CITY COUNCIL AGENDA
JANUARY 20, 2015, 7:00 PM
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 Pages 1-10

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. Approve the January 5, 2015 City Council meeting minutes. Pages 11-13
2. November Financial Report Pages 14-24
3. Resolution No. 2015-3175, A Resolution to authorize the City Manager to enter into a professional services agreement with Murray, Smith & Associates, Inc. to design the City's Well No. 9 Project in the amount of $99,940.00 Pages 25-42

VII. OLD BUSINESS

1. Resolution No. 2015-3176, A Resolution authorizing Jessica Nunley Pelz, the Newberg Enterprise Zone Manager, to sign an agreement between the City of Newberg and SP Fiber Technologies for a five-year Newberg Enterprise Zone property tax exemption Pages 43-55

VIII. NEW BUSINESS

1. Resolution No. 2015-3178, A Resolution adopting a utility license application fee, a utility transmission line fee (per foot fee), pursuant to Newberg Municipal Code §12.05.370 (B), effective January 20, 2015 Pages 56-61
2. Discuss PGE request and proposal for franchise agreement rather than a license as provided under the Newberg Municipal Code. Pages 62-63

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 two business days 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. Speakers who wish the Council to consider written material are encouraged to submit written information in writing by 12:00 p.m. (noon) the day of the meeting.

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.

CITY MANAGER REPORT

Activities update Between January 1st -12th, 2015 (which is the cut- off date for the packet)

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1. In December, the Newberg Graphic (Graphic) published an article on the proposed Crestview Crossing development. The City has yet to receive any detailed information in the Building/Planning department. I have a meeting schedule with Ryan Cain from Grabor Development on January 20th. The intent is to establish a positive relationship so the City can be a good partner when this development occurs. It will have a positive impact in the community economically and I have assurances internally that we will coordinate information so that this project is streamlined and moving forward in a timely manner.

   In response to the article in the Graphic, I have also been contacted by Dick Pattrone, representing Oxberg Lakes HOA, in regards to the development. Several years ago, there was opposition to the development and the initial approvals require sound walls and traffic circles be built on their section of Crestview. I am assuming that Mr. Pettrone is seeking details on the project which the City currently does not have. Once there is more information, I will set-up a meeting so we can establish a good partnership between the HOA and the City.

2. I believe I am close to finalizing positions for our management team. Jay Harris is doing an amazing job as the City's Public Works Director (PWD). Our new City Engineer, Kaaren Hofmann, has transitioned nicely taking over management of high level projects flawlessly. As mentioned at the last Council meeting, our new Finance Director, Matt Zook, began employment January 5th and he is working closely with Interim Finance Director, Ross Schultz, to be become current on our audit, the current financial condition of the City, and of most importance to me, preparation of the upcoming 2015-16 budget season.

Even though she is not a direct member of our management team, it is noteworthy to acknowledge our new City Recorder, Sue Ryan. In the few months she has been employed with the City, she has done an incredible job with archiving, organizing, and training staff on records management. She is a tremendous asset and the management team has relayed that to me on numerous occasions. Finally, let's not forget there is a new City Attorney and City Manager as well. The changes internally are positive and it is a nice blend of fresh experience mixed with seasoned experience; the perfect recipe for a stellar team.

That being said, there is still one management position to be filled; Community Development Director. This is a very important position and I am doing my diligence to assure the right person is hired that can assist the City with economic development, UGB expansion, and redevelopment of our downtown. Before the holidays, I had updated you on the recruitment process. While I was on vacation, the City utilized the services of a retired Human Resources Specialist, Nancy McDonald, to target potential candidates (based on criteria approved by myself) in Yamhill County and the Metro area. There were four interviewed by Ms. McDonald, Interim Finance Director, Ross Schultz, and strong input was also provided by PWD Jay Harris. Interim Planning Director (IPD), Steve Olson, and I will review their recommendation and, if warranted, schedule a final interview.

My desire is to have the position filled by the spring. In the meantime, I have met with IPD Olson and Associate Planner, Jessica Nunley-Pelz, to discuss project/committee assignments. The economic development position was eliminated June 30, 2014 and the City entered into a six month contract with David Beam to provide associate planning assistance. Mr. Beam's last day was December 31st, 2014. The City has an active agreement in place with the Mid-Willamette Valley COG. IPD Olson will seek contract services for a period of time as we finalize recruitment for a Community Development Director and cover for Ms. Nunley-Pelz's family leave time later in the spring.

3. I attended the Chehalem Valley Chamber of Commerce Board meeting. Executive Director Sheryl Kelsh is chair of the Oregon Chamber of Commerce. There are 66 local Chambers of Commerce represented and it is a business advocacy motivated group. They have hired a part time lobbyist to push forward the 2015 Legislative Priorities. I have attached a copy of them at the end of this report, as attachment "A." Two of the ***particulars*** to note that will have detrimental fiscal impacts to small businesses is the mandated sick leave and the proposed $15 per hour minimum wage.

4. I met with the Public Works Union Representative Becky Steward after Council approved the contact to discuss best practices and areas that can be approved upon through the negotiation process. Moving forward, I will be attending the quarterly labor/management meetings and I will be job shadowing employees in Operations/Maintenance periodically on Fridays for the next few months, as my schedule allows. This is a welcomed request from the Public Works employees and I am committed to rebuilding trust and the morale in the organization.

5. I attended City Club and the ODOT project managers for the Newberg-Dundee Bypass provided an update. I have attached a copy of their most recent flyer as attachment "B." Most noteworthy for elected officials is a reminder that there are **17** piles that need driven in order to construct the large bridge structure along the south side of Newberg. There will be a lot of noise and truck traffic and ODOT is doing the best they can to mitigate the situation. This will likely continue for months and I would presume you will hear from your constituents. If you need more information, please let me know as we want to make sure you are able to answer questions.

6. Historic Downtown Plan: The City received a grant under ODOT's Transportation Growth Management Program. Before the holidays, the City developed a scope of work (SOW). The purpose of the Historic Downtown Plan is to develop a detailed land use and streetscape plan that will guide the revitalization of historic downtown Newberg. The desire is to help the downtown area reach its full potential after the quality and quantity of downtown traffic is changed as a result of the opening of Phase I Newberg-Dundee Bypass.

   ODOT took the SOW and put together a Request for Proposal (RFP). Three proposals were submitted and an evaluation team, consisting of three City employees and one from the Newberg Downtown Coalition, scored the RFPs. ODOT has **strict** scoring criteria including none of the evaluators communicating amongst ourselves and everything must remain confidential until ODOT publicly releases the award of the contract.

7. The City's Mediation Strategy Team for the Urban Growth Boundary expansion met with mediator Sam Imperati. All members have signed a confidentiality agreement so I will remain silent except to report that mediation is moving forward.

8. I attended Kiwanis regular meeting and the Kiwanis Youth Group meeting.

9. I attended Greeters – hosted by Synergistic Direct Care.

10. I was interviewed by reporter Colin Staub of the Newberg Graphic to discuss reorganization of the City positions and the destruction at City Hall from a recent flood/storm event.

