NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
NOVEMBER 7, 2016, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

A work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Lesley Woodruff, Denise Bacon, Mike Corey, Scott Essin, Patrick Johnson and Stephen McKinney. Also present were City Manager Joe Hannan, City Attorney Truman Stone, City Recorder Sue Ryan, Finance Director Matt Zook, City Engineer Kaaren Hofmann, Community Development Director Doug Rux, Human Resources Director Anna Lee, and Public Works Director Jay Harris.

Mayor Andrews called the meeting to order. Items added to Council Business included: Economic Development grant program and Emergency Preparedness Faith Leadership Conference.

Finance Director Matt presented on the Long Range Financial Plan Ad Hoc committee's progress. They were set up as part of the Council's priorities, which included creating a five-year financial plan and reviewing financial policies. In its four meetings to date, the Committee gave feedback and looked at long range financial plans of other cities. Staff was working on a model for Newberg. He explained the assumptions that would go into the plan and how policies would connect to the plan and budget. The Committee would meet two more times and return in January with a recommendation.

Crista Eberle, Board President of the Newberg Animal Shelter Friends, reported that from January to September of 2016, 244 animals had been adopted. The bulk of the animals at the shelter were surrendered animals that people could no longer care for. Animals were spayed or neutered and vaccinated before they were adopted out. There were 48 volunteers and two full-time employees that staffed the shelter for 11 hours per day. She explained their working relationships with Yamhill County and the Oregon Humane Society. Two dog kennels were kept open at all times for the City of Newberg Police or Yamhill County Dog Control to use for displaced animals.

They heard from the community that applications were being lost and a digital tracking system had been put in place. They had raised funds including some for an HVAC system. The shelter board wanted to increase the number of Board of Directors, especially professionals with experience in grant writing, public relations, non-profit, and event planning. She was asking for feedback on long range planning for the shelter. There were questions on how the shelter was paying for costs, what it cost to adopt a dog, and having places around town where people could drop off donations of pet food.

Councilor Johnson discussed the Economic Development grant program funded by the Oregon Lottery where businesses could apply January to March for $10,000 or less per business.

Mayor Andrews said Elected Essentials training was available through the League of Oregon Cities. He encouraged the Council to attend. There was a ribbon cutting for the new location of the Chamber on November 18.

Councilor Essin reported on the Emergency Preparedness Faith Leadership Conference. He had been working with local churches that could be shelters in an emergency.

CALL MEETING TO ORDER
The Mayor called the business session to order at 7:00 p.m.

ROLL CALL

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Lesley Woodruff	Mike Corey	Denise Bacon
	Patrick Johnson		
Staff Present:	Joe Hannan, City Manager	Truman Stone, City Attorney	
	Sue Ryan, City Recorder	Kaaren Hofmann, City Engineer	
	Jay Harris, Public Works Director	Doug Rux, Community Development Department	
	Matt Zook, Finance Director	Anna Lee, Human Resources Director	

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER'S REPORT: City Manager Hannan reported on his current activities. He had worked with George Fox University partner with the City on internships. He met with the Camellia Association to declare Newberg as a Camellia City and there would be a Newberg based international festival in 2017. He and the Mayor met with U.S. Senator Merkley's and U.S. Representative Bonamici's staff to discuss federal issues. He was exploring with the Portland Veteran's Agency to have a veterans' clinic one or two days a week in Newberg with an existing provider. He also met with a local Americans with Disabilities Act (ADA) advocate regarding the City better responding to ADA needs. He asked for those going to the Rural Development Institute's Economic Development Summit let the City Recorder know.

PUBLIC COMMENTS: None.

CONSENT CALENDAR:

MOTION: Corey/Johnson moved to approve the Consent Calendar, including approving Council Minutes for September 19 and October 3, 2016 and Resolution 2016-3343, A Resolution proclaiming Newberg as the Camellia City of Oregon. Motion carried (7 Yes/ 0 No).

