NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
June 5, 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 Patrick Johnson, Scott Essin, Denise Bacon, Mike Corey and Stephen McKinney. Also present were City Manager Joe Hannan, City Attorney Truman Stone, and City Recorder Sue Ryan.

Mayor Andrews called the meeting to order.

Councilor Essin wanted to discuss the affordable housing committee under Council Business. Councilor Bacon wanted to announce an event under Council Business.

<u>Executive Session pursuant to ORS 192.660 (2) I Performance Evaluations of Public Officers and Employees:</u>
The Council entered Executive Session at 6:05 p.m.
The Council held the annual evaluation of the City Attorney.
Staff present included City Attorney Stone.
The Council exited Executive Session at 6:50 p.m.

<u>Executive Session pursuant to OR 192.660 (2) x Pending Litigation:</u>
The Council entered Executive Session at 6:50 p.m.
The Council held the annual evaluation of the City Attorney.
Staff present included City Attorney Stone and City Manager Hannan.
The Council exited Executive Session at 7:20 p.m.

CALL MEETING TO ORDER
The Mayor called the business session to order at 7:28 p.m.

ROLL CALL

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Mike Corey	Denise Bacon	Patrick Johnson
	* District 1 Seat Vacant		
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	
	Steve Olson, Senior Planner	Kaaren Hofmann, City Engineer	

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER'S REPORT: City Manager Hannan reported on current activities across the City including: speaking at City Club about the TVF&R annexation, scheduling a joint meeting of the Council and CPRD in September, meeting with state and federal surplus staff regarding receiving emergency supplies and equipment, meeting with the Department of Defense regarding emergency preparedness, meeting with TVF&R regarding a potential financial partnership on the communication upgrade, attending training on being a community emergency responder, discussing the idea of the Oregon Electric Railway Association operating a trolley in Newberg, submitting a letter to the FAA answering some questions regarding the feasibility of an airport development rights purchase agreement, meeting with representatives from the Newberg Animal Shelter to clarify questions about shelter operations and changes to the County's dog control program, working on a program for legal coverage insurance for the police command staff and reserves, attending a supervisor training, attending the Mayor's cabinet meeting, attending the Bypass Committee meeting, attending weekly department director updates, meeting with the Police, IT, and Finance departments with Motorola regarding the radio upgrade, meeting with the Police, IT, and community regarding enhancements to the code red notification program, serving as a Yamhill County ballot courier and monitor, picking up litter on the highway, attending the summer Public Works barbecue, meeting with Boca Vista staff, meeting with the Mid-Willamette City Managers to discuss the current legislative session including possible gas tax options, attending TVF&R's open house, attending the Old Fashioned Festival Committee meeting, attending the Yamhill County/Cities Dinner, and taking a vacation.

PUBLIC COMMENTS:
Dave Adams, KYLC Radio, said they had started a new company called the Oregon Pulse Network, which was a number of internet radio stations. One was the Newberg Pulse that was dedicated exclusively to Newberg news and information. They were also dedicating an audio stream channel to each city in Yamhill County. They wanted to use the internet to engage, inform, and entertain their audience.

Robert Soppe, Newberg resident, presented the Council with a petition to refer a Charter amendment to the voters (Exhibit A). If Newberg annexed into the TVF&R district, Newberg would lose the obligation of funding fire services but would retain the authority to continue to levy the $1.88 per 1,000 taxes it presently used for funding the services. Many citizens would like to see that authority removed. The petition requested that the Council direct staff to come back with a request for Council action to put a Charter amendment on the ballot. This was not a referendum on whether or not the annexation should occur nor was it about what should happen with the City's assets. It also did not address whether or not the City should have a public vote on the annexation. Voters spoke loudly and clearly when they passed Measures 47 and 50 that set up current property tax limitations. Keeping the $1.88 was contrary to the spirit of those measures. By agreeing to have a formal hearing on the Charter amendment, the Council would show that the move toward TVF&R was strictly on the basis of providing better service to the community. He thanked the Council for allowing him to discuss this issue with them personally. He thought they should expect the Charter amendment to be on the ballot if the annexation occurred. The Council could do it, or it could be left for the citizens to do. If Council did it, there would be more support for the annexation from citizens.

