

NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
April 17, 2017, 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 Mike Corey, Patrick Johnson, Denise Bacon, and Stephen McKinney. Councilor Scott Essin entered the meeting at 6:10 p.m. and Councilor Hayley Delle was absent. Also present were City Manager Joe Hannan, City Attorney Truman Stone, City Recorder Sue Ryan, Code Compliance Officer Bryan Corn, Community Development Director Jay Harris and Finance Director Matt Zook.

Mayor Andrews called the meeting to order. He had two changes to the minutes. On page 3, there was a typo where the word "sad" should have been "said." On page 4, it should say "Senate Concurrent Resolution #26." There were no additional items for the agenda.

Committee Chairs delivered their reports.

Stuart Brown, Affordable Housing Committee Chair, said on February 23 they received \$400,000 from a CBDG grant for the manufactured home rehabilitation program. This program would support the single largest category of affordable housing in our community. There were 692 units of manufactured homes in parks and many others on their own lots. The contract would go to Business Oregon for approval. Once that was done, there would be sub-grant agreement with Yamhill County Housing Authority. The goal for the remainder of this fiscal year was to have \$10,000 available for the grants, and the balance would be utilized in the following fiscal year. They had received a collaborative application with Habitat for Humanity under their Brush with Kindness program. It was a gap measure to have a small amount of funds available for manufactured housing for urgent or immediate needs that fell out of the scope of other agencies. Habitat would put in one-third of the amount and Affordable Housing would put in two-thirds. It was a \$10,000 grant with an additional \$3,300 from Habitat. Their priority for the coming fiscal year was to focus on accessory dwelling units.

There was a discussion on the Code requirements for accessory dwelling units and on manufactured home parks and residents.

Kerrie Allen, Library Board Chair, said staff presented information on fundraising to the Library Foundation. There had been excellent turnout for the Library Board recruitment. There was increased membership on the Foundation Board which had been reinvigorated and they were meeting regularly now. The Library was fully staffed after hiring two new employees.

There was discussion on how the Library Board functioned and the difference between it and the Library Foundation.

Rick Rogers, Citizens Rate Review Committee Chair, said they had two members with terms that were expiring. Updates to the City's Master Plans would be helpful for the Committee in the future as they set out the capital improvement projects that were funded through rates. The Long Range Financial Plan would also help the Committee with perspective on capital improvements. He announced the dedication for the new Habitat for Humanity Restore that would take place tomorrow afternoon.

Rick Fieldhouse, Historic Preservation Commission Chair, said they had worked on a historic building inventory in the downtown core with a website to allow people to do research. This work was done because they needed a baseline to begin with to direct their planning efforts for the future. The Cameo Theatre was working toward being placed on the National Register of Historic Places and a State Historic Preservation Office grant was being used for that process. He reported on some quasi-judicial hearings they held for

modifications to structures on the City's register of historic assets, the Recipe Restaurant and Chehalem Cultural Center patio.

There was discussion on the re-opening of the Recipe Restaurant at the end of the summer and making a walking tour map of the Camellias in the City.

Jason Dale, Planning Commission Chair, said they had been busy with the Dutchman's Ridge annexation application. There had been an issue with a Comprehensive Plan policy that said large annexations had to include some R-3 zoning. The application had been approved and would come to Council. The Commission had directed staff to begin a legislative process to make changes so that policy could be implemented. The Commission also gave approval for a telecommunications antenna to be installed on the Newberg Seventh Day Adventist Church. They would discuss the Water Master Plan at their next meeting.

Neal Klein, Traffic Safety Committee representative, said the Committee had changed from being underneath the Police Department to being under the Engineering Department. They were going through some Code revisions. He then gave a history of the Commission and improvements they had made in the City. They also had been working on the issues caused by old infrastructure, traffic calming, and traffic changes due to the Bypass. He looked forward to continuing to work with the Planning Commission and Council.

There was discussion on safety issues at the intersection of Highway 219 and Everest. Mr. Klein explained the City had no jurisdiction on that intersection because it was under the State's control. Community Development Director Doug Rux said when it warranted, ODOT would be constructing a traffic signal at that intersection.

