



**CITY COUNCIL AGENDA
MAY 7, 2012
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

Mission Statement

The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.

Vision Statement

Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. CITY MANAGER'S REPORT

V. PUBLIC COMMENTS

(30 minutes maximum, which may be extended at the Mayor's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

VI. CONSENT CALENDAR

1. Consider a motion approving **Resolution No. 2012-3001** approving the annual evaluation of the city manager. (Pgs. 3-5)
2. Consider a motion approving the April 2, 2012, City Council meeting minutes. (Pgs. 7-14)

VII. PUBLIC HEARINGS

1. Consider a motion adopting **Ordinance No. 2012-2751** adopting revised findings for the South Industrial UGB amendment and revisions to the Economic Opportunities Analysis. (Pg. 15)
(Please bring material from the 3/19/2012 and 4/2/2012 meetings)
(**Legislative Hearing – 3rd Reading**)

The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

2. Consider a motion adopting **Ordinance No. 2012-2752** amending the Newberg Municipal Code allowing utility rate increases to be subject to the referendum process. (Pgs. 17-20)
(Please bring material from the 4/16/2012 meeting)
(Legislative Hearing – 2nd Reading)

VIII. NEW BUSINESS

1. Consider a motion adopting **Resolution No. 2012-3002** approving a lease from Owen Equipment Company to purchase a street sweeper. (Pgs. 21-23)
2. Discussion on a potential change to the business license fee structure. (Pgs. 25-31)

IX. COUNCIL BUSINESS

X. ADJOURNMENT

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please dial 711.

Council accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the City Recorder. The exception is land use hearings, which requires a specific public hearing process. The City Council asks written testimony be submitted to the City Recorder before 5:00 p.m. on the preceding Thursday. Written testimony submitted after that will be brought before the Council on the night of the meeting for consideration and a vote to accept or not accept it into the record.

The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ Ordinance ___ Resolution XX Motion ___ Information ___
No. No. No. 2012-3001

SUBJECT: Resolution approving the annual evaluation of the city manager.

Contact Person (Preparer) for this
Motion: Bob Andrews, Mayor
Dept.: Administration
File No.:

RECOMMENDATION:

Adopt Resolution No. 2012-3001 approving the annual evaluation of the city manager.

EXECUTIVE SUMMARY:

The city council performed an annual evaluation of the city manager. That evaluation was held during executive session on April 16, 2012, in which no decisions were made. This resolution is to solidify that evaluation and to provide a formal guidance of his performance.

FISCAL IMPACT:

None.

STRATEGIC ASSESSMENT:

The evaluation of the city manager is necessary in order to increase communication between the city council and the city manager concerning the performance of the city manager in accomplishing his assigned duties and responsibilities.



RESOLUTION No. 2012-3001

**A RESOLUTION APPROVING THE ANNUAL EVALUATION OF THE CITY
MANAGER COMPLETED IN APRIL, 2012**

RECITALS:

1. In accordance with the Newberg City Charter, the city manager is the chief executive officer of the City of Newberg, which reports directly to the mayor and city council and is supervised by the governing body.
2. The city has a contract with the city manager and pursuant to that contract; the city council will evaluate the city manager in executive session.
3. The Open Meetings Law of the State of Oregon allows the evaluation of the job performance of the chief executive officer to be conducted in executive session by the city council and pursuant to such Standards, Criteria, and Policy Directives adopted by Resolution No. 1999-2191 on July 19, 1999.
4. The mayor, city councilors, and the city manager met in executive session on April 16, 2012, to discuss the city manager's annual evaluation.
5. The mayor has submitted the written evaluation which will be placed in the city manager's personnel file after being adopted by the City Council.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The written evaluation of the city manager, which is attached as Exhibit "A" and by this reference is hereby adopted.
2. The city manager shall be given a copy of the evaluation to sign and may make any written comments after which the written evaluation shall be placed in the city manager's personnel file.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: _____, 2012.

ADOPTED by the city council of the city of Newberg, Oregon, this ____ day of _____, 2012.

Norma I. Alley, MMC, City Recorder

ATTEST by the mayor this _____ day of _____, 2012.

Bob Andrews, Mayor

**City Manager (Daniel Danicic)
Annual Written Evaluation – 2012
By Newberg City Council**

The city council has received a written report from the city manager concerning his performance during his evaluation period. The respective mayor and councilors have met with the city manager in executive session on April 16, 2012, to discuss their evaluation of his performance from April, 2011, to April, 2012.

The city council has evaluated the performance of Daniel Danicic as the city manager of the city of Newberg. As part of the evaluation council reviewed the report given to them by the city manager indicating his self-evaluation during the evaluation period. The city council assessed the manager's performance in six major categories:

- | | |
|-------------------|-------------------------------------------|
| 1. Management | 4. Fiscal Agent/Budget Officer |
| 2. Planning Goals | 5. Community Relations |
| 3. Communications | 6. Intergovernmental/Interagency Relation |

Overall the city council found the manager's performance fell between satisfactory and excellent expectations. The city council felt the working relationship with the city manager was excellent and improving as time went on. The council expressed satisfaction with the initial goal setting and looks forward to further long-range strategic planning in partnership with the city manager.

DATED this ____ day of _____, 2012.

Mayor Bob Andrews

Council President Denise Bacon

Councilor Ryan Howard

Councilor Stephen McKinney

Councilor Bart Rierson

Councilor Marc Shelton

Councilor Wade Witherspoon

Comments by Daniel Danicic:

Acknowledged this ____ day of _____, 2012.

Daniel Danicic, City Manager

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Approve the April 2, 2012, City Council Meeting minutes.

Contact Person (Preparer) for this Motion: Norma Alley, City Recorder
Dept.: Administration

RECOMMENDATION:

Approve City Council minutes for preservation and permanent retention in the City's historical records.

EXECUTIVE SUMMARY:

The City of Newberg City Council held a public meeting and minutes were recorded in text. In accordance to Oregon State Records Management law, the City of Newberg must preserve these minutes in hard copy form for permanent retention.

FISCAL IMPACT:

None.

STRATEGIC ASSESSMENT:

None.

CITY OF NEWBERG COUNCIL MINUTES
APRIL 2, 2012
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

A work session was held prior to the meeting. A presentation was given from Public Works Maintenance Superintendent Russ Thomas on the Meter Radio Read Project and a discussion on the 2012/2013 City Council Budget occurred. All Councilors and the Mayor were present; no action was taken and no decisions were made.

I. CALL MEETING TO ORDER

Mayor Bob Andrews called the meeting to order at 7:11 PM.