NEW BUSINESS:

Resolution 2016-3339: CPRD Pool System Development Charges (SDCs) Waiver

Community Development Director Doug Rux said Chehalem Parks & Recreation District (CPRD) requested to waive their SDCs for the new pool. Voters passed a bond measure to construct it. The facility would be 40,000 square feet and this request was only for the new pool. In 2007, the Council established a program to waive SDCs for projects that served low to moderate income families or individuals. These waivers could be for all, some, or none of the SDCs and there was criteria that had to be met. The organization had to be a certified non-profit. CPRD was a government entity and similar to a non-profit as they did not pay taxes. The pool's activities and programs could serve low-to-moderate income families or individuals.

CPRD came up with a total of $275,454 that could be waived for transportation, storm, and wastewater SDCs. After City staff reviewed the numbers, they found the SDCs total would be $361,311. CPRD did not have to pay a park SDC and the School District had waived their Construction Excise Tax of $20,000. There was the option of the City financing the SDCs with a possible interest rate. He then discussed the impact of the waiver on the SDC funds. There were two options for Council, to adopt the resolution approving the waiver or to adopt a resolution denying the waiver.

Councilor Johnson asked if the City was to finance the SDCs what would happen to the projects on the City's Capital Improvement Plan. CDD Rux explained that it would impact the Villa Road, Crestview Drive, and Elliott Road projects. These projects might have to be delayed if the SDCs were waived. Councilor McKinney asked about ADA options involving Elliott Road. CDD Rux said this involved putting in sidewalks on the west side. They could put in a mid-block crossing so people could cross to the east to get to the existing sidewalk that would go up to Haworth and people could cross back over to the west or put in the missing piece of sidewalk on the east side so there was a traffic light on Elliott and 99W and a sidewalk up to Haworth.

Councilor Essin said they had waived the SDCs for Habitat for Humanity previously. They had done a trip generation study in support of their application and he asked if CPRD had done this. CDD Rux said CPRD was required to do a traffic analysis, which staff reviewed. There was no objection to the trip generation. For Habitat, there was a difference of opinion between their traffic engineer and the City's about their classification in the ITE Manual. That was not the case in this situation. Councilor Essin said this was a remodeling project and he was concerned about the costs especially when it was a remodel. CDD Rux said in this situation the Parks District was building a new structure that increased the capacity, increased the trips on the roads and parking as well as the number of patrons coming to the facility. Councilor McKinney asked about the remodel of the fitness facility. CDD Rux said that was not part of this request, this was a request for the new 40,000-square-foot pool.

Councilor Essin asked about a City loan as an option. They were counting on these funds for future projects. CDD Rux thought that was a good question for the applicant. He had talked to them about financing the SDC charges. He explained the projects that were to be done next in the Capital Improvement Plan and how those projects would be impacted by the waiver.

Councilor Corey said when the project was formulated by CPRD they knew about the SDCs. CDD Rux thought they should have been aware of the SDCs. These were estimates, and the final calculations came when the building permits were issued. There was a discussion on how it could impact the timing of City's projects. There was discussion on the ADA project and avoiding a federal lawsuit by finishing the road to comply with federal laws.

Councilor Johnson asked what section of Crestview Drive was the City working on. CDD Rux explained it was from Highway 99W to Springbrook. Councilor Essin asked about a possible cul-de-sac design. CDD Rux said an access would be on Cherry Street which is a dead-end. Creating a cul-de-sac would provide a driveway access to the new pool facility from the back. CPRD would pay the cost as part of the project. Councilor Corey asked about the cost for Crestview Drive and what part development would pay for. CDD Rux said it was an estimated $5 million project and explained the funding.

Proponents:
Jim McMaster, CPRD District, said in 1970 a bond was passed to build the first pool in this community which cost about $500,000. The new facility would cost millions and the costs were escalating. They would not be requesting a waiver if there were not escalating costs. They wanted to build a pool that would last for 50 years. They had looked at the free lunch programs at the schools and the groups they served including the homeless and thought they met the intent of the waiver. The cul-de-sac was included in the project so trucks could access the facility without going in the front where children were coming in and out. It also allowed the care facility to expand and have access to the back of their facility. They gave up parking on Haworth Avenue due to a bike lane and donated some property to the City because the property line was not drawn correctly. The new pool would improve the livability of the community and create more interest for families to move to Newberg. The bond passed and he urged them to approve the resolution.
Sid Scott of SEA Architecture said this was a great community effort. One of the biggest issues was the escalation of construction costs. Instead of the standard 3% per year, costs were going up by 8% to 10%.