Kevin Marugg, Newberg resident, said he had grown up in Newberg and had seen many changes. He discussed how he had interacted as a kid and as an adult with the Newberg Fire Department. He had been caught off guard by the TFV&R merger. The average working class citizen had heard that Newberg entered into a two year trial with TVF&R to see if the service level could be raised. At the end of the trial period, people could vote on whether or not to stay with TVF&R. Now they were saying that there would not be a vote due to some unknown law. The public information meeting on May 24 was at 6 p.m. and had only been noticed two days in advance. Most people did not get home until after that time. The information sheet for the meeting came in on May 25. Another meeting was set for June 15, however the final vote was expected to take place on June 19 and he questioned how data could be collected and analyzed in such a short time. He thought this should go to a vote of the people as it was promised in the beginning. He asked the Council to not get pushed into a decision until the citizens of Newberg had all of the information. He thought there should have been more communication with the people during community events and on social media.

Patricia Farrell requested the Council take immediate action to protect the two historic Oregon White Oak trees on the west side of Villa Road that would be removed by the City's road project. These trees were living history and could live for hundreds more years if they were protected. Newberg had no tree ordinance or protections for these public assets. She listed a number of benefits trees can provide. These two trees were to be removed to widen and flatten Villa Road to improve traffic flow through a residential area. Protecting these trees was in keeping with Comprehensive Plan goals D, E, G, and J. She asked that an alternative plan be created that preserved the oak trees.

Kathy George requested preserving the White Oak trees on Villa Road. Old trees reminded us of our history and preserving old trees was just as important as preserving historical structures. Ancient trees could not be replaced. She asked that the Council direct Planning staff to change the questions asked when planning new streets and development from how can we save trees along the roadway to how can we plan our roadways and developments to protect the trees.

Councilor Essin had previously proposed a Heritage Tree Ordinance and the Council had not moved forward on it yet. These two trees had been identified to be preserved in the ordinance. Councilor Bacon said the Council had discussed the importance of trees. She agreed that they needed to design roads to save trees.

CONSENT CALENDAR:

MOTION: Bacon/Corey moved to approve the Consent Calendar including Council Minutes for May 2, 2017; Resolution 2017-3378, A Resolution to authorize the City Manager to enter into an amendment for professional services agreement with Keller Associates to complete the update to the Wastewater Master Plan and; Resolution 2017-3370, A Resolution to authorize the City Manager to enter into a construction contract with James W. Fowler Company for the WWTP Oxidation Ditch rehabilitation Project in the amount of $479,727.00. Motion carried (6 Yes/0 No).

PUBLIC HEARING:

Ordinance 2017-2815, Dutchman's Ridge Annexation

Community Development Director Doug Rux said there was a report in the Council packet based on the direction from Council to come back with findings to deny this annexation application. However, a procedural issue had been identified. There had been discussions that occurred after the last hearing on May 15 and procedurally that information had to be entered into the record. Staff recommended continuing the hearing to June 19 and to re-open the record for staff to come back with a staff report and the communications that happened after the May 15 public hearing.

MOTION: McKinney/Johnson moved to continue the public hearing to June 19, 2017 at 7:00 p.m. in the Public Safety building and to re-open the public record to accept written and oral testimony on a limited basis for ex-parte communication. Motion carried (6 Yes/0 No).

Administrative Hearing: Resolution 2017-3371, State Revenue Sharing and Resolution 2017-3372, Provision of Municipal Services:

Mayor Andrews opened the public hearing and called for declarations of conflicts of interest or abstentions on the part of the Council. There were none.

Finance Director Zook said this was a request to approve two resolutions, both pertaining to State Revenue Sharing funds. The City had to meet certain obligations in order to receive the funds. One was to hold public hearings before the Budget Committee and the City Council. The Budget Committee public hearing was held on May 3 and the City Council public hearing was tonight. For counties with a population greater than 100,000, such as Yamhill County, each city must certify that they provided four of the five municipal services listed in the staff report. The City met this requirement and expected to receive $1.9 million that would go into the General Fund and Street Fund. Staff recommended approval of the resolutions.