II. ROLL CALL

Members

Present: Mayor Bob Andrews Denise Bacon Stephen McKinney Bart Rierson
 Marc Shelton Wade Witherspoon Ryan Howard

Staff

Present: Daniel Danicic, City Manager Terry Mahr, City Attorney
 Barton Brierley, Planning and Building Director Norma I. Alley, City Recorder
 Mary Newell, Support Services Manager Jennifer Nelson, Deputy City Recorder

Others

Present: Francine Fiore, Sid Friedman, Carol Mayer-Reed, David Byrne, Larry Anderson,
 Mike Ragsdale, David Miller, Mary Martin Miller, Robert Soppe, Leigh Willikoff, and
 David Willikoff

III. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

IV. SPECIAL PRESENTATIONS

1. Consider a motion approving a proclamation declaring April 8-14, 2012, as National Public Safety Telecommunications Week.
2. Consider a motion approving a proclamation declaring April as Child Abuse Prevention Month.

<p>MOTION: Andrews/Rierson approving a proclamation April 8-14, 2012, as National Public Safety Telecommunications Week and April as Child Abuse Prevention Month. Motion carried (7 Yes/0 No).</p>

V. CITY MANAGER'S REPORT

Mr. Daniel Danicic, City Manager, reported on the success of the centennial celebration of Newberg's Carnegie Library Building this past weekend and announced the upcoming annual Newberg Fire Department Easter Egg Hunt to be held on Saturday, April 7, 2012, at 10:00 AM and the Camellia Festival on April 14, 2012.

VI. PUBLIC COMMENTS

None.

VII. CONSENT CALENDAR

1. Consider a motion approving **Resolution No. 2012-2997** authorizing the city manager to approve the replacement purchase of two patrol vehicles.
2. Consider a motion approving the March 5, 2012, City Council meeting minutes.

MOTION: **Shelton/Howard** approving the Consent Calendar including **Resolution No. 2012-2997** and the City Council minutes from March 5, 2012, as amended. Motion carried (7 Yes/0 No).

VIII. PUBLIC HEARINGS

1. Consider a motion approving **Ordinance No. 2012-2751** adopting revised findings for the South Industrial UGB amendment and revisions to the Economic Opportunities Analysis.

TIME – 7:23 PM

Mayor Andrews introduced the legislative hearing in the second reading. He mentioned they had allowed the written record to remain open for seven (7) days through April 23, 2012.

Mr. Barton Brierley, Planning and Building Director, presented the staff report requesting the commercial land needs analysis be placed back into the record with a public hearing to be held and deliberations continued on May 7, 2012.

Councilor Stephen McKinney added he spoke with Mr. Sid Friedman, President of 1000 Friends of Yamhill County about engaging in meaningful conversations with him and Ms. Mia Nelson to try to come to a mutually advantageous solution to move the Urban Growth Boundary (UGB) forward.

Mr. Sid Friedman thanked Councilor McKinney for making the effort to reach out to him and spoke of the need to come up with a solution that may not be what any of us want, but one they can all hopefully live with. He felt if they approach their areas of differences with an attitude of good will they can reach a compromise and resolution. Councilor Ryan Howard thanked Mr. Friedman for coming to speak tonight and he offered to lend his own efforts to work with him as well if needed.

Councilor McKinney continued the purpose of postponing further deliberations is to lead to a round table or forum where city staff, Council representatives, and interested parties or stakeholders can gather to see what can be achieved together. He added city staff has invested hundreds of hours to make this work and thousands of citizen dollars have been invested and the time has come to come up with productive resolutions.

MOTION: **Shelton/Bacon** to postpone **Ordinance No. 2012-2751** adopting revised findings for the South Industrial UGB amendment and revisions to the Economic Opportunities Analysis with the addition of the commercial needs analysis into the record to the May 7, 2012, meeting. Motion carried (6 Yes/1 No [Witherspoon]).

IX. NEW BUSINESS

1. Consider a motion adopting **Resolution No. 2012-2998** the Newberg Cultural District Master Plan.

TIME – 7:36 PM

Mayor Andrews passed the “roving gavel” to Councilor McKinney to lead discussions. Councilor McKinney introduced the resolution and Ms. Norma Alley, City Recorder, spoke of the letter and petition received.

MOTION: Rierson/Shelton to accept the correspondence received this evening for public testimony including one letter and a petition with signatures into the record before proceeding with public comments. Motion carried (7 Yes/0 No).

Councilor McKinney recessed at 7:40 PM to read the written correspondence and reconvened at 7:45 PM.

Ms. Leah Griffith, Library Director, presented the staff report (see official meeting packet for the full report).

Ms. Carol Mayer-Reed and Mr. David Byrne of Hennebery Eddy Architects and Mr. Larry Anderson of Anderson Engineering, Inc. presented the consultant report for the Chehalem Park and Recreation District (CPRD) including a PowerPoint about the process taken to date and design plans (see official meeting packet for full report).

Councilor Marc Shelton said he did not see a plan for how to regulate traffic when closing streets off. Ms. Mayer-Reed replied it would depend on the event and there are several options, such as bollards or temporary street enclosures with banners or flags; they have not gotten to that level of detail in the planning yet.

Councilor Howard spoke about the project for public spaces' conceptual plan originally closing off the area in front of the Cultural Center to make it more of a pedestrian space, which he had liked; he asked what changed. Ms. Mayer-Reed explained they discovered from other public space projects it was best to maintain a certain level of activity and cars can provide that. They were also keeping an eye on valuable parking spaces and the amount they would gain on Sheridan Street was significant enough to keep it open.

Mayor Andrews asked if the amphitheater planned would be below or above grade. Ms. Mayer-Reed answered it would be above grade. Mayor Andrews asked about the on-street parking on Sheridan and the width of the area being wider on the eastern portion than the western; he asked if there was any talk of expanding this by taking out the grass strip. Mr. Larry Anderson said this was correct and it would be continuous.

Councilor Howard said the impact of parking is the main issue and concern for those living in the area; he asked for them to speak briefly about parking demands and requirements for their process. Ms. Mayer-Reed stated when she thinks about the kinds of spaces that are memorable or enjoyable, it is doubtful a parking lot comes to mind and there are ways to deal with civic spaces for when people are outside of their cars, creating spaces and linking to give the maximum amount of flexibility for the events being held. They took a careful look at how to capitalize the four block area as much as possible. Mr. Anderson continued by stating they squeezed as many as they can into the area and CPRD is committed to requiring parking management plans for any events over 350 people. A plan is in process working with the city as well as George Fox University (GFU) to provide parking in other areas with mapping for larger events; other than that, there is not a lot more they can do onsite. They looked at the costs of diagonal parking vs. widening the street which was a difference of \$6,000.00 vs. \$2,000.00 per parking space and there have been a lot of other choices. They cannot solve all the traffic problems, so they are working with the city to develop something, but they are not there yet. Parking now is based on the demand for the center today and it will become a matter of programming to ensure everything does not happen all at once.

Mr. Mike Ragsdale, Newberg Downtown Coalition Executive Director, added they completed an informal parking space survey with students from GFU and counted 1,300 parking spaces downtown in the area from Main to River Streets.