Councilor Bacon was willing to help pay for the pool even though she did not use the facility.

Councilor Essin asked if CPRD met the requirement for serving a low to moderate income population. Mr. McMaster thought they did and discussed how they donated a building for FISH to feed the hungry and donated office space to Habitat for Humanity. Councilor Essin asked why the bond did not cover these types of contingencies. Mr. McMaster explained how they were trying to meet the needs of the community and had taken 10% out of the project in order to meet the escalating costs.

Councilor Johnson said pools typically did not make money and he thought Newberg was lucky to have an amenity supported by voters. He clarified CPRD had budgeted for SDCs and they were still short for completing the entire project. Would waiving these fees help fill the gap? Mr. McMaster said yes. Mayor Andrews said the bond was for $19.9 million. Mr. Scott said construction was approaching $18 million, and they initially estimated it to cost $16.5 million. To complete the fitness center, it would cost another $1 million. There were other soft costs involved as well.

Matt Bayha, representing the Chehalem Swim Team, said the Swim Team represented over 100 families who participated in competitive swimming at the Chehalem Aquatic Center. They had served thousands of families including those who could not afford to pay. The bond measure was overwhelmingly supported by the community. Success of the project was tied to the cost of construction and in this case it was volatile and ever changing. While construction costs could be challenging, other areas were more flexible and some of the amenities had been scaled down. The School District had waived the Construction Excise Tax and CPRD was asking the City to waive the SDCs. Waiving the fees would help keep core facility features intact. These types of fees had been waived before in the City as well as other neighboring cities to meet community goals. The new aquatic center would be a community asset and served the entire population of Newberg. CPRD offered scholarships for activities and served the homeless, seniors, and schools. It provided jobs and hosted events that brought people out of town to Newberg. This was an investment in the community.

Bart Rierson, of the CPRD board of directors, said reducing fees would support the community. They asked for a $19.9 million bond because the consultant advised them not to ask for more than that. The scope of the project had been reduced. They wanted to build a world class facility that would last for 50 years. They were doing everything they could to value engineer the project. CPRD made a commitment to the community that they would find a way to complete the project.

Councilor McKinney said if these fees were waived money for City projects would have to come from somewhere else. Mr. Rierson said anything that could be waived would help and CPRD was willing to finance the SDCs. Councilor Bacon worked closely with people in poverty and wanted to know if the pool served people in poverty, especially with the cost of transportation and lessons. Mr. Rierson said they did not turn anyone away and wanted to serve everyone in the community. If there were ideas to make the pool easier on low income residents to access, he was open to them.

Councilor Essin said there were free passes for people to use the showers at the pool for those in poverty and those who needed food could go to FISH and that facility was provided by CPRD. Habitat had offices provided by CPRD. They provided senior programs as well. He thought CPRD met the requirement. Mr. Rierson said part of the design of the new pool was zero depth entry for disabled and elderly.

Lisa Rogers served on the CPRD bond citizen committee. Her family used the pool and her three boys had opportunities for higher education that they would not have had without it. The new pool would be an asset to the community. CPRD was asking for the City's partnership so the project could be completed for the community. They would not be here if construction costs were not unusually and unreasonably high.

Eugene C. Bell was in favor of waiving SDC fees. He served as the board president for FISH, which was housed by CPRD. They did not have to pay the $6,000 per month in rent to be able to serve the neediest in the community. In the 8.5 years of FISH, that amounted to $576,000 that they had not had to pay and they were able to use the money instead to distribute food instead. He served on the Habitat for Humanity Board who also received office space thanks to CPRD. The district was trying to tailor the project to maximize their resources. CPRD had been responsible with the bond funds voters had approved, were responsible with their facilities and were asking for resources to be put into the project. He thought CPRD was a contributor to caring for those most at risk in the community.