Mayor Andrews reported on the Budget Committee meeting last Saturday. The next meeting would be held on April 25.

City Attorney Stone introduced the new Code Compliance Officer Bryan Corn. He introduced himself and gave his background.

Mayor Andrews adjourned the Work Session at 6:50 p.m.

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
	Mike Corey	Patrick Johnson	Denise Bacon

Members Absent: Hayley Delle

Staff Present:	Joe Hannan, City Manager	Truman Stone, City Attorney
	Sue Ryan, City Recorder	Doug Rux, Community Development Director
	Jay Harris, Public Works Director	Matt Zook, Finance Director
	Sonja Johnson, Engineering Associate	

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

PRESENTATIONS:

Historic Preservation Week Proclamation: Mayor Andrews proclaimed May 2017 as National Historic Preservation Month in Newberg.

MOTION: Andrews/Bacon moved to adopt the proclamation. Motion carried (6 Yes/0 No/1 Absent [Delle]).

Mayor Andrews presented the proclamation to Historic Preservation Commission Chair Rick Fieldhouse.

The Design Stars from Mountain View Middle School gave their annual presentations. The goal of the project was for students to give a presentation about what should be developed at a downtown site near the post office or the Springbrook round-about site. Their ideas included: a donut shop, Chick a Dee nature walk and dog park, Strike-Out arcade and bowling alley, Water Watch theater, and Hilltop Hotel and Concert venue.

CITY MANAGER'S REPORT: City Manager Hannan reported on current activities across the City including: meeting with Dundee Fire and Chief Casey to discuss dispatch issues, budget work, roundtable discussion at George Fox University regarding their 5-year vision, meeting with Sportsman's Airpark about renewing their FAA grant proposal, meeting with new McMinnville City Manager Towery and talking about common interests, participating in the International Camellia Festival, meeting with Tualatin Valley Fire & Rescue about focus group questions, meeting on possible partnerships to construct a veterans service center, attending Newberg High School Seniors Tiger Project Night, training sessions for Community Emergency Response Teams (CERT), attending the Rotary Sponsored Peace Pole dedication, discussing options with PERS on retirement plans, attending multiple community group meetings, meeting with four departments to work on improving water meter billing and accounting, and meeting with the American Legion and Veterans of Foreign Wars about installing banners honoring veterans.

PUBLIC COMMENTS: Mayor Andrews acknowledged the Council had received comments from Robert Soppe on Resolution 2017-3367.

CONSENT CALENDAR:

MOTION: Corey/McKinney moved to approve the Consent Calendar including Resolution 2017-3367, A Resolution to authorize the City Manager to enter into a construction contract with Michels Pipe Services for the lining of 4,959 feet of Wastewater pipe and grouting of 92 lateral connections in the amount of \$245,322.00, and the Council Minutes for March 20, 2017 as amended. Motion carried (6 Yes/0 No/1 Absent [Delle]).

PUBLIC HEARING:

Resolution 2017-3357, Reconsideration of Veritas School Advanced Financing District for North College Street: Council President McKinney called to order the Public Hearing. He asked for declarations of conflicts of interest or abstentions. There were none. City Attorney Stone said at the last meeting, the public testimony portion of the hearing was closed. Since this was a reconsideration of the decision, he advised re-opening the hearing to take additional public comment.

MOTION: Andrews/Johnson moved to re-open the hearing. Motion carried (6 Yes/ 0 No/1 Absent [Delle]).

Engineering Associate Johnson delivered the staff report. Veritas School constructed a public water line and wastewater line in 2015, and were not able to apply for an Advanced Financing Agreement (AFA) until one of the properties that could benefit from the public improvement was annexed into the City. That happened in April 2016 and they submitted an application. The Engineering Department created an engineering report and sent it to all of the properties that could benefit from these lines. The Council denied the Agreement in February 2017. In March, the Council decided to reconsider the application. On March 24, the City received a letter from Veritas School exempting Bill Rourke's property from a future AFA which brought the potential reimbursement of \$51,500 to \$31,000. A revised engineering report was sent out to all the properties on March 31. The cost to the property owners would have simple interest applied, which was the prime interest rate on the day the agreement was executed. The cost would not be payable by the property owner unless they connected to the public lines within the agreement's duration. If the Council approved the AFA, a notice would be sent to all of

the property owners and the agreement would be sent to Veritas School to be executed. The AFA would be in effect until April 17, 2027, and at that time Veritas School would have the option to extend the agreement, but only for 20 years after the City accepted the improvements which would be June 11, 2035. Staff recommended approval of the resolution creating an AFA.