Councilor Shelton asked about there being more aggressive parking management for an event with over 350 attendants. Mr. Anderson replied it would depend on whether those 350 people are planned to attend at one time or throughout the course of the day; it would go back to programming and the need to develop a parking management plan.

Mr. Danicic stated they are moving forward on the Intergovernmental Agreement (IGA) and those are the details to address and having a plan for those events.

Councilor McKinney opened the public testimony.

Mr. Dave Miller said he submitted the letter previously accepted with the 44 signatures and wanted everyone to know he supports the Cultural Center and CPRD, but he has grave concerns about programming. He felt some serious thought and consideration was essential in the IGA. He said they have asked for timelines and a liaison to be appointed by the City for stakeholders and residents. He asked staff about the E2 area directly outside the meeting/ballroom and Mr. Danicic replied the city does not have a land-use designation of open space on the site. Mr. Miller expressed concern for control over the outdoor spaces which impact the neighborhood the most. He spoke of when an event fills the parking lot and Sheridan Street is closed, then they are only down to 19 spaces; so they do not have 120 spots depending on what they are doing. He said he respects what the residents around Memorial Park have to endure with the invasion of the Old Fashioned Festival week, but they endure eight weeks of Tunes on Tuesday in their neighborhood, plus the expansion of the Old Fashioned Festival into this area, and the Camellia Festival. He said it is not about what the events are but how many are allowed, especially if the E2 area is going to be linked to events serving alcohol, which can cause security issues with no buffer to the neighborhood. He wondered how much the residential neighborhood would have to endure with a 240 seat theater, 200 person meeting room, plus all the other meeting spaces and the coordination of the Masonic temple. Depending on how the IGA group comes together, he would like to have one representative for the neighborhood that is not someone who wears multiple hats in this and said it is a breach of the public on a private area.

Councilor Howard asked exactly what he is asking for with the request for the liaison. Mr. Miller replied they want stakeholder members to be a part of the committee, he even said he would be willing to participate, adding while this will be a beautiful area it needs balance and cannot overrun a hundred year old residential neighborhood; his worst concern is the E2 space.

Mrs. Mary Martin-Miller said she has been a long standing neighbor of the Cultural Center and supports it more than most. She has done a lot of work to help with this process but there are pieces she had to express her concern about. Parking needs to be addressed and is a function of the program; it is not that we object to parking, but they have to figure out how to use the space so that it works. She has previously brought forth some solutions worth noting and has particular concerns with the E2 and E3 area facing Blaine Street. She has suggested movable plants for flexibility in the garden area to make it work if additional parking is needed, or an atrium or glass enclosed structure that can be used and enclosed as there are not enough controls over parties and noise. She felt there is lots of money generating sources with having things inside that they do not have to overdo the programming outside. She also wondered where people would park if the 53 spaces in the parking lot are filled with tents and carts; she lives there and would like their family to come to their homes too. There is a great asset in the people in the neighborhood who really care and are generally supportive, but they are concerned. She would like to see them included more for input in the process.

Councilor Shelton asked staff about the noise ordinance and if it is different with city owned parks. Mr. Danicic said it is the same for the entire city when exceeding certain thresholds outdoors. Councilor Denise Bacon added when events serve alcohol the police chief has to sign off on the permit as well.

Mr. Robert Soppe said he felt the title "best use of the area" is a poor choice but he is pleased to see a parking management program and would have supported it better had this been introduced earlier. He would want the E2 open spaces area to be looked at and red flagged in the IGA, because he wondered about the interpretation and qualification of that space for outdoor events. He wished for there to be active decisions about the parking lot and its use for things other than parking. He wanted to know more details about widening the street. There has been talk about goals but none that say anything about minimizing the impact to the neighborhood, which

has been overlooked. He added it was creative to count existing parking and on-street parking as what you are providing towards the 90 onsite and he did not think it was appropriate for them to call the spaces yours. He said it bothers him when things keep sliding past and he wondered about the documentation for the GFU survey of parking spaces as well.

Councilor Howard asked for clarification on his concern for the E2 area. Mr. Soppe replied that IGAs are wonderful things and can solve problems like this, but if E2 is considered an outdoor space then it can be determined what can happen there within the IGA.

Councilor Shelton spoke of the widening of Hancock Street and the cutouts providing more parking and the possibility to have this on both sides. Mr. Soppe said a lot more discussion needs to take place.

Councilor Howard asked about the goal mentioned for 90 onsite parking spaces not including the on-street ones. Mr. Soppe replied this came from the phase one design review approved in 2008. Councilor Howard replied he thought those streets were previously being considered pedestrian, not vehicle, so by opening them up to parking now they are onsite. Mr. Soppe said he did not believe that was the case. Mr. Danicic said at the time of phase one when the Center was renovated none of these plans were in place, phase two projected, but was not approved.

Mrs. Leigh Willikoff said many of her concerns have been brought up and although she is supportive of the Cultural Center and felt it is a wonderful asset, she is concerned it will take off and be used for all kinds of things around the clock. She also did not like that no part of this addresses minimizing the impact to the neighborhood and there is nothing to protect them from being taken over by several large events and large amounts of people. She said she has never seen a parking management strategy and wondered about closing parking areas for certain events and where everyone will go as she cannot park in front of her house during Tunes on Tuesdays as it is. She felt this will be successful but asked that parking be moved up to the top of the list as it has not been enough of a priority.

Mr. David Willikoff added when parking is closed and people are still coming they will not have a place to park. Parking has been a priority for all concerned in the neighborhood and has taken a back seat. He felt they should take care of the neighborhood and the uses now or it is not a proper plan.

Councilor Howard said he has just joined the Tunes on Tuesday committee and two major goals is to bring more people and reduce the impact on neighbors so he hopes they start to experience less of an impact this summer.

Councilor Bacon expressed her sympathy for the neighbors as she lives right by the Old Fashioned Festival location and they have to discuss parking plans in her home the day before the parade and fireworks, which is just one day, so she understands how uncomfortable and disruptive it can be even when you support it.

Mayor Andrews asked about parking currently available in the area. Mr. Anderson replied there are 53 spaces onsite, 19 in the parking lot off of Hancock Street, and the rest are on-street but he does not have a count. Ms. Griffith replied there are about 14 on Howard Street in front of the library and maybe 15 on one side of Sheridan Street. Mayor Andrews said he is struggling with the 3rd resolves in the resolution and wondered if it is not approved how to mitigate parking concerns and he would propose there be an amendment to at least identify who is sitting on the advisory body working with the city manager for the city's perspective; but, the event site will be there whether we create the district or not, although there is a better chance to manage this by making it a district than if they do not.

Councilor Wade Witherspoon agreed with the Mayor to have this fit in with the long range plans for the city and if it is appropriate to discuss the overall plans and activities to take place there. He is disappointed there are not more long range plans in place. He is disturbed that these decisions are made affecting the city for many

years without those kinds of conversations being had about what is wanted to be seen and what parameters are wanted for the neighbors. The process makes him uncomfortable.