11. Attended the Planning Commission meeting. Commissioners continued discussions on Development Code Amendments regarding temporary sign and portable signs. The proposal adds a new section for a temporary sign permit program that will allow additional temporary and signs with a coordinated appearance in the C-2, C-3 and Industrial zones. It also adds new language to address the use of pennants, streamers and inflatable objects. Finally, the amendment adds new language to clarify the definition of a flag display and flag use on holidays. Extensive public comment was submitted by Robert Soppe, therefore, the commissioners voted to continue the discussions to their February 12th meeting.

12. George Fox College University (GFC) provided an update on current projects.

- Morse Field Baseball Field Upgrades (Phase I in construction)
    - Phase 1: Installation of new backstop, new dugouts, new bullpen area, new seating and retaining walls
    - Phase 2: Installation of artificial surface infield (planned for Summer 2015, pending fundraising)
- New Residence Hall (in construction)
    - 147 beds, 3 stories
    - Located at Villa Road and Center Streets
    - Targeted completion August 2015
- New Dining Hall (in planning)
    - Located on the edge of Hess Creek Canyon behind Villa Academic Complex (former Newberg Hospital)
    - To include new bridge across canyon
    - Construction planned for May 2015, targeted completion August 2016
    - Existing dining room would be remodeled for additional academic space

13. The Newberg Graphic published a nice educational article on the City's Wastewater Treatment Plant expansion project. I would publicly like to commend Jason Wuertz, Civil Engineer II, for his excellent management to date on this project. The project is still tracking under budget and ahead of

schedule. The first of the startup activities at the headworks and influent pump station is beginning now and construction is approximately 80% complete.

This is good news for Newberg as often times projects of this nature run way over budget or timelines are pushed out. Of course also contributing to the success of the project is having an amazing contractor, Mortenson that cares about the quality of the work, keeping their commitments, and keeping the communities' best interest in mind (tax payer funds). Good job, Jason! Keep up the good work.

Respectfully submitted by,

Jacque M. Betz
City Manager

Oregon State
Chamber of Commerce

6075 Ulali Dr NE Ste 102, Keizer, OR 97303
Oregonchamber.org 1-888-688-4637

2015 Legislative Priorities

The 2015 OSCC Legislative Agenda represents the legislative priorities of the Main Street business community as represented by the 66 local Chambers of Commerce represented by the Oregon State Chamber of Commerce.

The OSCC is organized to support business growth, job growth and income growth in each of our local communities, many of which have not realized the economic gains seen in the Portland/Metro Area in recent years.

We believe a healthy business climate, and the jobs that such a business climate creates, is the key to building up our local communities and making them prosperous.

The 2015 OSCC Legislative Agenda reflects our belief that state government can be a valuable partner in helping our local communities grow and prosper. But the tens of thousands of businesses that belong to our local chambers also caution the Oregon Legislature against enacting counter-productive policies that would effectively kill our ability to create jobs and more prosperous communities.

The OSCC Legislative Agenda is equal parts proactive and defensive. We recognize there are many threats to small and Main Street business viability that will emerge from the 2015 Oregon Legislature, but we are also optimistic that the Legislature will see the wisdom in promoting business growth in all corners of the state and will pursue an agenda that elevates all local communities in the state and sets the stage for long term growth and prosperity in all communities across Oregon.

The OSCC Opportunity Agenda for Local Business and Communities includes:

1. **Transportation Investments**. OSCC will be supportive of efforts to create a comprehensive transportation infrastructure funding package paid for by an increase in the state gas tax. OSCC is also supportive of efforts to revitalize and repair local airports across Oregon through an increase in the jet fuel tax. Finally, OSCC supports multi-modal transportation investments through a Connect Oregon bonding package.

2. **Expansion of small business tax cut.** The 2013 Special Session of the Oregon Legislature recognized the need to create a lower tax rate for small business pass-through entities (S corps, LLCs, etc). OSCC not only seeks to protect this rate cut for existing employers, but to expand it for the smallest businesses that are sole proprietors or have only part-time employees.

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3. **Natural resource utilization**. The Governor allocated $30 million in his budget to put in place the infrastructure to add storage capacity for water from the Columbia River. This not only has immediate ramifications for local communities in NE Oregon, but it has future benefits for agriculture and food production statewide. OSCC also supports innovative projects such as the Urban Forestry Co-op pilot project for Clackamas County that will create local wood supplies that can be harvested and milled and turned into building materials locally.

4. **Career & Technical Education/Workforce Development.** OSCC supports initiatives that enhance the existing pool of skilled workers, including on-the-job training. OSCC supports initiatives that enhances the skills of incumbent workers, matches job skills to current employer needs, and continues or enhances funding for Career & Technical Education programs.

5. **Local Community Development & Tourism.** OSCC supports specific efforts to revitalize our local communities through tourism. OSCC also supports specific efforts to revitalize our local communities, such as the Revitalize Main Street Act, which provides a 25% rebate for certified rehabilitation of historic commercial buildings in communities throughout Oregon. Such a proposal would generate 1,300 local jobs and $25 million in additional local income.

The OSCC Defensive Agenda for Local Business and Communities includes:

1. **Expansion of workplace mandates.** While the Portland economy may be able to sustain a paid sick leave mandate, the rest of the state's local small businesses cannot. OSCC opposes expansion of the Portland paid sick leave mandate to all Oregon businesses. Small employers all across Oregon are able to develop policies today to protect the health of their workforce without costly and impractical government mandates that further hamper business operations. OSCC is also highly skeptical of "pay equity" mandate proposals

2. **Increased taxes on businesses & individuals.** Oregon's general fund is projected to grow at an 11% rate for the 2015-17 biennium. There is not a compelling need for additional resources from the business community or individual Oregonians. Oregon's income, investment, and business income tax rates are already among the highest in the United States. Our local communities cannot withstand further discouragement of investment and punitive taxes on mobile income.

3. **Low Carbon Fuel Standard.** The low-carbon fuel additives needed to achieve this mandate are not commercially available for Oregon consumers in adequate supplies. The Clean Fuels Program will effectively translate into significant increases in fuel costs as the Oregon mandate will create demand for a product in extremely limited supply. Our local communities today are just starting to realize the benefits of more disposable income due to lower fuel costs. To rob

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our communities of this disposable income by artificially driving the cost of fuel back up with this costly mandate will be a back-breaker for our local communities.

4. **State-run retirement plan for private sector employers/employees.** There are thousands of retirement products available to our local small businesses and their employees, and sold by our local small businesses. The addition of one state-run retirement plan as a solution to our state's retirement savings crisis is both disingenuous and dangerous. It's dangerous because a state-run plan will have no more benefit than any of the 10,000+ privately managed plans in existence today unless it is mandated for Oregon employers, which is what we fear is the ultimate goal for this proposal.

5. **Increased minimum wage beyond current law annual CPI increases.** Oregon's minimum wage law is already fair. Already one of the highest minimum wage rates in the nation, Oregon's minimum wage increases each and every year based on the Portland CPI. Increasing the minimum wage to $15 per hour will have the effect of immediate and significant job loss, especially among young and low-skilled workers, and will further hurt the ability of small business to compete with big businesses that can afford to pay higher wages.