Councilor Johnson said he loved the pool and parks district but also knew how short the City was in funds to pay for road projects, especially on Villa and Elliott roads. A new pool would generate more traffic on the roads that needed to be improved. If the SDCs were waived, it would take away from the projects that had needed to be done for a long time. He asked where the money for the roads would come from. Mr. Bell said SDCs were not used for road maintenance but for additional capacity and there were more state and federal funds for capacity building. He was advocating for the SDC waiver because capacity building was different from street maintenance.

Councilor Bacon said it was the taxpayer's money that provided the buildings for FISH and Habitat, not CPRD providing the space. Mr. Bell agreed, and it was also the citizens who passed the bond to build the pool.

Councilor Essin said the Council was considering increasing fees in order to cover road maintenance and the contract with TVF&R would give the City some extra money. He thought there were other options for funding the projects.

Don Clements, CPRD Superintendent, said they were asking the Council not to waive the fees, but to invest in the future and to invest in the community. This pool project was of great benefit to the Council and to the community. He was asking them to invest in this project by waiving not only the SDCs but all fees. The property values would go up because of the pool. The pool would benefit the community and he asked that the Council and CPRD work together. Councilor McKinney said there was a history of the City and CPRD working together. The problems the City faced were the condition of the roads and the lack of funds for the roads.

Allyn Brown served on the CPRD Aquatic Center Oversight Committee. In all of the projects he'd been involved in, there was never enough money due to market changes and there had to be a redesign or search for other funds. The Oversight Committee managed the contract, bid negotiation and construction. They did not want to postpone the project, but thought the streets could be postponed. Senior citizens came to exercise at the pool and many people came to the pool to shave and shower. CPRD had daycare for people as well. He encouraged the Council to waive the fees. It was an issue to address now where roads could be figured out later.

Jennifer Parento, Newberg resident, traveled across the State for her work as a child nutrition specialist. A number of communities had pool facilities. Newberg's pool was getting down to the last few years of its usage. She had used the pool for years and it was a great asset. The City needed to do more for the homeless.

Rick Rogers, Habitat for Humanity director, Long Range Financial Planning Committee, and Citizens Rate Review Committee member, understood frugality. There was only one place to learn to swim in the community. Because 50% of kids in the Newberg schools were low income, chances were 50% of the kids learning to swim were low income. The roads had been deteriorating for a while, but CPRD was asking the Council to honor the partnerships that made Newberg what it was. Councilor Bacon was not against the pool and had voted in favor of the bond measure. She wanted to come up with an answer for this situation, but she also had to have an answer for the City's obligations. Mr. Rogers thought the Council could say that the issue was important enough to make an additional investment towards a City asset that had great value. They had to make sure the pool happened, especially for the safety of children and teaching them to swim.

Deliberations:
Mayor Andrews asked staff about the possibility of deferring the SDCs. Was a lien feasible for the Aquatic Center or did the City have the authority to do a 0% interest loan. Could the City Council consider a deferral with no or very low interest rate? CM Hannan said yes. Councilor McKinney suggested tabling the resolution to another meeting for staff to come back with options. Councilor Essin thought they could make it work and agreed it should be tabled.

Councilor Corey said this was not a question of whether the pool was valuable or not. This was an investment. The City could also make an investment, but he was not ready to make a decision tonight. He was in favor of staff meeting with CPRD about financing the fees. He questioned whether the low income criteria was met. Councilor Woodruff said the questions were how would the money best serve the needs of the community and did the City recognize the pool as a community asset and if so, how would the City partner with CPRD. She was also hesitant about the low income criteria being met.

Councilor Johnson suggested having staff look at the City's legal responsibility for the three road projects that would be impacted by the SDC waiver and come back to the Council with an amount of the SDCs that they could waive or the option of a financial package that would work for CPRD with the lowest interest rate they could get.

Mr. Clements said the longer they waited for the permits, the more the costs were going up. Councilor Bacon asked if the fees could be deferred for now and the permits issued. CM Hannan said staff could work with CPRD on the permits.

MOTION: Johnson/Bacon moved to table the discussion on Resolution 2016-3339 with further instruction for staff to find out the legal obligations for the three road projects and to meet with CPRD on waiving or financing the SDCs and return options to Council on December 19, 2016. Motion (7 Yes/0 No).