Ms. Griffith made the final staff recommendations stating the first request for council action is to designate this as the Cultural District by name only; the area is already being used in this fashion and has been. Second is to adopt the master plan as guidance for future improvements. Third, the IGA with CPRD is to address open spaces and parking management plans for events; she added this is already informally done as they do not hold library events on the same day as events at the Center. They already coordinate at this point and this would formalize that and how they do it. If it is approved by City Council there will be a variety of items to come back to Council.

Mr. Ragsdale added that as the President of the CPRD Board they considered this on March 22, 2012, and passed it unanimously and directed staff to put in it in the budget to move forward on E2 and C4 and they want to complete the IGA prior to construction which they may break ground as early as August.

Mr. Miller stated the letter presented felt the E2 area needed a program in place to address concerns for how they will build it and deal with it when it comes. This is a huge concern for neighbors and he asked for language to be included in the resolution so they have consideration in the process.

MOTION: Shelton/Rierson to adopt **Resolution No. 2012-2998** the Newberg Cultural District Master Plan with amendments to #3 resolves that CPRD cooperate with the city manager to address designation, management, and maintenance of open space and outdoor event coordination including parking management to include parking needs within the Cultural District and establish a neighborhood parking advisory group to assist and present to Council prior to the development of areas E1, E2, and C3.

MOTION: Andrews/Shelton amending **Resolution No. 2012-2998** to change “accepts” not “adopts” this plan in resolves #2. Motion carried (7 Yes/0 No).

VOTE: To adopt **Resolution No. 2012-2998** the Newberg Cultural District Master Plan as amended. Motion carried (7 Yes/0 No).

MOTION: Witherspoon/Shelton to change the effective date of **Resolution No. 2012-2998** from April 4, 2012, to April 3, 2012. Motion carried (7 Yes/0 No).

Councilor McKinney recessed at 9:30 PM and Mayor Andrews reconvened at 9:45 PM.

2. Consider a motion directing the City Manager to develop an Intergovernmental Agreement (IGA) for the participation of a local funding match for the Newberg-Dundee Bypass.

TIME – 9:45 PM

Mr. Danicic presented the staff report for an Intergovernmental Agreement (IGA) for the local funding match for the Newberg-Dundee Bypass project. This action would approve the expenditure of staff resources to work with Mr. Walt Gowell, who is donating his time, to prepare an IGA for future approval (see official meeting packet for full report).

Councilor Shelton asked the city manager’s comfort level with leaving 2013 as the date when the Oregon Department of Transportation (ODOT) is saying it will possibly be 2014. Mr. Danicic replied he was comfortable, although he would prefer 2014 it is fine to say 2013. Councilor Shelton continued discussing and clarifying the effects of House Bill 2001 with gas tax revenues and other possibilities of significant money helping to fund the city’s match and incorporating these kinds of things into the 2012-2013 budgets.

Councilor Howard said he plans to support the motion but he also wished to impress that in light of projected increases on the gas tax being lower than anticipated he would not be comfortable relying on even one dollar of the gas tax coming in and felt a contingency should be considered for this if transportation funding changes dramatically.

Councilor McKinney asked if other municipalities are using the funds sent to them for road repairs. Mr. Danicic said he knows they are receiving them, but he does not know if they are being used for projects or not; he continued by stating they are not asking the public to dig deeper into their pockets to make a commitment for our share and he hoped the community would understand.

Councilor Shelton spoke of constitutional issues against the State changing this midstream if we are basing a loan on this. Mr. Terry Mahr, City Attorney, said we will have the IGA and the loan documents when they go to the State to get the money and they may use the match based on future revenue when the contracts come into effect. Mr. Mahr continued discussing how the match is divided between the cities and County, the County having a big obligation, negotiations to protect the cities if another entity fails to pay their portion, how the other cities do not have to pick up the difference, and match dollars are only to be used in construction dollars.

Councilor Rierson said there may be constitutional remedies built in, but he was concerned the gas tax revenues may be reduced in ten years when people are buying more electric cars.

MOTION: **McKinney/Rierson** directing the City Manager to develop an Intergovernmental Agreement (IGA) for the participation of a local funding match for the Newberg-Dundee Bypass. Motion carried (7 Yes/0 No).

X. COUNCIL BUSINESS

Councilor Shelton suggested having discussions regarding council goals with the Cultural Center. Councilor McKinney said he appreciated the suggestion about meeting Council goals but argued CPRD is the major player and funder of the Cultural Center and while it would be nice to have our goals met, they have more exposure and risk in the way the project is structured and we should be cautious how we weight the process in terms of our goals.

XI. ADJOURNMENT

The meeting adjourned at 10:05 PM.

ADOPTED by the Newberg City Council this 7th day of May, 2012.

Norma I. Alley, MMC, City Recorder

ATTEST by the Mayor this 10th day of May, 2012.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ Ordinance XX Resolution ___ Motion ___ Information ___
No. No. 2012-2751 No.

SUBJECT: Adoption of revised findings for the South Industrial UGB amendment and revisions to the Economic Opportunities Analysis

Contact Person (Preparer) for this Motion: Barton, Brierley, AICP
Dept.: Planning and Building Department
File No.: UGB 09-001

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL NOT APPLICABLE

RECOMMENDATION:

Continue the hearing on Ordinance 2012-2751 to a date certain.

EXECUTIVE SUMMARY:

On April 2, 2012, the City Council continued the hearing on the South Industrial UGB and Economic Opportunities Analysis to May 7, 2012. The Council asked that staff hold meetings with certain objectors. These meetings are continuing. Therefore, staff recommends the hearing be continued to a date certain. Staff will have additional information on a recommended date at the May 7 meeting.

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ Ordinance XX Resolution ___ Motion ___ Information ___
No. No. 2012-2752 No.

SUBJECT: Amendment to the Newberg Municipal Code Citizens' Rate Review Committee section allowing utility rates and/or fee increases to be referred to the voters through the State referendum process.

Contact Person (Preparer) for this Motion: Terrence D. Mahr
Dept.: City Attorney's Office
File No.:

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL NOT APPLICABLE

RECOMMENDATION:

Approve the ordinance, which would provide for the amendment to the Newberg Municipal Code (NMC) concerning the Citizens Rate Review Committee (CRRC). This would allow increases in utility rates and/or fees (rates) to be subject to the referendum process referred to as the State referendum process if they exceed CPI + 3% annually.

EXECUTIVE SUMMARY:

The Council, on April 17, 2012, had the first reading of the ordinance, which would amend the NMC setting out the process and authority for the CRRC. After some discussion, the direction from the Council was to provide an ordinance, which allowed for a referral through the State referendum process of any annual increases, which exceeded a certain percentage. The percentage was established by the annual CPI + 3%. This percentage would serve to allow some minimum operations of the utilities. The phrase used was... 'it would allow the wheels to remain on the bus.'

