

NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
May 2, 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, Scott Essin, Hayley Delle, Denise Bacon, and Stephen McKinney. Councilor Patrick Johnson was absent. Also present were City Manager Joe Hannan, City Attorney Truman Stone, City Recorder Sue Ryan, Community Development Director Doug Rux, Public Works Director Jay Harris, Human Resources Director Anna Lee, Library Director Leah Griffith, City Engineer Kaaren Hofmann, and Finance Director Matt Zook.

Mayor Andrews called the meeting to order. He had one item for Council Business.

Yamhill County Transit Authority Director Cynthia Thompson said they were requesting an increase in Newberg's contribution to the Transit Authority. She passed out two handouts to the Council on the Yamhill County Transit Area and on the Transit Agency's goals for Fiscal Year 2017-18. She discussed the map of the transit area, the services they provided, and their operating structure. First Transit contracted with the County to staff the bus routes. Ms. Thompson contracted with the County to manage the service. Ms. Thompson gave background on YCTA services and costs. Ridership in Newberg could be improved. They were working on their Transit Development Plan. They would be doing a ridership survey and there would be a focus group in Newberg to discuss the service in the City. There was discussion on transit shelter locations and the ridership survey.

Yamhill County Commissioner Rick Olson said he could contact ODOT to discuss how transit buses should be handled in the Springbrook and Highway 99 area. It should have been considered as part of the design. The City, County, and ODOT needed to do improve collaboration on transit projects. There was discussion about future needs. Ms. Thompson said they would solicit community input. She explained ridership had been low historically for a number of reasons. She gave examples of different programs that could increase ridership. YCC Olson had been discussing development and land use issues with McMinnville and how they were going to include the Transit Authority on public agency applications so there could be feedback on how it would affect transit. He suggested Newberg could do the same. Ms. Thompson said they were asking cities for an increase of 5% in their contribution to the Transit Authority to help with a grant match requirement for new buses.

There was discussion on addressing senior needs, more visible information on transit, a community survey on use, the needs for east to west transit service and adding Newberg's events to the county's list. Mayor Andrews asked if all 10 of the Yamhill communities were supporting the Transit Authority. Ms. Thompson said no but she was asking them for the same support as she was asking from Newberg. County Commissioner Olson said in conjunction with the Transit Plan, focus groups would discuss how the transit system could be successful and what facilities needed to be provided. This would include business and other community groups not just riders.

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	Hayley Delle	Denise Bacon

Members Present via Telephone: Patrick Johnson

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
	Kaaren Hofmann, City Engineer	Steve Olson, Senior Planner

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER'S REPORT: City Manager Hannan reported on current activities across the City including: Tualatin Valley Fire & Rescue/City Interagency meeting to discuss focus groups, response times, contract and looming deadlines for the annexation decision; work on animal control, shelter lease and response to County Sheriff's changes; Parkway Committee meeting; follow-up meeting on Sportsman Airpark and discussing initial questions regarding park ownership, future plans and FAA grant process; monthly City Managers meeting at Council of Governments where there was discussion regarding the legislative session and comparing different experiences with the current budget preparations; attending the Yamhill County Cultural Congress to discuss future and promotion of arts in Newberg and Yamhill County; visiting the Oregon Electric Railway Museum to discuss establishing a trolley service in Newberg; Mayor's Cabinet meeting; attending regional, county and local committee meetings on various topics including creating a parking management plan for the Cultural Center and meeting with owners and engineers for Gracie's Landing on development issues.

PUBLIC COMMENTS: None

CONSENT CALENDAR:

MOTION: Corey/Bacon moved to approve the Consent Calendar including Council Minutes for March 27 and April 3, 2017. Motion carried (7 Yes/0 No).

PUBLIC HEARING: Ordinance 2016-2811- Transportation Utility Fee:

Mayor Andrews re-opened the legislative public hearing. He asked for declarations of conflicts of interest or abstentions or objections to Council jurisdiction. There were none.

Public Works Director Harris gave the staff report. About a year ago Council directed staff to prepare a pavement maintenance funding plan. Last July an ad hoc committee was formed to work on a proposed funding package. They determined \$1.2 million would be Phase 1. There had been significant public outreach on this proposal. The first hearing was held in December, and the Council indicated the assumptions on the funding amount and funding prioritization were acceptable. Council directed staff at that on the funding allocation of 35% residential and 65% non-residential, and there was discussion regarding the definition of vacancy and profit vs. non-profit fee caps. The second hearing was held in January. The Council heard public testimony and several concerns including the fee cap amounts, when the fee would go into effect, heavy vehicle impacts, non-profit entity uses, an appeals section, and the split between residential and non-residential funding.