There was a brief recess for 10 minutes.

Resolution 2016-3340: CPRD Pool building permit fee reduction
CDD Rux suggested tabling this resolution until December 19. This was a request from CPRD to waive the building and engineering fees for the new pool project. These fees would be discussed in the same discussion as the SDCs waiver and options would be brought back to Council.

MOTION: Johnson/Bacon moved to table Resolution 2016-3340 to December 19, 2016. Motion carried (7 Yes/0 No).

Resolution 2016-3322, Volunteers Workmen's Compensation:
Human Resources Director Lee said the City updated the Workers Compensation request for coverage every year which included volunteers. The Mayor and Council were considered volunteers.

The Mayor and City Councilors declared potential conflicts of interest as they could benefit financially from the decision if they were injured while volunteering for the City. Mayor Andrews said the resolution only stated there was coverage for commissions and boards, and he suggested adding the words "committees including ad-hoc".

MOTION: Corey/Woodruff moved to approve Resolution 2016-3322, A Resolution extending Worker's Compensation Insurance to Volunteers as amended with the addition of "committees including ad-hoc". Motion carried (7 Yes/ 0 No).

Street Utility Fee:
Public Works Director Harris said the Council adopted a consultant report in 2014 that calculated the Pavement Condition Index of the City. The score was 73 out of 100. The estimated backlog of street repairs would cost $50 million. Last year Council decided to maintain the streets and directed staff to look at options including: a Street Utility Fee, Gas Tax, and a Bond Measure. Multiple funding sources were needed to solve the problem. An ad-hoc committee was put together to look at different models for the street utility fee.

Tony Roos of Kittelson & Associates said Newberg had 65.5 paved miles of roads and the value was $150 million. Since the 2014 score of 73 on the PCI, the number had slid to 68 due to lack of road maintenance. CE Hofmann said the City received $1.3 million per year from the State gas tax and $520,000 was spent strictly on pavement and the rest was spent on capital projects, street lights, and street energy. They could not use SDCs on pavement maintenance.

Mr. Roos said pavement report estimated $2.5 million per year to maintain City roads at the current index rating. But at that price some roads would not be improved in the next 10 years. If they did nothing, there would still be limited funding and the index would continue to worsen. If spending increased to $2.9 million per year, all the roads would be improved in the next 10 years. CE Hofmann said there was no way they could raise that much money from one funding source and staff looked into the options.

A Street Utility Fee could be put on the monthly Municipal Services Statement. The fee could be charged as a flat fee, flat fee within class, variable fee within class, or by trip generation. The ad-hoc committee had looked at these options and recommended a variable fee within class. Staff had also looked into a local gas tax which could be put on the ballot as early as spring of 2017. A $.06 per gallon tax would raise $700,000 to $800,000 per year. PWSD Harris said public outreach had been done through the ad-hoc committee, web site updates, newsletter articles, Council updates, Mayor's Cabinet presentation, online open house, Traffic Safety Commission presentation, and Rotary meeting presentation.

Mr. Roos said some of the options the ad-hoc committee looked at were a $.04, $.06, or $.08 gas tax. He then discussed draft sample bills with the utility fee and funding scenarios with the utility fee and gas tax combined. Residences generated 35% of the trips in the City, and 65% were generated by businesses and the ad-hoc committee recommended charging the utility fee to reflect that. For a single family residence, the fee would be $4.16 per month, multi-family residences and manufactured homes would be slightly less than that. For a bookstore, the fee would be $57 per month, golf course would be $269 per month, gas stations would be charged per number of service positions, and schools were charged by the number of students.

He said feedback showed citizens thought roads should be maintained better, pavement would continue to deteriorate, and it would cost more in the future if they kicked the problem down the road. The general public did not understand the increasing future cos. There was no single revenue source that could be used. The recommendation for the Street Utility Fee was that 35% of the cost would be from residential users with options for fee waivers for low income and 65% from businesses. As more funding became available from the State or other sources, it could off-set the utility fee. There could be a phase-in approach where the fund was built up slowly in three to four years, a sunset or rate adjustment clause, or a funding prioritization clause where 70% would go to the roads in good condition and 30% would go to the roads in poor condition. They could also put caps on each class, such as a School District could be capped at $1,000 per month.