Utility rates are recommend by the CRRC through a process of reviewing the elements of costs that go into utilities, such as operations, maintenance, debt-service, and capital projects. The work of the CRRC which includes informing the public, allowing for public input, and studying the necessary facts are very valuable to the City and its citizens.

A recent proposal to amend the City Charter to require voter approval of all "increases to taxes, fees, and charges," if five (5) citizens requested it would have resulted in great cost and problems in the operations of the City. Fortunately, the citizens of Newberg defeated this measure in November of 2011. However, the Council wishes to provide an avenue for the citizens to directly participate at this local level if there is sufficient concern expressed through petitions.

Therefore, the City is amending the Code to allow for referral through the recognized statewide referendum process, which is part of the Initiative and Referendum process of the State.

FISCAL IMPACT:

The fiscal impact is undetermined. There may be an election cost of \$8,000.00 to \$10,000.00 if there is an election, which would come from contingencies. There would also be an impact to the City if increases in rates were not approved.

STRATEGIC ASSESSMENT:

This allows for direct citizen input through a vote if there is a sufficient level of concern about increases in utility rates. The code amendment also provides for an increase that would help protect the utilities so that these services may be operated and maintained.

**AN ORDINANCE AMENDING THE NEWBERG MUNICIPAL CODE
ALLOWING INCREASES IN THE UTILITY RATES AND/OR FEES ABOVE A
CERTAIN PERCENTAGE ANNUALLY TO BE SUBJECT TO REFERRAL TO
THE CITY ELECTORATE FOR APPROVAL THROUGH THE STATE
REFERENDUM PROCESS**

RECITALS:

1. Utility rates and/or fees (rates) are reviewed and recommended through the Citizens' Rate Review Committee (CRRC) per the Newberg Municipal Code (NMC) Section 2.15.120 – 2.15.210.
2. Rates are set by the City Council per the NMC Section 2.15.200 (L).
3. The Council exercises their administrative authority in setting the rates by approval of a resolution pursuant to the City Charter.
4. It is clear that the exercise of this administrative authority through approval of a resolution is not subject to the referendum process under State law.
5. The Council through this amendment to the NMC is granting the right to the electorate to use the State referendum process to refer an administrative exercise of authority by the Council to the voters for approval.
6. The State referendum process is the process by which municipal legislation may be referred to the electorate for approval through a petition process, which is part of the Initiative and Referendum process as set forth in the Oregon State Constitution and the Oregon Revised Statutes.
7. It may be necessary for the Council to increase rates in order to maintain minimum levels of maintenance and operations for the City utilities. Such increase in rates to maintain these levels of services will not be subject to the referendum process.
8. The first reading of this ordinance was before the Council on April 16, 2012.

THE CITY OF NEWBERG ORDAINS AS FOLLOWS:

Section 1 – Amendment to the Newberg Municipal Code. Section 2.15.200 (M) of the NMC is amended to read as follows:

M. Special provision allowing increases above a certain percent per year in the rates and/or fees set by the council to be subject to the state referendum process. The council by resolution will set the rate and/or fees as provided for in this section. The rates and/or fees are set by the council through exercising administrative authority by approval of a resolution. The exercise of administrative authority is not subject to the state referendum process since it is not municipal

legislation. However, the council grants the right to the electorate of the city to refer the resolution that approves any increase in rates and/or fees to the voters of the city for approval subject to the provisions set out below. This right of referral granted to the electorate will use the state referendum process including all the rules, regulations, and laws that apply to that process. Such resolution that adopts the approved increase in rates and/or fees will not take effect for at least 30 days from date of passage. This right of referral is subject to the following conditions:

- 1) Any annual increase in the rates and/or fees that does not exceed a percentage equal to the Consumer Price Index (CPI) + three (3) percent (%) annually will not be subject to the referendum process.
- 2) Any portion of an annual increase which is greater than the percentage designated in paragraph one (1) above will be subject to the right of the electors to refer the approval of that portion of the increase to the voters for approval through the state referendum process as set out above.
- 3) The CPI designated in paragraph one (1) above is the annual CPI for all urban consumers in the Portland-Salem, OR-WA metropolitan area. The metropolitan area covered in this release is comprised of Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill Counties in the State of Oregon and Clark County in the State of Washington. The annual CPI is released on or around February 17 of the following year (approximately one and a half months after calendar year-end).
- 4) The resolution approving the increase in rates and/or fees will designate which portion of an increase if any is subject to the referral process as set out above.

Section 2 – Findings of Fact, Rulings, and Reasons for the Amendment. The Council adopts the following Findings of Facts, Rulings, and Reasons for this amendment. The Council adopts this section of this ordinance to show the intent of the provisions, as well as illustration of the discussion that took place during the meetings. The section should provide guidance in the implementation and interpretation of the provisions adopted by this change.

- a) **Service of CRRC:** The Council is aware of the operations and work of the CRRC since the beginning in 1992 with the major overhaul of the process in 1995. The process by which the CRRC recommends any rate adjustments for the utilities to the Council has served the citizens very well. The process keeps the citizens informed and allows for their input into the rate setting procedures. The Council realizes that the CRRC will continue to carry out the responsibility of the City to inform the citizens of the necessity and reasons for any utility rate or fee increases. Through the CRRC's due diligence, the citizens of the City will be ensured that the utilities, which are so important to the citizens, are operated and maintained adequately, as well as expanded when necessary to meet the increasing needs of the citizens. The Council expresses unanimous support for the committee and its work.
- b) **Administrative Action:** The passage of a resolution approving utility rates is an administrative action by the Council. An administrative action is not referable through the State referendum process. However, the Council is allowing this action to be referred through the State referendum process in response to the recently defeated ballot measure at the November, 2011, election.

- c) **Ruling by Council to Allow Referral:** The City Charter that establishes how the Council exercises its authority does not specifically prohibit the Council from authorizing an administrative exercise of authority from being referred to the electorate through the State referendum process. Therefore, the Council is ruling that it is permissible to refer this administrative exercise of authority through the State referendum process.

- d) **Increase by a Certain Percent Annually is Not Subject to the Referral:** The Council finds that is necessary and in the best interest of the citizens of the City to properly maintain the City utilities. In addition, the utilities must be operated in order to furnish services to the public. The Council establishes a percentage of increase that is a minimum amount that is necessary to maintain the utilities and provide for operation of the utilities. It is in the best interest of the citizens of Newberg to allow a reasonable increase in rates to ensure continued operations of the utilities. The Council finds that an increase of the CPI + three (3) percent (%) per year meets that need. Such increase will not be subject to being referred to the voters through the State referendum process as provided in this Ordinance.

- e) **Election Costs:** The Council is concerned about the cost of an election if a referral through the referendum process is made to an election. At present, there are two (2) election dates that the City does not have to pay the County to conduct because the costs are paid by the State. Those election dates occur in May (biennial primary election) and November (biennial general election) of even-numbered years. The City administration working with the CRRC will strive to present the increases to the Council so final action can be taken in a timeframe that would allow any referral, through the referendum process, to be placed on the May or November biennial election in accordance with State law.