Newberg-Dundee
Bypass Project

Newberg City Club, Jan. 6, 2015

Building Phase 1 of the Bypass

The Newberg-Dundee Bypass is under construction and expected to open in 2017. The new four-mile roadway will consist of two lanes, one travel lane in each direction, from OR 219 in Newberg to OR 99W south of Dundee. Wildish Standard Paving of Eugene, Oregon, is building the Newberg portion of the Bypass (OR 219 to Chehalem Creek). Hamilton Construction of Springfield is building the west end of the Bypass near Dundee (OR 99W to Chehalem Creek). Improvements on Springbrook Road in Newberg are also planned but not yet under contract.

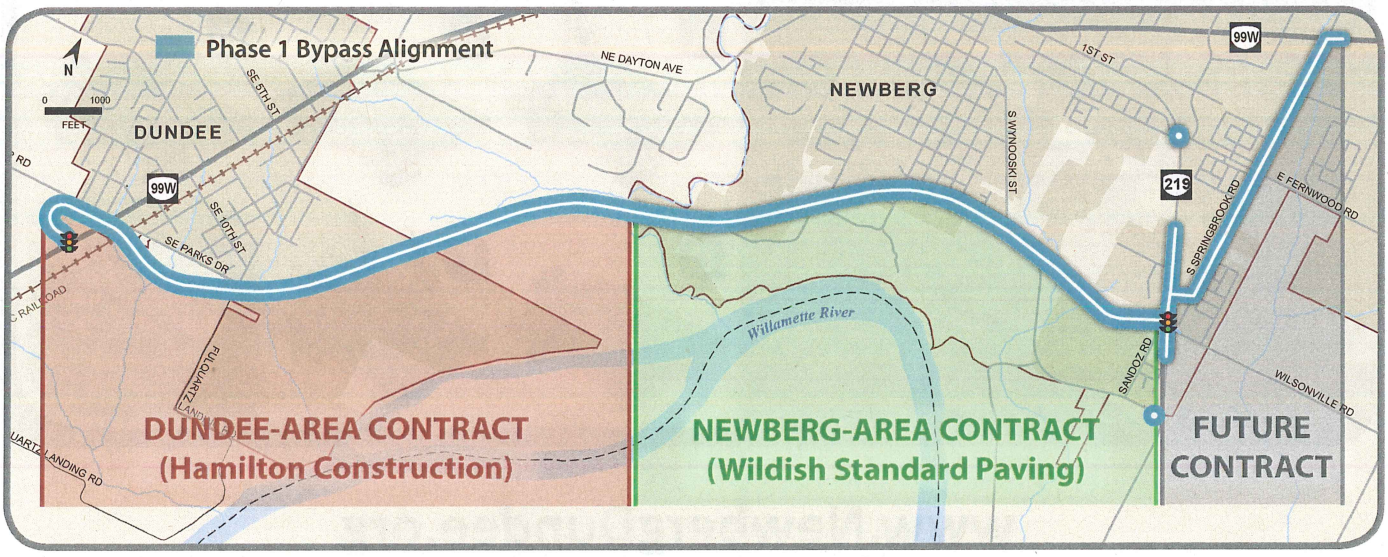
Construcción de la Carretera de Circunvalación

La nueva carretera de circunvalación conectará OR 219 en Newberg a OR 99W en Dundee. Construcción en Newberg incluirá estructuras de puentes, muros de contención, y el paisajismo. Algunos de los primeros trabajos será hincar soportes estructurales en el suelo (ver diagrama en otro lado). Este trabajo será ruidoso y se realizará durante los días de semana. Se prevé que la hinca de pilotes comenzará en enero y continuará por varios meses. Construcción en el área continuará hasta que la carretera se abre en 2017. Apreciamos su paciencia mientras que se construye la nueva carretera. Para pedir información en español or pedir preguntas durante la constrcción, contacte al Sylvia al ***(503) 235-5881 x114*** *o* ***newbergdundee@oregonjta.org****.*

Benefits of the Bypass

- **Reduced congestion** – Traffic will decrease by about 20% in downtown Newberg and about 40% in downtown Dundee.
- **Reduced freight traffic** – Large truck traffic on OR 99W will decrease by 45% in Newberg and 68% in Dundee.
- **Increased safety** – Traffic conditions will improve, particularly along the OR 99W corridor where through-traffic shares the road with local traffic.
- **Reduced travel time** – Travel time during peak periods on OR 99W through Newberg and Dundee will be reduced by 50–60%.
- **Job creation** – Hundreds of living-wage construction jobs will be created during construction.

Construction Areas *(Áreas de Construcción)*



Upcoming Construction Activities in Newberg

Work will soon begin on the large bridge structure that will carry the Newberg-Dundee Bypass along the south side of Newberg. The elevated roadway will begin just west of Wynooski Street and include a retaining wall and bridge structure that crosses over, but does not connect to, city streets.

Some of the first work will involve driving piles, or structural supports, into the ground. These piles will anchor the bridge foundations (see diagram below).

Construction work, and in particular the pile driving, will create noise and it is likely that everyone in the neighborhood will experience some disruption. Those closest to the bridge (along 11th, 12th, River, College, 14th and Waterfront streets) will experience the most noise and possibly some vibration.

All pile driving work will be done during weekdays. Pile driving is anticipated to begin in January and continue for months.

Truck traffic in the area will also increase as materials and equipment are moved in an out of the area. Trucks will follow designated routes.