Proponents: None

Opponents: None

Undecided: None

Mayor Andrews closed the public hearing.

MOTION: McKinney/Bacon moved to approve Resolution 2017-3371, A Resolution declaring the City of Newberg's election to receive revenues through the State Revenue Sharing program and Resolution 2017-3372, A Resolution certifying the provision of municipal services by the City of Newberg for the purposes of participation in the State Revenue Sharing program. Motion carried (6 Yes/0 No).

Resolution 2017-3373, Budget Adoption:
Mayor Andrews opened the public hearing and called for declarations of conflicts of interest or abstentions on the part of the Council. There were none.

FD Zook said this resolution adopted the 2017-18 budget. There were three changes that had been made between the proposed and approved budget by the Budget Committee. Two additional changes were being recommended by staff. These were categorical changes based on a recommendation from the auditors. Contingencies in the Street Capital Project Fund and Stormwater SDC Fund needed to be considered as reserves. The budget was $97,403,431 with 144.33 FTE positions, total appropriations of $83,102,953 with reserves in unappropriated ending fund balances of $14 million, and a permanent property tax rate at 4.3827 per 1,000 of assessed value.

Councilor Essin voted no during the budget hearings due to the issue of $2.5 million that was not in this year's budget but there was $70,000 towards that in the budget. There was no resolution on where that money was going to come from. He understood it was a yes or no situation now.

CM Hannan said the question was over the communication upgrade. The City must commit to either continue with WCCCA or not be a party to it. The total expenditure would be $2.5 million over a two to three year period. Councilor Essin asked if the $70,000 was putting them in a lease position. FD Zook said it was $90,000 and would be a debt service payment on a lease. Councilor Essin said if they were in a lease position, was it possible for the lease company to bind them to the agreement or could they exit the lease. If they couldn't come up with the money, was there an out? FD Zook did not know the answer. He didn't think they would enter the lease without expecting to fulfill it. City Attorney Truman Stone had not seen a proposed lease but they often did negotiate for a non-appropriation clause meaning if the Council did not appropriate money in the budget and they did not have money they could legally spend that the contract would be canceled.

CM Hannan said the Council had a choice of whether they wanted to go forward with the communication upgrade or not. There would be a Work Session in August which would lay out several different tools available to raise additional revenue to pay for this. The Council could decide none of those options worked and could drop out. If they dropped out, they would have to look for another dispatch source. Councilor Essin thought he could vote yes if there was an option to get out if they did not have the money. CM Hannan said they could go with the Yamhill County communication system. The budget was a year-long budget document that looked at expenditures throughout the year. If they did not approve a supplemental budget in September to move forward, they would pull out of WCCCA.

Proponents: None

Opponents: None

Undecided: None

Mayor Andrews closed the public hearing.

FD Zook recommended adoption of the Resolution with the additional two changes in the funds.

Deliberations:

MOTION: Corey/Bacon moved to approve Resolution 2017-3373, A Resolution adopting the City of Newberg, Oregon budget for the 2017-2018 fiscal year, making appropriations, imposing the tax, and categorizing the tax. Motion passed (5 Yes/1 No [Essin]).

Resolution 2017-3381, Supplemental Budget:
Mayor Andrews opened the public hearing and called for declarations of conflicts of interest or abstentions on the part of the Council. There were none.

FD Zook said this was Supplemental Budget #2 for the 2016-17 fiscal year. These were minor adjustments in operations and re-categorization of special payments in reserves to follow Oregon budget law. He pointed out a typo in the staff report regarding the Building Inspection Fund. The fiscal impact was a net decrease in appropriations in the amount of $81,441,000.

Proponents: None

Opponents: None

Undecided: None

Mayor Andrews closed the public hearing.

FD Zook recommended approval of the resolution.

MOTION: Corey/Bacon moved to approve Resolution 2017-3381, A Resolution to adopt Supplemental Budget # 2 for fiscal year 2016-2017 beginning July 1, 2016, and ending June 30, 2017. Motion carried (6 Yes/0 No).