- f) **Legitimate Concerns of Citizens:** The Council enacts this amendment to address the legitimate concerns of citizens of the City concerning increases in utility rates and/or fees.

➤ **EFFECTIVE DATE** of this ordinance is 30 days after the adoption date, which is: June 6, 2012.

ADOPTED by the City Council of the City of Newberg, Oregon, this 7th day of May, 2012, by the following votes: **AYE:** **NAY:** **ABSENT:** **ABSTAIN:**

Norma I. Alley, MMC, City Recorder

ATTEST by the Mayor this 10th day of May, 2012.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ No.	Ordinance ___ No.	Resolution <u>XX</u> No. 2012-3002	Motion ___	Information ___
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SUBJECT: A resolution approving a five (5) year lease from Baystone Financial Group to purchase a replacement Elgin Street Sweeper from Owen Equipment Company in the amount of \$237,952.00.

Contact Person (Preparer) for this Motion: Russ Thomas, Superintendent
Dept.: Public Works Maintenance Division
File No.:

RECOMMENDATION:

Adopt Resolution No. 2012-3002 approving a five (5) year lease from Baystone Financial Group to purchase a replacement Elgin Street Sweeper from Owen Equipment Company, in the amount of \$237,952.00.

EXECUTIVE SUMMARY:

The city currently has a 2000 Elgin Crosswind Regenerative Air street sweeper that is needed on a daily basis to maintain the 72.03 miles of streets in Newberg. In addition to the Elgin, the city previously had a 1990 Johnston vacuum sweeper that was used as a backup/additional sweeper, which was totaled as a result of a motor vehicle crash that occurred on December 2, 2011. The 12 year old 2000 Elgin street sweeper is reaching the end of its life, with ever increasing maintenance cost to keep it operating due to its age and wear.

The new street sweeper would move the existing 2000 Elgin street sweeper to the backup roll, replacing the 1990 Johnston sweeper that was totaled, and become the primary street sweeper used on an everyday basis. This will significantly reduce maintenance cost necessary to keep the 2000 Elgin operating as the primary street sweeper.

FISCAL IMPACT:

Replacement of the street sweeper is a budgeted Capital Outlay item in the current fiscal year with an amount of \$237,952.00 out of account number 32-5110-610002. A five (5) year lease/purchase agreement with payments in advance at an interest rate of 3.005% will result in five (5) annual payments of \$50,449.32. The lease/purchase will require budgeting payments in FY 2012/2013 through FY 2016/2017 budgets, and reduce impact on the equipment replacement fund reserves.

STRATEGIC ASSESSMENT:

This purchase will allow Public Works Maintenance to continue to maintain a higher level of service with the use of the new sweeper and its capabilities. It will also allow the city to meet the anticipated street sweeping requirements for the City of Newberg through 2020.



RESOLUTION No. 2012-3002

A RESOLUTION APPROVING A FIVE (5) YEAR LEASE FROM BAYSTONE FINANCIAL GROUP TO PURCHASE A REPLACEMENT ELGIN STREET SWEEPER FROM OWEN EQUIPMENT COMPANY IN THE AMOUNT OF \$237,952.00

RECITALS:

1. The City of Newberg has operated its own street sweepers to clean and maintain over 77 miles of streets within Newberg city limits since 1950's.
2. The 2000 Elgin Crosswind street sweeper has reached the end of its serviceable life and is no longer capable of meeting the demands of cleaning and maintaining Newberg streets due to its age and wear. Purchase of a new street sweeper and placing the 2000 Elgin Crosswind into a backup role, will allow the City of Newberg to meet the street cleaning and maintenance needs for the next ten (10) years.
3. The City of Newberg entered into an Interagency Cooperative Purchasing Agreement with National Joint Powers Alliance (NJPA) effective March 20, 2012. The NJPA cooperative agreement complies with the State of Oregon Public Contracts and Purchasing Rules per ORS Chapter 279A and the City of Newberg Municipal Code Chapter 3.25 regarding Public Contracts and Purchasing.
4. The agreement with NJPA provides for competitive state bid prices to purchase items such as the Elgin street sweeper. The City of Newberg received the NJPA competitive bids and Owen Equipment Company provided the best product at the best price.
5. Purchase of an Elgin street sweeper will be made from Owen Equipment Company with a five (5) year lease agreement with Baystone Financial Group in the amount of \$237,952.00, at 3.005% interest, with five (5) annual payments in advance to finance the purchase. Annual payments will be \$50,449.32 for a final cost under the lease of \$252,246.60.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City Council acting as the Contract Review Board makes the following findings:
 - a. The City of Newberg entered into an Interagency Cooperative Purchasing Agreement with National Joint Powers Alliance (NJPA) effective March 20, 2012. The NJPA cooperative agreement complies with the State of Oregon Public Contracts and Purchasing rules and regulations per ORS Chapter 279A and the City of Newberg Municipal Code Chapter 3.25 regarding Public Contracts and Purchasing.
 - b. The NJPA developed specifications and documents for a request for proposals (RFP) for municipal street sweepers, solicited bids, and awarded Elgin Manufacturing the purchases contract for street sweepers.

- c. Owen Equipment Company is the authorized Elgin Manufacture's local area representative.
 - d. The City selects Owen Equipment Company (dealer) to provide an Elgin street sweeper at a cost of \$237,952.00.
2. The City will finance the Elgin street sweeper through Baystone Financial group with a lease over five (5) years in the amount of \$237,952.00 at an interest rate of 3.005%.
 3. The city manager is authorized and empowered to sign all necessary documents, do all necessary acts, and enter into all necessary contracts or agreements for the purchase of one Elgin street sweeper from Owen Equipment Company, including documents related to the tax exempt, lease with Baystone Financial Group.
 4. The city attorney will approve all necessary contracts and agreements as to form and content.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: May 8, 2012.

ADOPTED by the City Council of the City of Newberg, Oregon, this ____ day of _____, 2012.

Norma I. Alley, MMC, City Recorder

ATTEST by the Mayor this _____ day of _____, 2012.

Bob Andrews, Mayor

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 7, 2012

Order ___ No.	Ordinance ___ No.	Resolution ___ No.	Motion ___	Information <u>XX</u>
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SUBJECT: Potential changes to the business license fee structure

Contact Person (Preparer) for this
Item: David Beam, AICP
Dept.: Planning and Building
File No.: G-11-010

EXECUTIVE SUMMARY:

Purpose of Business License Program Revision Discussion

The purpose of this discussion with council is the following:

- Describe the current program and its status;
- Describe some of the economic development activities the business license fees support;
- Provide an overview of business license programs in other cities;
- Describe optional changes to the city's current business license program and the projected effects of those options; and,
- Seek direction from council regarding any future changes.

