three years. He also asked if current residential customers paid the same rate increases as the businesses, including the new golf course and new resort. He was encouraged to wait for staff to answer those questions after all testimony was received.

Undecided:

Mr. Robert Soppe recommended focusing on the needs and keeping track population projections, how much water people use, if the costs are appropriate for the needed upgrades, and if the burden is being shared appropriately. He suggested an alternative of water rates being based on income. He also warned not raising the rates just pushes off the hardship longer and there has to be framework for how to make up for that up front. He recommended having a workshop for further explanation.

Proponents:

Mr. Victor Martinez stated his opposition to the increases and recommended showing what his bill would look like in the future with the proposed increases as a way to get his attention on the water bill in the future.

Mr. Donald Huwe said he is a new resident and asked if there is a cost comparison available for the utility rates in the surrounding communities. Staff explained this was part of the process that CRRC went through but there are challenges because each municipality is so different. Historically, from a list of ten cities, Newberg fluctuates in the middle.

Mr. Howard Tribbett expressed concern with the rate increases as well as City employees telling people to go to FISH for help with their water bills. FISH is a food organization and cannot help with this. Staff explained they were informed of this today, appreciated the clarification, and they would no longer be directing people to their organization in this matter.

Mr. Gary Jones felt these increases would result in more shut offs for nonpayment. He said the grants are not available because the federal government does not have the money, so wait until the economy comes around and the grants will be back too. He recommended not giving water to anyone else and that he did not want to pay to have more growth in the City. He did not feel the justification that the increases were not done in the last twenty years is enough and thought we should look at saying no to any more growth for ten years.

Mr. Danicic explained there is water to fulfill today's need but it cannot be maintained properly for ten years without raising the rates. The problem really lies in the waste water system, which is twenty-five years old and no longer meets the capacity of today's citizens especially with all the environmental requirements from the Oregon Department of Environmental Quality (DEQ).

Discussion followed on the current state of the waste water facility and needed improvements to meet today's standards. Staff spoke of water treated to a lesser degree making it to the Willamette River, the

difficulty finding replacement parts for the pump station, the possibility of dumping raw sewage into Hess Creek, and the cost of fines from DEQ.

Ms. Lori Graber said she represented a family of five with three children on a fixed income. She spoke of the population now compared to when she moved here eight years ago and how she had no indication at that time she should be concerned the City was running out of water. She felt families would start making choices about whether to pay the water bill or put food on the table and food and housing would come before utilities. She asked if there was a team or just one person working on grant writing. She wondered if this would still be a great place to grow when people do not have water for their gardens and lawns, if they had to forego a clean shower or glass of water to reduce the amount of the bill.

Mr. David Petry thanked Council for their reconsideration of this issue. He spoke of people not being able to make do with what they had now and how these increases would impact everyone. He spoke of Rex Hill Winery profiting from using water at a lower irrigation rate and how the growth of crops such as grapes ruined the water in Otis Springs. He also spoke of CPRD and the golf course and how he did not wish to pay for their financial benefits with his tax dollars.

Discussion followed with staff concerning implications of citizens subsidizing the golf course's water use. Staff discussed where funding comes from and who pays for water used.

Ms. Lynn Hackwood spoke of her experience working for Pacific Power and Light. She questioned if it was prudent to continue to give out building permits if the crisis was already starting back in 2006. She asked where the maintenance plan for water and sewer was or why there is not one. She asked if the resort being built had to pay for the permit to use water and if they got a break. She thought the City should put a halt on something and readjust what they are looking at. She said the power company would never be allowed to give a 20% rate increase.

Mr. Danicic the update process for all the master plans that has been occurring since he started in 2001, which was at the end of the period of no rate increases. All the plans are out of date and cost about \$200,000 or more to prepare. He focused on the critical points, which was water and then moved onto waste water.

Discussion followed as to whether or not halting growth would have any affect on the need for improvements. Staff felt it would only put off the improvements for two years at most.