Ordinance 2017-2816, Water System Master Plan:
Mayor Andrews opened the public hearing and called for declarations of conflicts of interest or abstentions on the part of the Council. There were none.

CDD Rux introduced Brian Ginter of Murray Smith who was the consultant on this project. In 2015 staff began updating the Water System Master Plan. Basic elements included sources of water, treatment system, storage system, pumping system, and primary distribution system. The plan was to identify short and long term needs, improve level of service to customers, provide redundancy in the system for emergencies, and develop appropriate standards to guide developers. Through this process they reviewed the existing facilities and water need today as well as the need for a 20 year planning horizon. Water service goals were identified as well as funding for the needed improvements. He gave an overview of the water system and described how service pressures worked, the service area of the City, long term water demands, future water demand of 8 million gallons per day, and the impact of future development in the North Hills urban reserve area. They also reviewed the water supply system vulnerabilities and needed improvements and found the existing supply system had adequate capacity to meet the 20 year horizon and beyond.

Regarding vulnerabilities, there were access challenges to the wells as they were in the flood plain, the pipe under the river was new and in good condition and could meet capacity demand but the main suspended from the bridge was vulnerable as the bridge was an aging structure, and the treatment system had some minor capacity bottlenecks, but they were not significant concerns. There was a recommendation to have a redundant water supply to meet reliability goals. This could be done by developing an additional source on the City side of the Willamette River to meet the winter season average day demand, which was approximately 2 million gallons per day. They also reviewed the distribution system criteria and found that the City had adequate capacity in storage for the 20 year planning horizon, but there was a need for additional higher elevation storage related to the North Hills urban reserve area. Regarding the pumping capacity, a higher zone pump station was needed to serve the future North Hills area, there were fire flow improvements needed for the water mains, extensions to the water mains for future growth, and a routine pipe replacement program was needed. They also reviewed the non-potable water system, and found there were potential customers if the system was expanded to serve the new Springbrook development area. The overall capital improvement program recommendations included a redundant supply source, larger piping throughout the lower portion of the City for fire flow, higher zone pump station, storage in the North Hills area, and expansion of the non-potable system.

There was discussion on the Bell West Pump Station and the Bell Road Reservoir timing. CDD Rux said these projects depended on the development of the urban reserve areas. Mr. Ginter said planning studies were recommended for the Water Treatment Plant and transmission main slope stability and also a seismic resilience study. Total estimated project costs were almost $22 million to make improvements to serve customers and address existing deficiencies through the Capital Improvement Plan.

CDD Rux referred to Exhibit B, the findings that addressed the Water Master Plan. He explained how the plan met the statewide planning goals and Comprehensive Plan. He entered the staff report, attachments, ordinance, and exhibits into the record. Mayor Andrews asked about Exhibit C. CDD Rux explained Exhibit C, which included the proposed changes to the plan.

Proponents: None

Opponents: None

Undecided: None

Mayor Andrews closed the public hearing.
CDD Rux recommended adoption of the ordinance.

MOTION: Bacon/Corey moved to waive the second reading of Ordinance 2017-2816. Motion carried (6 Yes/ 0 No).

MOTION: Bacon/Corey moved to approve Ordinance 2017-2816, An Ordinance adopting the 2017 Water System Master Plan and incorporating the 2017 Water Master Plan into the Newberg Comprehensive Plan to be read by title only. Motion carried (6 Yes/0 No).

<u>Resolution 2017-3376, Water SDC charge decrease:</u>
Mayor Andrews opened the public hearing and called for declarations of conflicts of interest or abstentions on the part of the Council. There were none.

City Engineer Hofmann said SDC methodology and fees were also updated during the Water Master Plan review. SDC methodology needed to be available for public inspection, and notifications were sent out and the document made available. Staff talked with the Homebuilders Association and other developers. No concerns were raised.