Background of Business License Fee Program

Newberg's business license fee was initiated in 2003 through Ordinance No. 2003-2586. The purpose of the fee was to support the City's economic development efforts. The ordinance included the following two "Findings of Fact":

1. The City Council has determined economic development is vital to the future of Newberg and the business climate in the community must be improved in order to bring about the revitalization of the downtown core, to retain and expand existing businesses and to recruit new businesses to locate in the city.
2. The City Council finds that in order to provide adequate resources for these purposes, it is appropriate to require all businesses in the City of Newberg to obtain a business license to operate within the city and to establish and collect an annual business license fee from each of said businesses.

Current status of the program

Over the last three fiscal years, the business license fees have generated a consistent revenue stream of around \$40,000.00 (\$40K). About \$10K of those funds are used to pay for the staff and resources necessary to administer the business license fee program. The remaining \$30K is placed into the City's Economic Development Fund (EDF). The EDF is identified as Fund 14 in the City's budget.

The EDF contains financial resources that support on-going economic development efforts by the city, such as business development loans (Economic Development Revolving Loan Fund or “EDRLF”), and staff and support resources used in economic development efforts. The EDF also hosts temporary revenues/expenses for economic development efforts, such as grant projects.

Since its inception, the business license fee program has been the primary source of new revenue to the EDF. Despite this new revenue, annual expenses of the EDF have consistently exceeded revenues by a large margin. For FY 2011-2012, expenses are expected to exceed revenues by about \$68K (\$44K revenue; \$112K expenses). Over time, these annual shortfalls have gradually reduced the resources available in the EDRLF. Contributing to this problem has been a gradual decline of revenue from interest on business loans over the last decade.

City of Newberg Economic Development Efforts

Newberg’s Economic Development Fund is the city’s financial source for activities directly aimed at supporting economic development in the community. The majority of those funds (about \$416,000.00) are used to support local business development through the Economic Development Revolving Loan Fund (EDRLF). The substantive expense of the EDF is the cost of personnel, materials, and services to help deliver economic development activities of the city, which was budgeted about \$112,000.00 for FY 2011-2012. The only substantive revenue the City receives to counter this expense is the \$44K received from the business license program, leaving an annual deficit of approximately \$68K. If this pattern continues in the future, eventually no money will remain in the EDF to serve its many functions.

City staff provides a wide range of services directly impacting the economic health of the community. The following is a list of some of the services provided by staff support the maintenance and expansion of local businesses as well as the recruitment of new businesses:

- Ensure adequate supplies of properties are available to meet the needs of businesses. Examples: maintenance of the Economic Opportunities Analysis and development of the South Industrial Area.
- Ensure available commercial/industrial sites are being marketed well, such as through OregonProspector.com (e.g. Suntron, Marus, PPM, etc.).
- Seek out and track business facility needs (existing as well as new businesses) and try to match those needs with existing available properties. Example: Finding a new, larger facility for a growing local company that makes specialized computer stations.
- Seek solutions that will make available business sites “shovel-ready”. Examples: Analyze the financial options to construct the Crestview Drive extension to Highway 99W, opening up commercial development on the east end of the city; development of an infrastructure financing plan for the south industrial area.
- Seek out local business needs and find solutions to resolve those issues. Examples: include securing \$300,000.00 grant from the State and matching up Yamhill County, city and business resources to upgrade Second Street in front of Climax Portable Machine Tools.
- Maintain city website resources supporting businesses, such as the economic development webpage and community videos.
- Provide support services to public and private downtown revitalization efforts. Examples: CPRD’s Cultural Center and the Newberg Downtown Coalition.
- Provide marketing research services for small local companies with growth potential. Examples: ARE, Harco, Caravan Coffee, and Wilhelm Foods.

- Promote and support the use of the EDRLF.
- Support work of the Chehalem Valley Chamber of Commerce, including serving on the government and economic development committees.
- Provide business startups with assistance, including the location of suitable business sites, help with the permitting process, and how to find additional outside business assistance resources.
- Engage in community outreach, such as through service clubs and Chamber greeter events.
- Partner and take leadership roles with multiple county, regional and state private and public organizations to ensure their efforts will protect and support Newberg's business interests. Examples: Greater Portland Inc. (formerly Regional Partners), Oregon Economic Development Association, and the State of Oregon's Grow Oregon Council.
- Provide economic/business development education. Examples: participation in Junior Achievement Program in local K-12 system; guest teaching in George Fox University Business School classes.
- Research economic development trends and best practices and finding ways to integrate that information into the city's efforts as appropriate.

Business License Fee in Other Oregon Cities

The table on the following page describes how business license fees are calculated in various cities within the Portland region and the state.

<i>City</i>	<i>Business License Annual Fees</i>
Newberg	Home - \$25 General - \$50
Albany	\$50 if operating for less than 30 days per calendar year. \$100 if operating for 30 to 100 days per calendar year. Year round license is \$25.
Forest Grove	\$35-\$100 for 1-50 employees plus \$1 per employee over 50 FTE
Milwaukie	\$100 plus \$5/FTE
Sherwood	\$75 in the city and \$107 outside city. Add \$6/FTE with either license
Tualatin	\$55-\$120 for 1-50 FTE; \$240 for over 50 FTE
West Linn	\$30-\$90 for up to 10 employees, depending on number of employees and location of business (in/out of city). Over 10 FTE: \$60 plus \$1 per employee (located inside city); \$90 plus \$1.50 per employee (located outside city). \$200 maximum (in or out of city)
Bend	\$50
Beaverton	\$50 for 0-4 employees plus \$8.50 for each additional employee
Pendleton	\$100 plus \$20/employee over 5 employees. Maximum of \$1,000
Wilsonville	\$50 if annual income less than \$12,000; \$100 if over \$12,000 plus \$3/FTE
Woodburn	Home - \$25 General - \$50

The majority of these cities charge a base fee plus fees calculated on the number of FTEs (Full Time Equivalent) for their business licenses. Newberg, Bend and Woodburn charge just a base fee for a business license, ranging in cost from \$25.00 to \$100.00.

It is important to note that cities support their economic development efforts through many types and combinations of resources (e.g. business license fees, urban renewal, business improvement districts, general fund, etc.). To what degree, if any, the revenue from the above mentioned business license programs support their community's economic development programs is unknown to staff. Staff feels that it is very likely that many cities may supplement the costs of their economic development efforts with resources other than their business license fees.

Options

As mentioned previously, our current expenses of the EDF are expected to exceed revenues by about \$68K (\$44K revenue; \$112K expenses). To protect against future shortfalls, staff recommends the fee system for the City's business license program be revised in a manner that is equitable to all parties. In addition, staff recommends the revised fee system should generate sufficient revenue to at least maintain the level of economic development services that have been provided in recent years. If the city does not generate additional revenue to support economic development services it provides, it risks reductions in service delivery. This scenario is reflected in the proposed FY 2012-2013 budget, which shows a reduced funding level for economic development staffing from 0.5 FTE in FY 2011-2012 to 0.1 FTE in FY 2012-2013. This will significantly reduce the city's ability to support businesses and promote economic development.