Contact Information

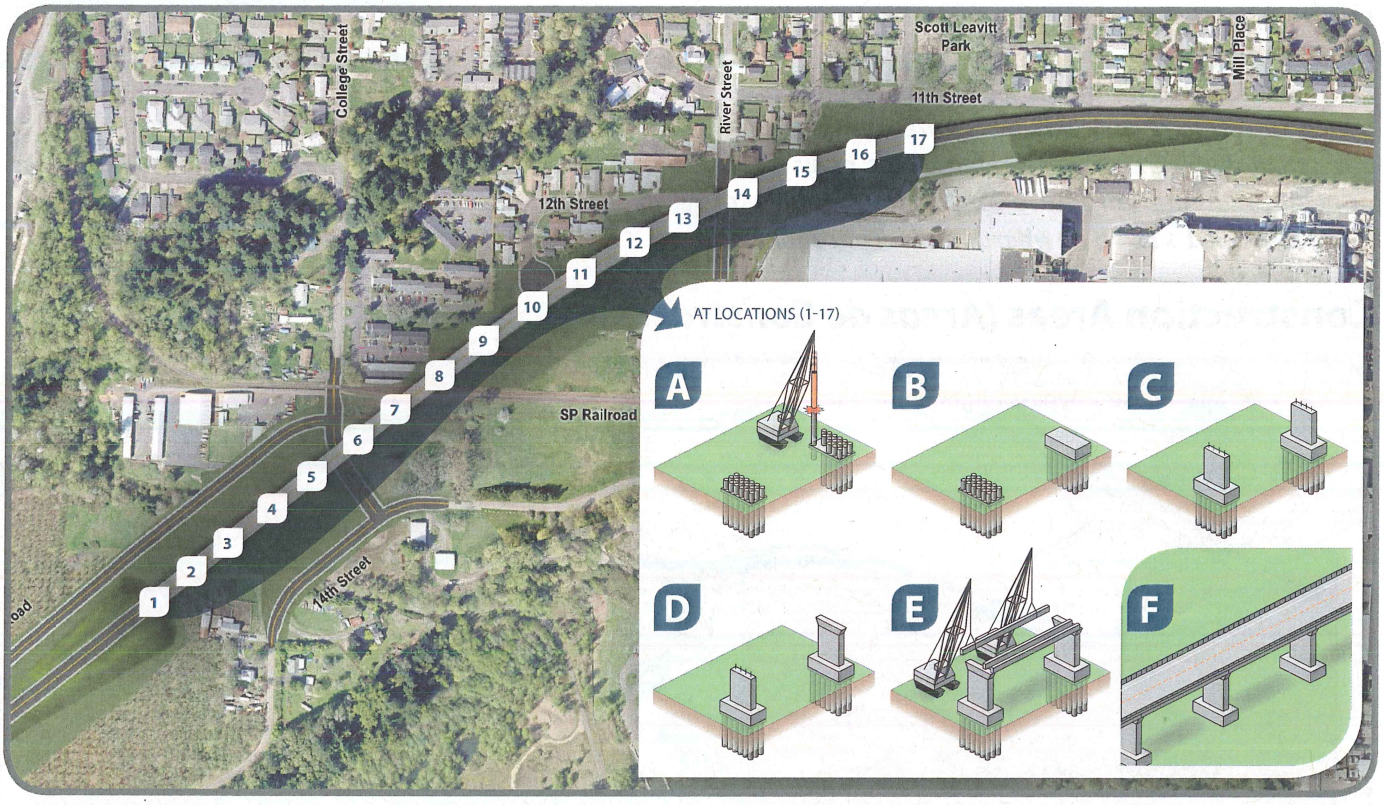
More detailed construction activities will be posted on the project website. Sign up for the email notification list to be kept up to date.

www.NewbergDundee.org

For questions about the project or construction, contact:
(503) 235-5881 x106 or
newbergdundee@oregonjta.org

Work in the area will continue until the Bypass opens in 2017. We understand that this work may be disruptive to neighbors. We appreciate your patience while the bypass is being constructed.

Bridge Construction Process *(Proceso de Construcción de Puente)*



www.NewbergDundee.org

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 20, 2015				
Order ___ No.	**Ordinance ___ No.**	**Resolution ___ No.**	**Motion** XX	**Information ___**
SUBJECT: Minutes			**Contact Person (Preparer) for this Motion: Sue Ryan, City Recorder Dept.: Administration File No.:**	

RECOMMENDATION:

Approve City Council minutes from January 5, 2015.

CITY COUNCIL MINUTES
JANUARY 5, 2015, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

A welcoming and farewell reception was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilor Tony Rourke, Councilor Stephen McKinney, Councilor Denise Bacon, Councilor Lesley Woodruff, Councilor Mike Corey and Councilor Scott Essin, City Manager Jacque Betz, City Recorder Sue Ryan and City Attorney Truman Stone. Also present were Library Director Leah Griffith, Interim Building and Planning Director Steve Olson, Public Works Director Jay Harris and Human Resources Director Dawn Wilson.

Mayor Andrews recognized outgoing City Councilors Ryan Howard and Bart Rierson.

CALL MEETING TO ORDER
Mayor Andrews called the meeting to order at 7:00 p.m.

ROLL CALL

Members Present:	Mayor Bob Andrews	Denise Bacon	Mike Corey
	Scott Essin	Stephen McKinney	Lesley Woodruff
	Tony Rourke		
Staff Present:	Jacque Betz, City Manager	Truman Stone, City Attorney	
	Sue Ryan, City Recorder	Leah Griffith, Library Director	
	Jay Harris, Public Works Director	Brian Casey, Police Chief	
	Steve Olson, Interim Building and Planning Director		

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

SPECIAL PRESENTATIONS: Municipal Judge Larry J. Blake, Jr. conducted the swearing in for Mayor Bob Andrews, Councilors Stephen McKinney, Tony Rourke and Scott Essin.

CITY MANAGER'S REPORT: Ms. Jacque Betz, City Manager, said there was a new electronic city newsletter, the new Finance Director Matt Zook began work that day, there was a storm event during December that caused extensive damage to the second floor of City Hall, and the Council Retreat was planned for January 24.

CONSENT CALENDAR:

MOTION: Bacon/Corey moved to approve the December 1, 2014 City Council meeting minutes. Motion carried (7 Yes/0 No).

NEW BUSINESS:
Election of Council President: Lesley Woodruff nominated Denise Bacon as the Council President for 2015.

MOTION: Rourke/Corey moved to elect Denise Bacon as Council President for 2015. Motion carried (7 Yes/0 No).

Ordinance 2015-2778: Truman Stone, City Attorney, explained the reasoning for the Ordinance. The City Code had provisions for holding a public auction to dispose of certain things that came into the City's possession. The City had adopted an alternative method through a contract with Oregon Department of General Services to sell surplus government property online that could be used in lieu of an auction. However, the State decided

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they would no longer auction personal property. Staff found an online site that could conduct an online auction to help dispose of the surplus property. There was a discussion on the different auction methods available to the City.

MOTION: Bacon/Corey moved to waive the second reading of the Ordinance. Motion carried (7 Yes/0 No).

MOTION: McKinney/Bacon moved to read Ordinance 2015-2778, an ordinance amending sections of the City Code, Chapter 2.35 City Policies, pertaining to disposal of city-owned surplus property, found, stolen, abandoned and unclaimed property with the correction of the effective date being February 4, 2015. Motion carried (7 Yes/0 No).

COUNCIL BUSINESS:
Councilor Denise Bacon gave an update on the warming shelter in Newberg. Mayor Andrews said there would be Council training on January 14.

EXECUTIVE SESSION:
Executive session pursuant to ORS 192.660(2)(d), relating to labor negotiations and the Public Works Union Collective Bargaining Agreement. The Council entered executive session at 7:35 p.m.

NEW BUSINESS:
The Council re-entered regular session at 8:36 p.m.

Jay Harris, Public Works Director, introduced Resolution 2015-3171, approving a three year Public Works Union Collective Bargaining Agreement that had been discussed during executive session. He discussed the compensation items in the agreement. He recommended adoption of the resolution.

MOTION: Bacon/McKinney moved to adopt Resolution 2015-3171, A Resolution Approving the Collective Bargaining Agreement between the City and the Public Works Union (AFSCME); Agreement will be effective retroactively to January 1, 2015; Authorizing the Mayor and City Manager to execute the agreement; and delegating the authority to the City Manager to make amendments and interpretations of the agreement on behalf of the City. Motion carried (6 Yes/1 No [Essin]).