Mr. James Highley spoke of being on a fixed income from social security and how he collects cans to supplement his income and goes to FISH for food. He asked where the City gets their drinking water. Staff replied it came from a series of wells in a well field on the south side of the Willamette River. He asked about spring's water and staff stated springs no longer feed into the system because of chlorination and sediment problems requiring water to be boiled.

Mr. Noel Guedon asked how Council could justify a 20% increase at one crack instead of over a period of four to five years. He mentioned never receiving a 20% wage increase at one time. He suggested cutting the increase to 5% a year.

Proponents:

Mr. Chuck Zickefoose felt outnumbered by asking Council to stick to the action made noting the need for infrastructure improvements that would likely cost more if they are deferred. He felt we have reached a critical point and noted emergency repairs always cost more than planned repairs. He said

capital repairs have long lead times and felt the City is now doing what should have been done several years ago. He said CRRC looked over the numbers for a long time and everything was well-documented and they worked with a good consultant who knows the City well.

Undecided:

Mr. David Miller agreed something had to be done, it was just poor timing. He is not currently on a fixed income but mentioned some of the things he has done to reduce the amount he pays in water, like purchasing an efficient washing machine. He asked if there was any talk about incentives for water conservation, like rebates for installing toilets or faucets that are more efficient. He suggested a plan for different income levels where a portion of the rate could be paid. He also suggested a different unit of measurement on the water bills because it is difficult to understand cubic feet. He also said new development should be held to higher standards of efficiency concerning water use, either by mandate or incentives. He noted our water source is a matter of security and needs to be protected.

Councilor Palmer thanked him for his suggestions and mentioned CRRC has been directed to investigate a conservation rate structure and an assistance program is also underway.

Councilor Mike Boyes added a water reuse system is currently in progress.

Ms. Connie Lloyd said she has lived in Newberg for fifteen years and noted the various indications of growth in the area in that time. She said she called McMinnville to ask about their water rates and wondered why Newberg was so much higher. She wondered how the City can continue to allow growth, like the new resort and housing developments, if we are in a crisis situation since all of this will just add pressure to the system.

Mr. Danicic discussed several factors creating the difference in rates between McMinnville and Newberg since they do not have to pump or treat their water like we do. He also noted their sewer rates are much higher than Newberg's.

Ms. Shalley Booker read a letter composed by her friend Ms. Lesley Woodruff who could not attend the meeting tonight. Storm water management and alternative green methods of rain water reuse (i.e. cisterns) were mentioned (see official record for full report).

Councilor Palmer spoke of the recent work with large scale retail development and the discussions on various green methods being researched. He encouraged her and her friend to appear before the CRRC as they look into the conservation rate structure.

Mayor Andrews closed public testimony, recessed briefly, and reconvened at 9:15 PM. He opened the hearings on all three resolutions concerning water, sewer, and storm water rates. He called for any bias, conflicts of interest, and ex parte contact; none appeared.

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

Councilor Palmer inquired and applauded the idea of an inverted block, where those with a larger usage pay a larger amount and at what point this could be implemented. Staff replied it was the next topic for the CRRC to discuss with their consultant, who just finished working with Bend on the same issue. It would be a good four to five months before it comes to Council for implementation.

Councilor Currier suggested completing the improvements needed to support the current population and slow down on current building projects in order to avoid drastic rate increases now in times of recession. He would prefer to see a step increase.

Councilor Larson said he could see maybe a 50% decrease in the water and storm rates over the first two years, but did not recommend any changes in waste water.

Councilor Palmer said he was also leaning that way. He also mentioned the citizens names are on the water bills at the bottom of attachment 3 and 4 and should be stricken from the record for privacy.

Mayor Andrews asked how Council wanted to address the written testimony submitted.

MOTION: Palmer/Rierson to accept all written testimony submitted as part of the record. (Unanimous) Motion carried.

Councilor Boyes recommended having CRRC meet sooner than two years to review changes and compare to what other communities are doing. Staff agreed the CRRC could meet again in a year.