Proponents: Mark Hall, Veritas School Board of Directors Chair, said Veritas was working hard to move the school to the property on North Valley Road and to be a good neighbor. They were planning to put in ball fields that could be used by the community. They were surprised to hear about the letter from Bill Rourke saying they had not done very much work. He thought it was a matter of miscommunication and since then they had addressed all of Mr. Rourke's concerns and had exempted him from the AFA. He thought the AFA was a fair way to reimburse Veritas for a small percentage of the cost they had incurred and only by the properties who took advantage of the lines.

Opponents: Larry McWilliams, Yamhill County resident, said the only change that had been made in this application was exempting a property from the AFA. This was the same request the Council rejected in February. It would legally require five property owners in Yamhill County to pay a non-profit, private, religious entity a projected \$31,000. After the February 21 Council meeting, he received an invitation from Veritas to a coffee get together. However, it was mailed to the wrong address. Another property owner had received no contact from Veritas or the City. He thought every effort should have been made to make sure all property owners were notified. He read in the paper that no property owner attended the coffee get together with Veritas, and this might lead some to conclude that the AFA was not an issue to the property owners. He chose not to attend because the Council had already denied the application, he had no questions for Veritas, and anything said by Veritas should be on the record and not at a coffee get together. It was his understanding that if a property hooked up to the lines, they would have to pay the fee to Veritas. If they did not, a lien would be put on their property and interest would be accrued. He thought this conflicted with federal laws regarding separation of church and state and the freedom from being forced to pay a religious entity. This request raised many concerns.

Jerry Brown, Yamhill County resident, was opposed to this in February and he was still opposed. Nothing had been changed. He was also opposed to charging interest as the sum could grow substantially over the years.

Undecided: None.

Council President McKinney asked Engineering Associate Johnson to explain the issue of interest. Engineering Associate Johnson clarified the AFA allowed for a simple interest rate, which would be the prime interest rate that existed when the agreement was executed. The fees would be charged when the property owner connected to the water and/or wastewater lines. Mayor Andrews asked when the interest began to accrue. Engineering Associate Johnson said it began accruing the day the agreement was executed and would stop when they connected. The initial timeframe was 10 years. If at the end of that time, Veritas did not ask for an extension or the Council did not approve an extension, the interest and the fee would go away and the agreement would be void.

Councilor Essin said Veritas spent a lot of money putting the lines in, but they were asking that in the future if anyone connected to the lines, then they want to be partially reimbursed. If the properties never hooked up, they would never have to pay anything. Engineering Associate Johnson said that was correct. Councilor Johnson asked about other existing AFAs in the City. He thought this was one way to make sure new development supported expansion of the services they would require. Engineering Associate Johnson said there was the Greens AFA and the Providence AFA, which were both still in effect.

Public Works Director Harris said when infrastructure was put in, it was put in to Master Plan sizes to allow for future development. The first developer put in the infrastructure, and as more development occurred they paid back for infrastructure they would have been responsible to put in. Engineering Associate Johnson confirmed Veritas put in the required sizes that were in the Master Plans.

John Milroy, Yamhill County resident, had not been informed that this action was taking place until his neighbor told him. He had just spent \$25,000 on a new septic system and a water line from another street that he had to bring over. Adding more money to that was not in his best interest. He was opposed to the AFA. Mayor Andrews asked what system Mr. Milroy was hooking into? Mr. Milroy said it was Hiland Water District. He had not hooked up to any City services. Councilor Essin clarified if he never hooked up to the City's system, he would never have to pay for it. PWS Director Harris stated if he was not in the City limits, he was not required to hook up to City water. If he was in the City limits, he could not use a well or other water district. Property owners had to be in consent for property to be annexed into the City. CDD Rux explained the types of annexations. The City was not proactively going out to annex any property. Annexing would only happen if the property owner decided to go through the process. He confirmed notices were sent to all of the property owners by the City Engineering Department.