ADJOURNMENT: The meeting adjourned at 8:40 p.m.

ADOPTED by the Newberg City Council this 20th day of January, 2015.

_____
Sue Ryan, City Recorder

ATTESTED by the Mayor this _____ day of January, 2015.

_____Bob Andrews, Mayor

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: Month Day, Year				
Order ___ No.	**Ordinance ___ No.**	**Resolution ___ No.**	**Motion ___**	**Information XX**
SUBJECT: Newberg Financial Report			**Contact Person (Preparer) for this Item: Matt Zook Dept.: Finance**	

EXECUTIVE SUMMARY:

The Finance Department began including the City of Newberg Financial Reports in Council packets on December 1, 2014. Please see attached for the reports for the month of Nov. 2014. Financial reports will be updated and included in Council packets on the second meeting of the month. These are provided for your information only and no action is required.

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
City Budget Totals					
Total Beg Fund Balance	$ 31,461,724		$ 31,461,724	100%	31,493,673
Total Revenues	67,644,784	9,150,900	29,630,905	44%	29,579,586
Total Beg Fund Bal & Revenues	99,106,508	9,150,900	61,092,629		61,073,259
Total Expenses	72,044,999	5,546,239	21,975,271	31%	25,048,083
Total Contingencies / Reserves	27,061,509	-	-	0%	-
Total Exp & Contingen / Reserves	99,106,508	5,546,239	21,975,271	22%	25,048,083
Total Monthly Activity Net Gain / (Loss)		$ 3,604,661			
Total Ending Fund Balance			$ 39,117,358		36,025,175
City Services					
General Fund					
Beg Fund Balance	$ 2,249,309		$ 2,249,309	100%	2,835,743
Revenues					
General Government	100,000.00	-	15,155.00	15%	-
Municipal Court	31,815	1,911	12,183	38%	13,656
Police	1,152,361	90,513	469,708	41%	510,697
Fire	307,000	30	31,576	10%	-
Communications	55,994	-	28,308	51%	26,952
Library	142,712	3,748	59,159	41%	50,701
Planning	498,052	30,425	137,732	28%	84,644
Property Taxes	6,714,209	4,325,161	6,215,594	93%	5,893,595
Other Taxes	696,216	533	203,977	29%	187,608
Franchise Fees	1,508,097	55,328	79,637	5%	54,074
Intergovernmental	1,180,653	78,573	472,939	40%	450,345
Miscellaneous	2,500	474	1,489	60%	73
Interest	7,070	1,855	2,162	31%	2,230
Transfers	-	-	-	0%	-
Revenue Total	12,396,679	4,588,551	7,729,619	62%	7,274,575
Expenses					
General Government	543,314	22,729	163,717	30%	167,639
Municipal Court	364,698	26,825	134,667	37%	106,331
Police	5,682,181	430,647	2,220,415	39%	2,209,425
Fire	3,354,089	272,513	1,379,479	41%	1,366,186
Communications	1,041,640	68,282	447,039	43%	419,870
Library	1,182,802	211,429	538,465	46%	408,735
Planning	586,154	47,591	237,111	40%	260,860
Transfers	39,068	-	-	0%	-
Contingency	752,042	-	-	0%	-
Unappropriated Ending Balance	1,100,000	-	-	0%	-
Total Expenses	14,645,988	1,080,015	5,120,893	35%	4,939,045
Monthly Activity Net Gain / (Loss)		$ 3,508,536			
Ending Fund Balance			$ 4,858,035		5,171,273