The ad hoc committee proposed no changes and to keep the targeted revenue for the TUF at \$1.2 million. They recommended eliminating the maximum fee cap. Regarding funding allocation, they agreed with Council to keep it at the 35 % residential share. On prioritizing improvements, the committee wanted to maintain the split of 70% going to good to fair streets and 30 going to poor streets. They discussed fee waivers for hardships and vacancies and did not think modifications were needed. The committee kept the variable within class model. This lumps trips into ranges so the exact trip rate of the business did not need to be kept up to date. The committee said the heavy vehicle clause should be discussed as a separate ordinance or resolution. They recommended not combining non-profits or giving them fee caps. They did think there should be a 50% fee reduction for the School District because property taxes fund schools. He said compared to other municipalities Newberg was in the middle range at \$4.99 for single family residential, \$371 for a 100,000 square foot manufacturing facility, and \$3,192 for 100,000 square foot supermarket. He showed a map of future conditions with full funding five years from now. At year five, out of the 65.5 miles, 48 miles of roads would be touched.

As they got caught up, more money could be spent on the poor condition roads. The expectation was to have the PCI maintained around the tenth year. He explained the collection timeline.

Councilor Essin asked what improvements could be made with the 30% for the worst roads? PWS Director Harris said a full dig out was very expensive, and grind and inlay was less expensive. Staff still had to assess the roads to know what needed to be done. They planned to prioritize the roads that had the most trips per day first.

Mayor Andrew said the City could spend more than the minimum 30% recommendation.

Councilor Essin clarified it was a guideline. How would they determine what would get done in the first year? PWS Director Harris said they would follow the pavement model and those projects would be prioritized. A five year capital improvement project plan for paving would be created from data. This would be an engineering decision, and the plan would come to Council every year for the budget. Councilor Johnson wanted to know the plan for letting citizens and businesses know about the work. PWS Director Harris said there would be ongoing public outreach for this program especially when it was implemented. Mayor Andrews asked how much of the monthly fee would go to administration and not pavement. PWS Director Harris said about 5 %. Councilor Essin asked about the reduction for the School District. PWS Director Harris said the only one to get a reduction was the School District because they said they would have to cut services if they had to pay the full amount. The ad hoc committee thought the district's payment should be reduced by 50%.

Proponents: None

Opponents: Robert Soppe, Newberg, said in general he was in favor of the ordinance. In the fee waiver section, there was language about the City Manager's authority over applications for fee reductions or waivers, which was out of place to talk about reductions in this section. Regarding the appeals process, the owner must appeal within 15 business days of the City Manager's decision about the assigned category. He wanted to know when the decision would occur and if it was an adequate amount of time. He suspected it wasn't and suggested the Council understand the appeals process before adopting the ordinance. He did not think the documents explained the justification for the School District reduction. The Council needed to be clear to its constituency about the reasons for the reduction. He did not think the reason of property taxes was correct. The boundary of the City and boundary of the School District were different and the responsible party for the fee was quite frequently not the property owner who was responsible for the property taxes.

When the City was imposing fees, accuracy and consistency was very important in order to be credible. To maintain the current pavement conditions, \$2.5 million per year was needed. The report from Kittelson and Associates stated \$2.5 million per year would increase the PCI from 78 to 100 by 2026. This did not sound like maintaining conditions. In March of 2016, the Council adopted priorities, but none of the priorities applied to the pavement system. Because this was a dramatic change, Council should consider how the priority setting process worked. He urged the Council to do the following before approving the ordinance: make sure the appeals process was both clear and reasonable, be clear to the TUF rate payers why the School District would be subsidized, direct staff to be more consistent with executive summaries, and review how something of this importance and cost was not in the Council priorities just over a year ago but was now before them to approve.

Councilor Essin asked for clarification on his concerns. Mr. Soppe said his main concern was how the appeals process worked. He was not clear when the 15 business days started. He also thought it should be clear why the School District was being given a reduction.

Undecided: None

Mayor Andrews closed the public comments portion of the hearing.

Mayor Andrews asked for answers on the appeals process. City Attorney Stone explained how the process would work. When the bills went out and properties were assigned a category, if someone had a question or concern about the interpretation or how they were categorized, they could make an administrative appeal to the City Manager by writing a letter or filling out a form. The administrative review was the first level and the City Manager would make the decision. If someone was not satisfied with that decision, it could be appealed to the City Council. They had to follow the 15 day timeframe to request an appeal to the City Council and they must specify the basis for the appeal on a specific contention that the City Manager's decision was incorrect. There was a burden on the appellant to specify the reason for the appeal and the background information.

Councilor McKinney said the suggestion was that 15 days was an unreasonable amount of time. Would 30 days be more reasonable? PWS Director Harris said the first process was with the City Manager, which had no timeframe. If they did not like that decision, they had 15 days to file an appeal to the City Council.

PWS Director Harris recommended approval of the Ordinance.