Council President McKinney asked for clarification on the interest issue. CA Stone read what the Code said about the interest. The simple interest would begin at the signing of the document and would continue to be added on an annual basis for the duration of the agreement.

Council President McKinney closed the public testimony portion of the hearing.

Engineering Associate Johnson recommended approval of the Resolution.

Council Deliberation:

Councilor Johnson was in support of the resolution because Veritas had made efforts to talk to the property owners, above what was required. The property owners would be charged by acreage and in some cases that reduced the amount of the fee by more than half. Councilor Corey was also in support. It did not matter if this was a profit or non-profit organization. If someone put in lines, the same agreement would be made. There would be no charge to the property owners unless they decided to develop in the future. If there was a hardship case, it could come to Council to see what could be done.

Mayor Andrews asked how this AFA related to water and wastewater SDCs. PWS Director Harris explained that SDCs were paid when building permits were issued. There was no SDC eligibility for these lines and future connections would not be eligible for SDC reimbursement. Councilor Essin said Veritas had been required to meet the waterline sizes and had to over-build. Since they built more than they needed at the City's request, they were able to be reimbursed. They would not recover all of the money they spent, but they would get some of it. Development in the future would not have to do the improvements, all they would have to do was hook up. Property owners would be able to decide whether or not to hook up, and if they did not, they would not have to pay.

City Manager Hannan said the City was not losing any SDCs. It was separate from reimbursing for improvements through an AFA. City Attorney Stone said there was no payment if there was no annexation or no connection.

MOTION: Essin/Corey moved to approve Resolution 2017-3357, A Resolution authorizing an Advanced Financing Agreement between the City and Veritas School for the construction of a 10-inch public wastewater line and an 8-inch public wastewater line and an 8-inch public water line on North College Street. Motion carried (6 Yes/ 0 No/1 Absent [Delle]).

NEW BUSINESS:

Newberg Employees Retirement Plan Investment Allocation Ratio Change:

Finance Director Zook said this was a request to change the investment allocation ratio from 50/50 equity/fixed to 60/40 equity/fixed for the City's pension plan. This plan was different from PERS. The Council exercised fiduciary responsibility for the City's pension plan and recently staff had investment professionals look at the plan. The Pension Subcommittee met in February to receive an Investment Performance Report. The one year portfolio return was approximately 5.72%, which was below the weighted index of 6.2% return. This was based on the long term 50/50 split. How the investments performed influenced the assets the City had to pay benefits. If the investment income went down, the City had to pay a greater portion and that directly influenced the City's budget. Advisors recommended if the City maintained their investment ratio at 50/50 there would be a lower return on investment. If they went with a 60/40 split they would assume a little bit greater risk, but had a greater potential for return. The Subcommittee voted unanimously to support the 60/40 split.

There was discussion on changing the investment split, the number of current employees on the City's plan, and returning to the Council if they wanted to return to the 50/50 split. There was further discussion on who could go into PERS and who could not, why the City's plan was continuing to be offered, and looking at the long-term viability of the City's plan.

MOTION: Bacon/Johnson moved to have the Council authorize the investment allocation ratio to move from 50/50 equity/fixed to 60/40 equity/fixed. Motion carried (6 Yes/ 0 No/1 Absent [Delle]).

COUNCIL BUSINESS: None.

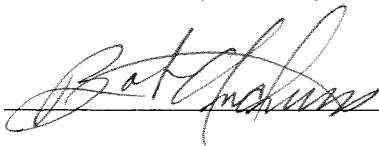
ADJOURNMENT: The meeting was adjourned at 8:57 p.m.

ADOPTED by the Newberg City Council this 15th day of May, 2017.



Sue Ryan, City Recorder

ATTESTED by the Mayor this 18th day of May, 2017.



Bob Andrews, Mayor