Deb Galardi, consultant, said the methodology was the same as they had now, but it had been updated for the new project list. It included the cost of the existing system as well as planned improvements and costs of complying with the statutes. She explained the total costs they were trying to recover were $31 million and about half was from the Capital Improvement Plan. Not all of the projects in the CIP were SDC eligible as they had to be related to growth to be eligible. The $31 million translated into an updated SDC for the potable system of $48.96 for the smallest meter. For the non-potable system, the base fee was $32.16. The potable system fee was a reduction from the current SDC. There had been a decrease in water demand that led to deferring the need for major capacity increases. Without the additional costs that were included in the previous plan, there was a reduction in the fee. This was in line with what other communities were charging for water SDCs.

Councilor Johnson asked about the option of keeping the Water SDC the same and using the additional funds to loop the non-potable system. CE Hofmann explained they had to base the fee on the projects that were in the CIP, and the non-potable system loop was not included. Very few people would benefit from the non-potable system and they should not have to pay for the system. Councilor Johnson clarified they not only lowered the Water SDC, but they also took the burden for the non-potable system off of the existing residential customers.

Proponents: None

Opponents: None

Undecided: None

Mayor Andrews closed the public hearing.
CE Hofmann recommended approval of the resolution.

MOTION: Essin/Johnson moved to approve Resolution 2017-3376, A Resolution to approve the Water System Development Charge methodology and decrease the charge. Motion carried (6 Yes/0 No).

NEW BUSINESS:
CDD Rux gave an update on the Newberg 2030 Project. There was a new state simplified Urban Growth Boundary expansion process. Staff had done community outreach, a Buildable Lands Inventory, and study area boundary. An action plan would return to Council once the PSU new population projection was completed. He described the study area and review of Comprehensive Plan designations for residential, commercial, industrial lands, vacant land and partially vacant land for the Buildable Lands Inventory. The totals were 948 developed residential acres, 790 partially vacant, and 454 vacant. Employment lands included 146 commercial acres as vacant or partially vacant and 89 industrial acres as vacant or partially vacant. The golf course, mill site, Wastewater Treatment Plan, ODOT's maintenance facility, and Public Works maintenance yard were considered partially vacant or vacant due to the ratio that was used. Urban reserves were analyzed as well as the exception designations, resource lands, and constraints.

Staff found issues with the state's administrative rules such as how vacant and partially vacant land was classified. CDD Rux described anomalies like Columbia Bank, Jiffy Lube, and manufactured home parks coming up as partially vacant, churches coming up as vacant, and condominiums coming up as vacant. An analysis showed discrepancies between the new and traditional processes for land classification. He talked to the state DLCD, who agreed there were some technical fixes that needed to occur to make the new process workable. The consultant confirmed the new process was not workable, but he thought the City should submit a letter to DLCD requesting the technical fixes be done and then the Buildable Lands Analysis could be updated. There was discussion on the research that was done and next steps for staff to work with DLCD to address the anomalies. There was consensus for staff to send a letter to DLCD requesting technical fixes to the new Urban Growth Boundary expansion process.

COUNCIL BUSINESS:
City Recorder Ryan asked for a head count for Council attendance at the annual Newberg Old Fashioned Festival parade.

Councilor Essin asked if Planning staff was working with the Affordable Housing Committee and finding ways to make R-3 work. CDD Rux said there was a group of about 30 people that had been meeting for about a year to discuss affordable housing across the full spectrum in the community. He had been involved as well as the City Manager and Councilor McKinney, Councilor Johnson, and the Mayor. The group came up with a list of possible ideas and had been honing the list down. They were scheduled to come forward to the Council in July with policy considerations. Mayor Andrews reminded the Council not to use Reply All to emails sent to Council. The Joint Committee on Transportation invited testimony today, tomorrow, and Wednesday for possible amendments to HB 2017. The July 3 Council meeting was canceled. Councilor Bacon announced a community meeting on June 6 to discuss ways to prevent suicide. The artwork was up on the Bypass now.

ADJOURNMENT: The meeting was adjourned at 10:15 p.m.

ADOPTED by the Newberg City Council this 17th day of July, 2017.

Sue Ryan

Sue Ryan, City Recorder

ATTESTED by the Mayor this 20th day of July, 2017.

Bob Andrews

Bob Andrews, Mayor