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Public Safety Fee					
Beg Fund Balance	$ 156,030		$ 156,030	100%	196,153
Revenues	532,646	23,990	119,468	22%	119,428
Expenses	507,191	34,776	178,893	35%	133,603
Contingencies / Reserves	181,485	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (10,786)			
Ending Fund Balance			$ 96,605		
EMS					
Beg Fund Balance	$ 510,066		$ 510,066	100%	457,509
Revenues	1,609,000	197,556	854,581	53%	656,408
Expenses	1,829,741	149,177	797,604	44%	544,146
Contingencies / Reserves	289,325	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 48,379			
Ending Fund Balance			$ 567,043		-
911 Emergency					
Beg Fund Balance	$ 57,640		$ 57,640	100%	89,061
Revenues	196,250	11	50,895	26%	49,538
Expenses	223,409	18,868	90,610	41%	88,506
Contingencies / Reserves	30,481	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (18,857)			
Ending Fund Balance			$ 17,924		-
Civil Forfeiture					
Beg Fund Balance	$ 45		$ 45	100%	-
Revenues	5,000	177	3,418	68%	11,432
Expenses	5,045	-	-	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 177			
Ending Fund Balance			$ 3,463		-
Library Gift & Memorial					
Beg Fund Balance	$ 30,062		$ 30,062	100%	92,623
Revenues	139,100	607	20,242	15%	109,889
Expenses	135,500	614	22,633	17%	14,502
Contingencies / Reserves	33,662	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (8)			
Ending Fund Balance			$ 27,671		-
Building Inspection					
Beg Fund Balance	$ 296,733		$ 296,733	100%	339,929
Revenues	384,750	18,697	216,030	56%	178,792
Expenses	427,956	33,056	171,453	40%	147,449
Contingencies / Reserves	253,527	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (14,359)			
Ending Fund Balance			$ 341,310		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Streets (Operating)					
Beg Fund Balance	$ 638,391		$ 638,391	100%	689,103
Revenues	1,350,500	118,139	492,563	36%	454,722
Expenses	1,224,719	123,504	564,127	46%	666,410
Contingencies / Reserves	764,172	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (5,365)			
Ending Fund Balance			$ 566,827		-
Water (Operating)					
Beg Fund Balance	$ 2,741,790		$ 2,741,790	100%	4,783,887
Revenues	4,879,371	691,124	3,155,973	65%	3,169,912
Expenses	4,928,586	186,682	1,833,094	37%	4,253,210
Contingencies / Reserves	2,692,575	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 504,442			
Ending Fund Balance			$ 4,064,669		-
Wastewater (Operating)					
Beg Fund Balance	$ 4,188,939		$ 4,188,939	100%	7,576,184
Revenues	7,030,230	482,726	2,517,021	36%	2,701,942
Expenses	6,920,955	404,938	3,047,267	44%	6,860,654
Contingencies / Reserves	4,298,214	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 77,788			
Ending Fund Balance			$ 3,658,693		-
Stormwater (Operating)					
Beg Fund Balance	$ 236,855		$ 236,855	100%	1,004,730
Revenues	1,097,015	93,608	495,629	45%	398,483
Expenses	1,036,113	61,294	372,719	36%	1,176,474
Contingencies / Reserves	297,757	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 32,314			
Ending Fund Balance			$ 359,766		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Administrative Support					
Beg Fund Balance	$ 740,869		$ 740,869	100%	684,851
Revenues	3,627,586	302,167	1,519,019	42%	1,391,239
Expenses					
City Manager	287,592	23,157	114,750	40%	154,983
Human Resources	145,874	12,902	55,415	38%	55,497
City Recorder	150,860	7,536	52,937	35%	55,175
Emergency Management	-	-	-	0%	343
Finance	519,586	41,888	245,081	47%	225,096
Gen Office(Postage/Phones)	155,000	10,290	57,466	37%	55,132
Utility Billing	287,939	22,525	108,777	38%	87,639
Information Technology	882,357	46,878	271,945	31%	206,386
Legal	431,011	34,874	177,995	41%	145,463
Fleet Maintenance	168,423	12,362	63,306	38%	66,230
Facilities Repair/Replacement	343,990	36,564	152,570	44%	147,801
Insurance	295,000	(45,627)	202,274	69%	248,648
Transfers	500,000	-	500,000	100%	-
Contingencies / Reserves	200,823	-	-	0%	-
Total Expenses	4,368,455	203,349	2,002,515	46%	1,448,393
Monthly Activity Net Gain / (Loss)		$ 98,818			
Ending Fund Balance			$ 257,373		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Capital Improvement Projects					
Streets CIP's					
Beg Fund Balance	$ 158,192		$ 158,192	0%	109,838
Revenues	1,180,301	39,227	271,185	23%	513,773
Expenses	1,180,000	39,165	270,888	23%	608,755
Contingencies / Reserves	158,493	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 62			
Ending Fund Balance			$ 158,489		-
Water / Wastewater / Stormwater CIP's					
Beg Fund Balance	$ -		$ -	0%	-
Revenues	4,705,000	1,130,636	2,794,506	59%	158,808
Expenses	4,705,000	572,539	817,490	17%	158,808
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 558,097			
Ending Fund Balance			$ 1,977,015		-
Wastewater Financed CIP's					
Beg Fund Balance	$ -		$ -	0%	-
Revenues	21,088,728	1,080,288	5,838,879	28%	1,172,764
Expenses	21,088,728	1,911,886	4,938,269	23%	1,244,267
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (831,598)			
Ending Fund Balance			$ 900,610		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Street SDC					
Beg Fund Balance	$ 2,207,054		$ 2,207,054	100%	2,534,551
Revenues	762,500	6,842	142,274	19%	73,913
Expenses	1,005,000	1,411	108,759	11%	14,728
Contingencies / Reserves	1,964,554	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 5,431			
Ending Fund Balance			$ 2,240,569		-
Water SDC					
Beg Fund Balance	$ 298,188		$ 298,188	100%	468,918
Revenues	1,586,402	12,533	134,444	8%	382,699
Expenses	1,881,352	206,669	355,734	19%	848,104
Contingencies / Reserves	3,238	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (194,136)			
Ending Fund Balance			$ 76,899		-
Wastewater SDC					
Beg Fund Balance	$ 3,219,421		$ 3,219,421	100%	1,794,112
Revenues	691,800	23,608	178,901	26%	1,395,403
Expenses	1,679,779	36,492	44,363	3%	311,448
Contingencies / Reserves	2,231,442	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (12,884)			
Ending Fund Balance			$ 3,353,959		-
Stormwater SDC					
Beg Fund Balance	$ 166,722		$ 166,722	100%	351,007
Revenues	67,000	947	7,976	12%	15,465
Expenses	102,500	302	603	1%	55,235
Contingencies / Reserves	131,222	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 645			
Ending Fund Balance			$ 174,094		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Debt					
Debt Service (General Op)					
Beg Fund Balance	$ 197,349		$ 197,349	100%	195,259
Revenues	892,667	288,713	700,084	78%	680,597
Expenses	889,332	76,291	310,146	35%	310,228
Contingencies / Reserves	200,684	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 212,422			
Ending Fund Balance			$ 587,287		-
City Hall					
Beg Fund Balance	$ 545,937		$ 545,937	100%	576,115
Revenues	89,500	1,766	22,550	25%	19,728
Expenses	108,342	-	76,977	71%	71,863
Contingencies / Reserves	-	-	-	0%	-
Unappropriated Ending Balance	527,095	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 1,766			
Ending Fund Balance			$ 491,510		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Reserves					
Water Replacement Reserve					
Beg Fund Balance	$ 4,709,677		$ 4,709,677	100%	2,961,007
Revenues	615,000	2,048	610,294	99%	2,303,495
Expenses	707,500	533	27,021	4%	55,564
Contingencies / Reserves	4,617,177	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 1,515			
Ending Fund Balance			$ 5,292,950		-
Wastewater Replacement Reserve					
Beg Fund Balance	$ 5,510,301		$ 5,510,301	100%	1,234,745
Revenues	1,015,000	2,711	1,012,159	100%	4,705,810
Expenses	1,468,500	328,543	389,770	27%	14,526
Contingencies / Reserves	5,056,801	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ (325,831)			
Ending Fund Balance			$ 6,132,689		-
Stormwater Replacement Reserve					
Beg Fund Balance	$ 811,500		$ 811,500	100%	-
Revenues	52,500	330	51,533	98%	809,809
Expenses	217,500	-	-	0%	-
Contingencies / Reserves	646,500	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 330			
Ending Fund Balance			$ 863,033		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Vehicle / Equipment Replacement					
Beg Fund Balance	$ 1,133,710		$ 1,133,710	100%	1,658,968
Revenues	$ 1,242,464	$ 28,098	$ 525,059	42%	703,969
Expenses					
General Government	-	-	-	0%	-
City Manager's Office	-	-	-	0%	-
Human Resources	-	-	-	0%	-
City Recorder/Clerk	-	-	-	0%	-
Finance	-	-	-	0%	-
Information Technology	384,172	-	164,397	43%	479,244
Legal	-	-	-	0%	-
Municpal Court	-	-	-	0%	-
Police	123,017	29,441	72,736	59%	61,032
Fire	543,111	-	-	0%	-
Communications	15,000	-	6,149	41%	-
Library	-	-	-	0%	-
Planning	11,548	11,085	11,085	96%	-
Building	-	-	-	0%	-
PW Administration	162,551	35,199	99,745	61%	453,369
Fleet Maintenance	12,500	-	231	0%	-
Facilities Repair/Replacement	75,000	-	-	0%	-
Contingencies / Reserves	1,049,275	-	-	0%	-
Total Expenses	2,376,174	75,725	354,343	15%	993,645
Monthly Activity Net Gain / (Loss)		$ (47,626)			
Ending Fund Balance			$ 1,304,426		-
Fire & EMS Equip Fee					
Beg Fund Balance	$ 100,371		$ 100,371	100%	174,453
Revenues	141,000	12,047	60,061	43%	68,400
Expenses	241,371	-	-	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 12,047			
Ending Fund Balance			$ 160,432		-