There was discussion on capping and inflation escalators, that without additional funding, the City would keep sliding on its Pavement Condition Index. In 2022, the City would have a PCI of 61 and would be $21 million behind if nothing was done. Once they were caught up, the long term pavement maintenance costs would be decreased and perhaps the fee could sunset or be reduced. It also reduced vehicle maintenance costs and increased property values. It made people more mobile, safe and made for a better, livable community.

Jack Reardon, ad-hoc committee member and Budget Committee member, said road maintenance had been a problem for many years. Something needed to be done, especially since little maintenance had been done during the last 10 years. It was more costly to repair the roads now and it would only get more expensive. More funding was needed for road maintenance and a utility fee should be considered. He was concerned about the numbers, especially when they became onerous to citizens and businesses. He thought more should be taken from a gas tax than the utility fee. He thought the utility fee as proposed was too high.

E.C. Bell, ad-hoc committee member, said this issue would not get less onerous and a decision would have to be made on road maintenance funding. There were signs that the gas tax would not produce as much revenue as they hoped due to fuel efficiencies and people using other modes of transportation. He was concerned about revenue taken from schools. Many of the kids were homeless or lower income and there were needs in the School District that also required funding. He discouraged using the School District as a source of funds. He thought churches or other organizations could be charged instead.

PWSD Harris discussed the options for Council action, including tabling the issue or directing staff to formulate a Street Utility Fee ordinance.

Discussion:
Mayor Andrews asked if they put a gas tax on the May ballot, when did it have to be filed? CE Hofmann said the ballot title would need to be reviewed in February. Councilor Bacon liked the idea of a funding prioritization clause and allowing waivers for low income. There was discussion regarding public perception of the $.06 gas tax, need for public outreach on the gas tax, and being successful at the ballot. Councilor Johnson thought improved streets would be important to economic development. A project list could be developed for the funding.

Councilor McKinney asked about the street utility fee rates and why they were only looking at Scenario 1 for the billing. He thought residential could pay a little more so that the rest of the community did not have such a high fee. CE Hofmann explained that Scenario 1 was the recommendation that came out of the ad hoc committee. The cost split between residential and non-residential was due to the trips generated. The Council could choose a different split.

Councilor Essin said his understanding was the City would need both the gas tax and the street utility fee. He thought it was a good idea to have a higher gas tax and a smaller street utility fee. CE Hofmann said the gas tax would have to go on the ballot, but the utility fee did not have to go on the ballot. They could phase in the utility fee and it could go to the Citizens Rate Review Committee for consideration.

Councilor Corey thought it would be important to the citizens to have a list of projects that would be done with this funding. He thought the phased in approach would further delay the issue. He agreed with low income waivers, a sunset or adjustment rate, and funding allocation clause. He was not in favor of a cap and thought residential could pay more.

Councilor Johnson was interested in looking at Scenario 2 or 3 where residential users paid more. He was also concerned about charging the School District. Councilor McKinney wanted to get things done and to create a substantial amount of money for roads. Hardships could be reviewed on case by case basis. Mayor Andrews suggested a phased out approach where they started at a higher rate and after so many years it would be reduced. Councilor Johnson thought the sunset/rate adjustment clause accomplished that.

MOTION: Johnson/Bacon moved to direct staff to prepare an Ordinance for a street utility fee with the following options: 1. Low Income Waivers, 2. Sunset/Rate Adjustment Clause, 3. Funding Prioritization Clause, 4. Funding Allocation Clause, and 5. Cap of monthly fee. Motion passed (7 Yes/ 0 No).

COUNCIL BUSINESS: None.

ADJOURNMENT: The meeting was adjourned at 10:53 p.m.

ADOPTED by the Newberg City Council this 5th day of December, 2016.

Sue Ryan

Sue Ryan, City Recorder

ATTESTED by the Mayor this 8th day of December, 2016.

Bob Andrews

Bob Andrews, Mayor