Mayor Andrews closed the public hearing.

MOTION: Johnson/Corey moved to approve Ordinance 2016-2811, An Ordinance amending the Newberg Municipal Code Title 3 to add a new chapter adopting a Transportation Utility Fee to be read by title only.

Council Deliberation:

Councilor Essin said the School District was concerned that they did not have time to include this in their budget. The private schools were being charged much less than the public schools. He was not clear why the School District was the only one getting a reduction. Mayor Andrews explained the ordinance would go into effect July 1, 2017, which would have no impact on the current school budget. One of the ad hoc committee members was a representative of the School District.

City Engineer Hofmann said each school paid per student and there was a different rate depending on whether it was an elementary school, secondary school, or college. Private schools paid more per student because it was assumed that most were being driven to and picked up from school instead of on a school bus. Private schools were not getting a reduction.

Councilor Essin did not prefer to have a minimum spent on any portion of the roads. If for the first year they wanted to spend it all on slurry sealing because that would save the most roads or to fix all the pot holes, he wanted the flexibility for staff to do so. He did not think the School District should receive a reduction.

Mayor Andrews said they could not spend all the money on the good roads, which was the reason for the 70/30 split. He had wrestled with this decision and had attended the ad hoc committee meetings and talked with many members of the community. He would be voting in support.

Councilor Bacon said she would be voting yes. It was not easy and she knew some people would struggle, but they had to do something about the roads.

Councilor Johnson had sent the Council an email earlier today about why he would support it. The feedback he had received from constituents was 90% in favor due to road conditions. If something was not done, the problem would only get worse.

Councilor McKinney said he would support the ordinance. He attended some of the ad hoc committee meetings, and saw how they were trying to make the fee fair and reasonable. He had hoped that they would collect more funding because it did not fully take care of the road problem. This had been a Council goal previously.

Motion carried (6 Yes/1 No [Essin]).

Resolution 2017-3375, Transportation System Development Charge (SDC):

Mayor Andrews called to order the administrative public hearing. He asked for declarations of conflicts of interest or abstentions or objections to Council jurisdiction. There were none.

John Ghilarducci, FCS Group, delivered the staff report. SDCs are one time charges paid at the time of development or redevelopment and are for capital construction only. It's how the City charges for impacts to the

transportation system. He explained how the reimbursement fee portion and improvement fee portion of the charge were calculated. If a developer built a project on the project list, they were given credits against their SDCs for the oversizing capacity. One change proposed to the Transportation SDC was how charges are applied. Currently it was based on average daily vehicle trip generation. They were proposing a charge based on peak hour person trip generation. The system was built to meet peak hour demands and that should be captured in the SDC charge. Person trips would allow them to capture bicycle and pedestrian trips for multi-modal project allocations. Other changes included recommendations about the City's credit policy. They recommended the City no longer provide SDC waivers for downtown development.

Growth was the denominator in the SDC calculation and the peak hour estimates were taken from the Transportation System Plan. The City had spent \$7.2 million since 2007 on capacity increasing transportation infrastructure funded by SDCs. They assumed some of that capacity had been used up, and the reimbursement fee would be adjusted to \$4.5 million. The larger numbers were in the improvement fee. Of the \$116 million of projects, \$52.2 million had been identified as capacity increasing to meet the needs of future users. The law also allowed the City to recover the cost of accounting for the SDC program studies, which was about \$240,000. The total Transportation SDC would be \$3,371 per peak hour person trip. Under the current methodology, a new single family residence would pay \$3,053 and under the proposed methodology it would be \$5,788. The impacts on development varied as land uses generated peak hour trips differently depending upon the type of use. He compared the combined total of all SDCs in Newberg with other neighboring cities and Newberg was in the bottom third.

There was discussion on how Newberg compared to other municipalities, which was the same for commercial, residential and industrial. There was discussion on the Transportation Development Tax used by other municipalities to fund projects. Mr. Ghilarducci clarified SDC calculations that a single family residence generated 1.71 peak hour person trips on average which was multiplied by the \$3,371 to arrive at the \$5,788. There were different trip generations depending on the land use that were applied to the \$3,371 charge.

CM Hannan asked about SDC waivers, such as for affordable housing. Mr. Ghilarducci said the law required rate making principles in calculating the SDC charge. They had to charge based on usage or impact. Waivers could get the City if not made based on usage or impact. There needed to be reduced trip generation or no improvements being planned that resulted in a lower charge.

Proponents: None.