SUMMARY REPORT

FUNDS	2014-15 BUDGET	MONTH OF NOV 2014	2014-15 YTD	Current YTD *Compare to Budget* *42%*	2013-14 PRIOR YTD
Community Projects					
Animal Shelter					
Beg Fund Balance	$ -		$ -	0%	-
Revenues	-	-	-	0%	-
Expenses	-	-	-	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ -			
Ending Fund Balance			$ -		-
Cable TV Trust					
Beg Fund Balance	$ 26,895		$ 26,895	100%	41,744
Revenues	150	16	75	50%	78
Expenses	15,000	-	-	0%	-
Contingencies / Reserves	12,045	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 16			
Ending Fund Balance			$ 26,970		-
Economic Development					
Beg Fund Balance	$ 529,678		$ 529,678	100%	643,183
Revenues	266,645	3,737	106,468	40%	58,513
Expenses	514,429	411	79,101	15%	88,522
Contingencies / Reserves	281,894	-	-	0%	-
Monthly Activity Net Gain / (Loss)		$ 3,325			
Ending Fund Balance			$ 557,045		-

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 20, 2015				
Order No. __	**Ordinance No. __**	**Resolution No. XX 2015-3175**	**Motion __**	**Information ___**
SUBJECT: A resolution to authorize the city manager to enter into a professional services agreement with Murray Smith & Associates, Inc. to design the city's Well No. 9 Project in the amount of $99,940.00		**Contact Person (Preparer) for this Motion: Paul Chiu, P.E., Senior Engineer Dept.: Engineering Services Department File No.:**		

RECOMMENDATION:

Adopt Resolution No. 2015-3175 authorizing the City Manager to enter into a professional services agreement (PSA) with Murray Smith & Associates, Inc. (MSA) to design the city's Well No. 9 Project that includes the engineering design, bid and construction phase services in the amount of $99,940.00.

EXECUTIVE SUMMARY:

The City of Newberg relies on groundwater supply wells in the city's well field on the south side of the Willamette River to meet its potable water supply demands. Refer to Figure 1 below for the well field map and Table 1 for the total production and demand from the wells.

Figure 1 – Well Field Map

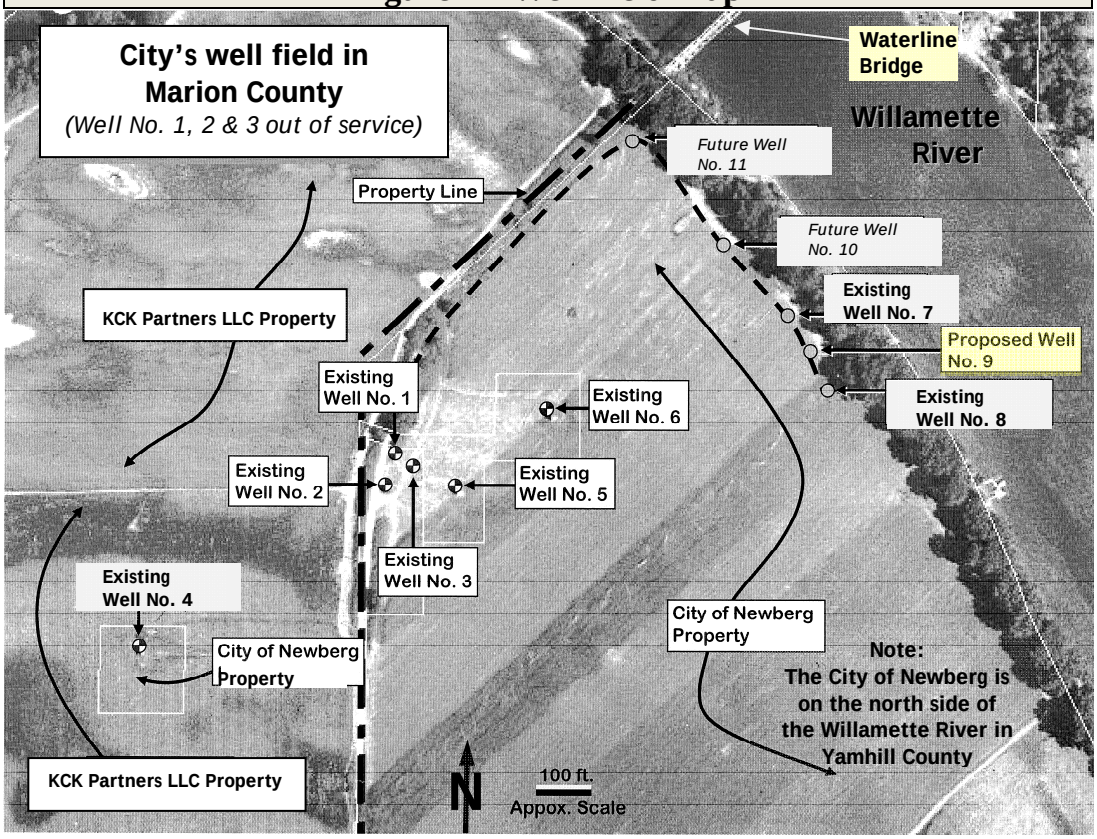


Table 1 - Total Production & Demand from Existing Wells:	
Total production from the existing wells *(Note: Well No. 8 can produce 3.0 MGD)*	7.3 MGD
Peak demand *(in the last 5 years)*	4.4 to 5.3 MGD

If any of the production wells were to have a significant reduction in output or face a mechanical or electrical failure, the city could have issues meeting its peak summer demands. To prevent the potential shortage of water supply, Well No. 9 needs to be designed this fiscal year and constructed this fall in fiscal year 2015-2016 through a public bid process.

City staff has identified MSA as a qualified engineering design consultant with the particular knowledge, expertise and experience for the proposed project, and entered into negotiations with them per ORS. 279C.110. MSA submitted a detailed proposal with a scope of work and cost breakdown for the city's consideration (refer to Exhibit "A" that includes the proposed professional service agreement). MSA's proposal requests $59,317.00 for design and bid support services with an additional $40,623.00 for construction services. The total consultant fee is $99,940.00, and is reasonable based on comparison to the similar scope of work and cost for Well No. 8.

FISCAL IMPACT:

MSA will complete the design and bid phase of this project for $59,317.00, which has been appropriated in the current fiscal year budget. MSA will provide the construction services for $40,623.00 during fiscal year 2015-2016. The construction services and the project construction costs will be appropriated through the budget review and approval process by the Council for fiscal year 2015-2016.

STRATEGIC ASSESSMENT:

The addition of Well No. 9 to the city's well field is part of the well field expansion plan to meet the potable water demand for the city's customers throughout the year, in particular for peak summertime flows.

RESOLUTION NO. 2015-3175

A resolution authorizing the city manager to enter into a professional services agreement with Murray Smith & Associates, Inc. to design the city's Well No. 9 project in the amount of $99,940.00

RECITALS:

1. The City of Newberg relies on groundwater supply wells in the city's well field on the south side of the Willamette River to meet most of its water supply demands.

2. In recent years, the water production from the existing wells has decreased. To prevent the shortage of water supply due to potential output reduction and a possible mechanical and/or electrical failure, the city needs to initiate the design of Well No. 9 in fiscal year 2014-2015 and plan for construction in fiscal year 2015-2016 through a public bid process.