Councilor Bart Rierson noted some misperceptions of where some of the costs come from for water reuse and how it saves the City from dumping higher temperature water into the river. He agreed it is not easy for the City to ask for this when economic times are tough and he would like to see some decrease in the wastewater rates as well if possible. He said he hoped for improvements in the next two years, but we could also be in the same position in two years. He is encouraged by the conservation rate structure and utility assistance program and he would support a gradual increase in the rates.

Discussion followed about water conservation methods and who is paying for the water reuse system infrastructure.

Mr. Danicic made a final recommendation for Council to mitigate the impact by increasing water rates 6.5%, storm water rates 7.5%, and waste water at 21% for two years.

Mayor Andrews closed the public hearing.

MOTION: Larson/Rierson to amend **Resolution No. 2008-2784** adopting new Water Rates with a 6.5% increase per year for the next two fiscal years 2008-09 and 2009-10, effective July 1, 2008. (Unanimous) Motion carried.

2. Consider a motion to affirm approval of **Resolution No. 2008-2785** adopting new Wastewater Rates, effective July 1, 2008.

MOTION: Currier/ to amend **Resolution No. 2008-2785** adopting new Wastewater Rate increases at 10% per year for next two fiscal years. Motion failed for lack of a second.

MOTION: Larson/Palmer to amend **Resolution No. 2008-2785** implementing new Wastewater Rates at a 15% increase per year for the next two fiscal years 2008-09 and 2009-10, effective July 1, 2008.

Mr. Danicic pointed out that according to attachment 13 and the wastewater scenarios, 15% for the next two years would eliminate all capital reserves which would not allow capital improvements to occur for two years. This would only cover operation and maintenance costs (O&M) with no reserve monies.

Councilor Marc Shelton argued the crisis concerning wastewater has not been overstated, in his opinion, and he would support the full increase for wastewater to allow a reserve to build for the needs presented effectively by staff.

VOTE: To amend **Resolution No. 2008-2785** with a 15% increase. (2 Yes [Andrews, Larson]/5 No) Motion failed.

MOTION: **Shelton/Palmer** to amend **Resolution No. 2008-2785** with a 21% incremental increase per year over the next two fiscal years 2008-09 and 2009-10. (3 Yes [Palmer, Rierson, Shelton]/4 No [Andrews, Boyes, Currier, Larson]) Motion failed.

MOTION: **Larson/Palmer** to approve **Resolution No. 2008-2785** with an 18% increase per year over the next two fiscal years 2008-09 and 2009-10.

Mr. Danicic replied they would look diligently at maintaining a 90 day operating reserve and certain elements of the capital improvement would be delayed or scaled back.

VOTE: To approve **Resolution No. 2008-2785** with an 18% increase. (3 Yes [Larson, Palmer, Rierson]/4 No [Andrews, Boyes, Currier, Shelton]) Motion failed.

MOTION: **Currier/** to approve **Resolution No. 2008-2785** with a 12.5% increase per year over the next two fiscal years 2008-09 and 2009-10. Motion failed for lack of a second.

Discussion followed concerning each Council members range of accepted increases to see if there was a compromise.

Councilor Bob Larson announced that a 20% increase would be a break even point and staff replied they could live with that number, allowing a 60 day contingency for O&M. There would not be money available in reserves if a break occurred. This would be an approximate \$9 dollar increase for 2008/2009 and an \$11 increase for 2009/2010 in the water bills; about \$100 per year.

Councilor Shelton spoke of the possible environmental impact and fines from DEQ and stood firm on his belief there should not be any decreases to the rates for wastewater; but, he was willing to support a compromise for an increase somewhere between 18% and 21%.

Councilor Palmer asked what would be done if a major break occurred with no contingency funds. Staff replied it would have to be fixed and options would be to borrow funds from the water fund or general fund, which would have to be paid back in one year.

MOTION: **Larson/Shelton** to approve **Resolution No. 2008-2785** implementing a 20% increase per year for the next two fiscal years 2008-09 and 2009-10. (5 Yes/2 No [Andrews, Currier]) Motion carried.