Opponents: Robert Soppe, Newberg, had some concerns about the resolution. When the Transportation System Plan that supported this new methodology was adopted, he raised the concern about the difference between the cost of projects from the previous TSP. It had projects broken down by how they would be funded. The new TSP did not do that. The total cost of projects used to determine the SDC rate was much higher than the old methodology. A good example was project E-14, the connection of Crestview Drive through Crestview Crossing. The TSP showed the developer shouldering the entire cost and no cost to the SDC fund. Under the proposed methodology, all of the \$1.83 million was included in the SDC rate calculation. The net result was that developers would be paying SDCs at rates that supported projects that would not be funded by SDCs. This was not an issue about what percentage of a project was SDC eligible. The issue was that the cost of the project being used to calculate SDC rates even though SDCs might not be used to fund the project. He was also concerned about SDC credits. In the section of the Municipal Code that allowed credits for qualified public improvements, under the definition of qualified public improvements it stated credits should only be applied to residential developments and that the improvement for which the credit was given could not be within or adjacent to the development. This was not the policy that the City had followed in numerous instances. He thought they needed to look at this section of the Code and at past credits to see if they were consistent with the Code.

Councilor McKinney asked for clarification. Mr. Soppe said the City was calculating SDCs based on the cost of projects without regard for how the projects were being paid for. Councilor McKinney said was too much being collected? Mr. Soppe said yes. The other issue was if the City gave credits for projects other than residential, they did not have the authority to do so and it needed to be fixed. Councilor Essin asked what he recommended. Mr. Soppe thought they should follow the old methodology or justify the new methodology. He did not think the new methodology made sense to calculate SDCs based on projects that would not be paid for by SDCs.

Undecided: None.

Mayor Andrews closed the public comments portion of the hearing.

Mr. Ghilarducci said identification of other funding in the TSP was speculative and uncertain. The inclusion of a project identified as developer funded allowed the City to spend SDCs on the project if there was a need in the future, such as partnering with the developer or building it without developer participation. If it was not on the list, the City could not spend SDCs on it. Leaving it on the list provided the developer a credit for the oversizing portion of their project. There were advantages for these projects to be on the list. CE Hofmann said the methodology was sent out to an interested party list and no comments were received in opposition. She recommended approval of the resolution.

There was discussion regarding how SDCs were used for projects and possibly adopting a Transportation Development Tax similar to Washington County.

Mayor Andrews closed the public hearing.

MOTION: Corey/Bacon moved to approve Resolution 2017-3375, A Resolution to approve the Transportation System Development Charge methodology and increase the charge.

Council Deliberation: Councilor Essin said staff's answer to Mr. Soppe's question was that the projects on the list allowed the City to build the project in case it was not built by the developer. They were collecting extra money, but if they did not then they ran the risk of not being able to do the project. CE Hoffman said Mr. Soppe's concern was that the entire project cost was included rather than assuming the developer would pay a portion of it and the rest of the funding would come from somewhere else, which was purely speculative. They did not know for sure who would pay or build it, so the City assumed the entire cost in the SDC calculation so the City could build the entire project if they chose. Staff recommended moving forward with the new methodology. The development community had no concerns with the change. Mr. Ghilarducci explained that if a developer built a project, he would get SDC credits for the portion that was oversized that could be used for the next time they built in Newberg and that cash did not come into the City. The City should only generate the amount of money that would be needed for the SDC credits. The City did not get extra money, they were crediting it back and the developer did not have to pay SDCs for the next project.

Motion carried (7 Yes/ 0 No).

Resolution 2017-3366, McCaw Partition:

Mayor Andrews opened the legislative public hearing. He asked for declarations of conflicts of interest or abstentions or objections to Council jurisdiction. There was none.

Senior Planner Olson presented the staff report. This property was outside the City limits, but inside the Urban Growth Boundary and was a recommendation to the County. The property owner was proposing to partition the existing two acre lot into two one acre lots and would build a house on the new lot. They had submitted a proposed development plan that showed how the partition would not preclude future urban development of the property. Staff recommended approval.

Proponents: None
Opponents: None
Undecided: None

Mayor Andrews closed the public hearing.

MOTION: Bacon/Corey moved to approve Resolution 2017-3366, A Resolution recommending that Yamhill County approve a proposed partition at 2201 NE Chehalem Drive, Yamhill County Tax Lot No. 3218BA-400. Motion carried (7 Yes/ 0 No).

COUNCIL BUSINESS:

MOTION: Andrews/Corey moved to accept Councilor Delle's letter of resignation with her final meeting on May 15. Motion carried (7 Yes/ 0 No).

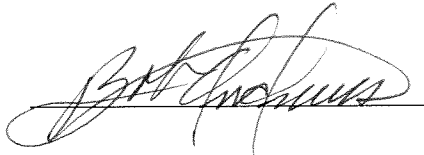
ADJOURNMENT: The meeting was adjourned at 9:34 p.m.

ADOPTED by the Newberg City Council this 5th day of June, 2017.



Sue Ryan, City Recorder

ATTESTED by the Mayor this 8th day of June, 2017.



Bob Andrews, Mayor