The current fee system treats most businesses the same, regardless of the size of their business. A small neighborhood convenience store run by a family is charged the same annual fee as a large manufacturing firm with hundreds of employees: \$50. Staff feels a more equitable system of assessing business license fees would be one based principally on the number of persons a company employs. Using this type of system, city staff has developed two optional methodologies for revising the business license fee system. Both employ a base \$50 fee for a general business license for businesses with 5 or fewer employees. For businesses with more than 5 employees, the first option would be to use a linear approach, where business license fees are based on the number of employees and the fee per employee remains constant. The second option uses a progressive approach, where business license fees are based on the number of employees and the fee per employee increases as the size of the business increases.

The impact of either the linear or the progressive methodologies would be that larger companies with a higher employee count will experience a higher business license fee than smaller companies. Under the progressive methodology, the production of revenues generated through the business license fees would be significantly greater than on small businesses. Under the linear method, the financial impacts on larger businesses would be significantly greater than on small businesses as well, but those impacts would increase in equal proportions as the size of the business increases. Using either methodology, the impact of such revisions on the very small businesses (five or fewer employees), which are the majority within the community, would be minimal if any.

Using the above mentioned optional methodologies, staff has estimated the average fees that would need to be charged per business employee to reach given revenue targets: \$80K, \$95K, and \$110K. The following describe those estimated employee fees:

\$14 per employee = about \$80K in annual revenue
\$17 per employee = about \$95K in annual revenue
\$20 per employee = about \$110K in annual revenue

For some the community's larger businesses, the attached proposed options would result in Newberg business license fees that would be considerably higher than a comparably sized business in other cities in Oregon. However, as stated previously, cities support their economic development efforts through many types and combinations of resources. Since Newberg's only direct economic development revenue is derived from business license fees, comparison of our fees

to other city's fees without knowing what type of services are provided with those fees would not be a valid comparison

Whatever business license fee program is used, staff recommends that some sort of automatic annual fee increase system be put into place to help keep revenues in line with city costs to deliver economic development services, such as the consumer price index.

Request for Council Direction

Given the background information provided in this report, staff would like to request input from council on desired changes, if any, to the current business license fee structure so that staff can develop a proposal for council to consider at a future date. Specifically:

- Are the assessment methodologies proposed in this report potentially appropriate for our community? Should the assessment be based on a liner system or should it be adjusted so that smaller businesses pay less per employee and larger companies pay more per employee (progressive method)?
- What revenue target should the city try to achieve to help mitigate the current revenue deficit of the Economic Development Fund?
- Is there another assessment option to examine that you feel is equitable and relatively easy to understand?
- Are there other appropriate funding sources to pay for the city's economic development efforts?
- Should automatic annual increases be instituted in the business license program to keep revenues in line with program costs, such as through the consumer price index?

Next Steps

Staff will take the advisement given by council and develop a formal proposal for council to consider at a later date.

FISCAL IMPACT:

None at this time.

STRATEGIC ASSESSMENT:

A sound economic base for a community is created through appropriate actions and partnerships between the public and private sector. The issues and suggestions included in this report are intended to lead to further discussions and actions that will provide the city with greater resources in which to maintain and strengthen our community's economic base.

2011-12 CITY OF NEWBERG BUDGET

ADOPTED 2010-11	ESTIMATED ACTUAL	FTE	ACCOUNT #	DESCRIPTION	FTE	ADOPTED 2011-12
FUND 14						
ECONOMIC DEVELOPMENT FUND						
REVENUES						
766,776	767,135	-	14-0000-300000	Beg F/B-Net Working Capital	-	531,838
40,000	41,455	-	14-0000-321004	Business License Fee	-	65,000
-	-	-	14-0000-360000	Miscellaneous Revenues	-	-
6,000	3,400	-	14-0000-361000	Interest Earned	-	3,000
2,508	3,000	-	14-0000-361001	Interest Earned-Receivables	-	-
-	-	-	14-0000-361004	Interest-Other Investments	-	-
23,333	52,380	-	14-0000-370000	Proceeds From Notes Receivable	-	-
838,617	867,370	-	TOTAL REVENUES		-	599,838
4120 ECONOMIC DEVELOPMENT						
40,825	40,825	0.60	14-4120-410000	Administrative Salaries	0.60	40,728
288	288	-	14-4120-438000	Longevity	-	288
3,145	3,145	-	14-4120-441000	FICA/Medicare	-	3,138
85	85	-	14-4120-442000	Workers Compensation	-	138
123	123	-	14-4120-443000	Unemployment	-	123
3,972	3,972	-	14-4120-444000	Retirement-PERS	-	6,561
1,324	1,324	-	14-4120-444002	Retirement-Pension Bond	-	1,365
10,500	10,500	-	14-4120-445000	Health/Life/LTD	-	10,255
60,262	60,262	0.60	Total Personal Services		0.60	62,596
859	859	-	14-4120-510000	Office Supplies	-	859
100	50	-	14-4120-511000	Postage	-	100
1,550	750	-	14-4120-515000	Printing & Advertising	-	1,550
5,020	5,020	-	14-4120-520000	Dues & Meetings	-	2,800
2,003	1,500	-	14-4120-525000	Travel & Training	-	1,260
100	100	-	14-4120-532000	Bank Fees	-	100
1,500	1,929	-	14-4120-533045	Maintenance Agreements	-	1,500
130	60	-	14-4120-551000	Books & Publications	-	130
150	50	-	14-4120-562000	Fuel	-	150
75	75	-	14-4120-575000	Bond Registration Costs	-	75
50	-	-	14-4120-576000	Recording Fees	-	50
4,800	4,800	-	14-4120-580000	Professional Services	-	4,800
49,159	46,205	-	14-4120-590000	Internal Chrg-Admin Support Services	-	36,091
12,000	12,000	-	14-4120-592000	Community Support	-	-
77,496	73,398	-	Total Materials and Services		-	49,465
336,987	200,000	-	14-4120-601000	EDRLF Loans	-	415,673
-	-	-	14-4120-602000	Housing Authority Loans	-	70,217
50,000	-	-	14-4120-610000	Capital Outlay	-	-
386,987	200,000	-	Total Capital Outlay		-	485,890
524,745	333,660	0.60	4120	TOTAL ECONOMIC DEVELOPMENT	0.60	597,951
9170 TRANSFERS						
1,872	1,872	-	14-9170-909000	Transfer-Debt Service	-	1,887
312,000	-	-	14-9170-918000	Transfer-Street Capital Projects	-	-
313,872	1,872	-	9170	TOTAL TRANSFERS	-	1,887
9180 RESERVES						
-	-	-	14-9180-800000	Contingency	-	-
-	-	-	9180	TOTAL RESERVES	-	-
838,617	335,532	0.60	FUND 14	TOTAL ECON DEVELOPMENT FUND	0.60	599,838
-	531,838			ENDING FUND BALANCE	-	