3. Consider a motion to affirm approval of **Resolution No. 2008-2786** adopting new Storm Water Rates effective July 1, 2008.

MOTION: Palmer/Larson to re-approve of **Resolution No. 2008-2786** adopting new Storm Water Rates with a 7.5% increase per year for the next two fiscal years 2008-09 and 2009-10, effective July 1, 2008. (Unanimous) Motion carried.

4. Consider a motion approving **Resolution No. 2008-2792** adopting the 2008/2009 City of Newberg Budget and to participate in the State Revenue Sharing Program. (Legislative Hearing)

TIME – 10:30 PM

Mayor Andrews called for biases, conflicts of interest, ex parte contact, or abstentions; none appeared.

Ms. Elizabeth Comfort, Finance Director, presented the staff report (see official record for full report).

Discussion followed concerning the \$3 fee on the water bill for the police department to support three additional officers. It was explained to be a placeholder only until funds are available with public support. Increases in janitorial services were also briefly discussed.

Mayor Andrews closed public testimony. Discussion followed concerning revenue sharing being included as part of the resolution and budget placeholders were further clarified by staff.

Mr. Terrence Mahr, City Attorney, noted a change that needed to occur in the recitals. A paragraph needs to be placed in there as number 5, changing the current paragraph to number 6. The number 5 paragraph should read, “City Council adopts a public safety fee fund and the budget shows the revenue that will only be available if the Council authorizes the public safety fee to be assessed, which shall be done by further Council action at a time to be determined by the Council.”

Councilor Palmer noted another change needed to be made in number one of the recitals to correct the date from May 16th to May 15th as well as within the legislative history at the end of the resolution as well.

MOTION: Larson/Shelton to approve **Resolution No. 2008-2792** adopting the 2008/2009 City of Newberg Budget read by title only, including the property tax rate which would remain at 4.3827, and to participate in the State Revenue Sharing Program as amended. (Unanimous) Motion carried.

5. Consider a motion approving **Order No. 2008-0011** finding that the proposed annexation and zoning map amendment meet the applicable Newberg Development Code criteria and **Ordinance No. 2008-2695** annexing property at 3805 Terrace Drive, subject to a public vote.

TIME – 10:57 PM

Mayor Andrews called for any biases, conflicts of interest, ex parte contact, conflicts of jurisdiction, or abstentions; none stated.

Mr. Terrence Mahr, City Attorney, made the required statements concerning quasi-judicial process.

Mr. Barton Brierley, Planning and Building Director, presented the staff report (see official record for full report).

Councilor Rierson questioned if they were obligated to follow the proposed site development plan. Staff explained it was a dual decision. If it met criteria quasi-judicially, then the obligation would be to approve it. In the legislative portion, Council could not approve the annexation to send to a vote if the perception is that it would not be well received at this time.

Councilor Currier asked if additional connectivity would be required to the north. Staff agreed it would be required.

Mayor Andrews opened public testimony.

Mr. Douglas P. Cushing, Attorney from Jordan Schrader representing the heirs of the property, spoke of the existing layout of the land and the intent to connect to existing subdivisions to the south and existing streets on the east side. He ensured these items would be resolved in the final development plan only after a successful annexation and once someone was acquired to develop the property. There are no immediate plans by the family to develop, but appropriate consultants would be brought in to ensure connectivity when that time comes. He requested approval for the annexation to be placed on the ballot.

Mr. Andrew Tull, WRG Design, spoke of the unique topography of the land, the existing roads, and the existing condition of the site. He said this is a possible resource area and connectivity is lacking in the north due to wetland areas. An additional road may be required at the time of development to the west as well.

Ms. Joyce Howell spoke for her family concerning her mother's property and asked for a favorable vote to annex the land into the City so they can move on and sell the property. She does not know if anyone is interested currently but it would make more sense to be incorporated into what is going on around that area.

Mr. Robert Soppe did not object to the annexation but expressed concern for how the process has not changed. He felt Council needed better information about the City's projected growth verses the actual growth. He spoke of controlled growth being the goal, but felt the tools for measuring this growth were lacking.

Mayor Andrews closed public testimony and the hearing.

Mr. Brierley stated growth has been less than projected based on several properties being annexed that have not been developed. There is a larger inventory of developable land which has not maximum requirement. He recommended adoption of the annexation and the zoning changes.

Councilor Currier felt the Council should be provided with a land inventory so they know how to make informed decisions.

The applicant requested the additional time to submit written testimony.

Mr. Mahr stated the record was closed and the applicant was given a week from tomorrow to provide additional written testimony on items covered within the closed record.

IX. CONTINUED BUSINESS

None.

X. NEW BUSINESS

1. Consider a motion approving **Resolution No. 2008-2795** authorizing the city manager to enter into an agreement for Newberg to provide planning services for the City of Dundee.

TIME – 11:32 PM

Mr. Brierley presented the staff report and recommended approval (see official record for full report).

Discussion followed concerning expenses for travel, time spent at Planning Commission meetings, hourly billing, and revenue being less than one thousand dollars. The impact on loss of services to Newberg due to lay off situations was also discussed; staff felt this could be absorbed because of long range planning. The City Attorney was consulted concerning the contract and whether it should be automatically renewed or evaluated annually.

MOTION: **Shelton/Palmer** to approve **Resolution No. 2008-2795** authorizing the city manager to enter into an agreement for Newberg to provide planning services for the City of Dundee. (6 Yes/1 No [Currier]) Motion carried.

2. Consider a motion approving **Resolution No. 2008-2793** authorizing the City manager to enter into a contract with Freewire Broadband for the purpose of establishing network connectivity to City buildings.

TIME – 11:50 PM

This item was removed from the Consent Calendar and heard out of agenda order.

Mr. Dave Brooks, IT Director, presented the staff report and recommended approval (see official record for full report).

Discussion followed concerning the need for employees to access shared files and if connecting to fiber optic lines was an option. Fiber optic links were not cost effective.

Councilor Rierson understood the need for access to files but was concerned with depleting the Cable Access Funds. He felt the City had been negligent concerning the educational scholarship portion of the intended use of the fund.

Mr. Mahr stated no state laws would be violated and there was not likely the City would be audited concerning the use of those funds.

Mr. Soppe noted the need was appropriate but warned against the citizens paying indirectly for a fund whose original intent included some form of educational scholarships. Legally there may not be any problems, but he wonders how the Council will answer to the citizens who cable bills indirectly pay for this fund.

MOTION: Larson/Shelton to approve **Resolution No. 2008-2793** authorizing the city manager to enter into a contract with Freewire Broadband for the purpose of establishing network connectivity to City buildings.

Mayor Andrews stated he was in favor of the internal connection, but not the source of revenue; he would not support this resolution.

VOTE: To approve **Resolution No. 2008-2793**. (2 Yes [Larson, Shelton]/5 No) Motion failed.

XI. COUNCIL BUSINESS

None.

XII. EXECUTIVE SESSION

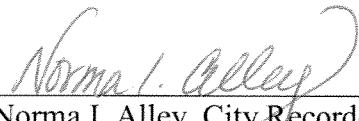
Executive session pursuant to ORS 192.660(2)(H) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Executive Session was held during Work Session. No decisions were made.

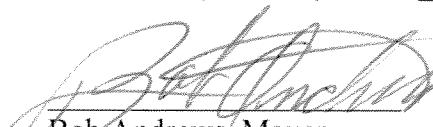
XIII. ADJOURNMENT

MOTION: Larson/Palmer to adjourn at 12:21 PM (Unanimous) Motion carried.

ADOPTED by the Newberg City Council this 21st day of July, 2008.


Norma I. Alley, City Recorder

ATTEST by the Mayor this 24th day of July, 2008.


Bob Andrews, Mayor