3. Murray Smith & Associates, Inc., a qualified engineering design consultant, submitted a detailed proposal outlining the scope of work with a reasonable phase-by-phase cost breakdown (included in the proposed professional services agreement), which is attached as Exhibit "A" and by this reference incorporated.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The City Council, acting as contract review board for the city, does hereby authorize the City Manager to enter into a Professional Services Agreement with Murray Smith & Associates, Inc. to complete the city's Well No. 9 Project that includes the engineering design, bid and construction phase services in the amount of $99,940.00.

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 21, 2015.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of January, 2015.

_____
Sue Ryan, City Recorder

ATTEST by the Mayor this 22nd day of January, 2015.

_____
Bob Andrews, Mayor

MSA
Murray, Smith & Associates, Inc.
Engineers/Planners

121 SW Salmon, Suite 900 ▪ Portland, OR 97204-2919 ▪ PHONE 503.225.9010 ▪ FAX 503.225.9022

December 12, 2014

Mr. Paul Chiu, PE
City of Newberg
414 E. First Street
Newberg, OR 97132

Re: City of Newberg - Groundwater Well No. 9
Proposal for Final Design, Bidding & Award, and Construction Phase Services
Addendum No. 2

On Page 8 of the Scope of Work, dated September 30, 2014, under the heading Schedule, revise the section to read as follows:

> MSA is prepared to proceed with this project upon receipt of Notice to Proceed from the City. The following schedule is proposed, which assumes that the City will provide Notice to Proceed on or before January 12, 2015:
>
> | | |
> |---|---|
> | 50% Design Submittal | March 13, 2015 |
> | 95% Design Submittal | May 15, 2015 |
> | Final Contract Documents | June 15, 2015 |
>
> The level of effort proposed in this Scope of Work assumes all bidding and construction tasks to be completed in 2015. The City has not finalized the bidding and construction schedule at this time. In the event the City elects to delay bidding and/or construction in consideration of a more advantageous construction period, revision to the Scope of Work via contract amendment may be requested.

Thank you for your consideration of this schedule revision, we look forward to working with you on this important project.

Sincerely,

MURRAY, SMITH & ASSOCIATES, INC.

Michael L. Carr, P.E.
Principal Engineer

MSA
Murray, Smith & Associates, Inc.
Engineers/Planners

121 SW Salmon, Suite 900 ▪ Portland, OR 97204-2919 ▪ PHONE 503.225.9010 ▪ FAX 503.225.9022

Date: October 28, 2014

Re: City of Newberg - Groundwater Well No. 9
Proposal for Final Design, Bidding & Award, and Construction Phase Services
Addendum No. 1

The following change is hereby made to the Scope of Work, dated September 30, 2014:

Under Task 6, Submittal Reviews, revise the number of submittals assumed to be allocated for the task to **20 submittals and re-submittals**. There is no change to the level of effort or fee estimate as a result of this change.

Sincerely,

MURRAY, SMITH & ASSOCIATES, INC.

Michael L. Carr, P.E.
Principal Engineer

MSA
Murray, Smith & Associates, Inc.
Engineers/Planners

121 SW Salmon, Suite 900 ▪ Portland, OR 97204-2919 ▪ PHONE 503.225.9010 ▪ FAX 503.225.9022

September 30, 2014
Mr. Jason Wuertz, PE
City of Newberg
414 E. First Street
Newberg, OR 97132

Re: Proposal for Engineering Design, Bidding and Construction Phase Services
Groundwater Well No. 9

Dear Mr. Wuertz:

Murray, Smith & Associates, Inc. (MSA) and our key team partner GSI Water Solutions, Inc. (GSI) appreciate the opportunity to present this proposal for engineering services for the design and construction of Groundwater Well No. 9. We are confident that, due to our team's strong experience and past project successes, our proposal will fulfill the City's mission to successfully complete the wellfield improvements project in an efficient and timely manner. We believe our team offers the City the following benefits:

OUR APPROACH ACCOMPLISHES YOUR PROJECT OBJECTIVES – Our goal is to deliver a finished product of which the City can be proud. The MSA team brings a commitment and enthusiasm for working with the City, along with experts that routinely provide innovative solutions that are proven successful, both locally and globally. This experience shapes our approach to achieving a completed project that is functionally and operationally sound, cost-efficient, long-lasting, and aesthetically pleasing.

OUR PROVEN TEAM DELIVERS SUCCESS – Our team is structured to meet all of the City's needs with:

- Staff (MSA and our subconsultants) who have collaborated on project teams for over 15 years;
- Unique local knowledge of the subsurface aquifer configuration at the City's wellfield through GSI Water Solutions, Inc., our hydrogeological engineering subconsultant;
- Recent groundwater well design and project management experience in Mike Carr, MSA's proposed project manager;
- Responsive and experienced task leads at MSA, GSI and R&W Engineering;
- A team ready to support the City in future phases at the site.

MAXIMUM VALUE THROUGH EXPERTISE – Leveraging MSA's cost-effective local resources in groundwater well and pump station design capabilities – over 20 local area well and pump station improvement projects in the past 10 years, with GSI's hydrogeological expertise – will ensure delivery of a high-quality and technically-sound work product that adhere to project schedules and budgets.

Thank you for your time to review our proposal. If you would like additional information regarding our project team's qualifications and experience, please don't hesitate to contact me, so can furnish you the information you require. We look forward to the opportunity to work with you on this important project.

Sincerely,

MURRAY, SMITH & ASSOCIATES, INC.

Michael L. Carr, P.E.
Principal Engineer

MSA

CITY OF NEWBERG – WELL NO. 9 FINAL DESIGN, BIDDING & AWARD, AND CONSTRUCTION PHASE SERVICES

Project Understanding

The City of Newberg wishes to expand potable water production from their wellfield, and is intending to contract out the design and construction of a new groundwater well. The well, identified as Well No. 9, would ideally be constructed and on-line by the summer of 2015. The project will include construction and testing of a new groundwater well, wellhead improvements including discharge piping and flow meter, and connection to existing electrical and control systems.

As requested by the City, Murray, Smith & Associates, Inc. (MSA) has prepared this scope of work and fee estimate for design engineering services, as well as services during bidding and construction phases, and assistance in obtaining permits.

The following are the basic assumptions used in developing the scope of work and proposed level of effort:

- *Project Site* - The project will be entirely located on land owned by the City of Newberg in Marion County, at the City's existing well field with a listed address of 4500 Champoeg Road NE, St. Paul, Oregon. The new well will be located in the vicinity of existing Well No. 8. The site is within the 100-year FEMA floodplain of the Willamette River, on cleared farmland.

- *Groundwater Well* – The project will include drilling and testing a new groundwater well, to be located less than 500 feet of the Well No. 8 wellhouse. The geology of the ground strata and aquifer is generally understood, as there have been several wells and test bores drilled in the area. For this scope, it is assumed the design of Well No. 9 will use the Well No. 8 design and specifications as a template. Design considerations include casing and sealing the well down to the productive sand and gravel zone to reduce the potential for surface contamination to reach the aquifer; providing for adequate casing diameter so that a pump capable of producing over 3,000 gpm under the range of anticipated total dynamic head conditions can be installed, and achieving the right balance of the following: (1) screen open area to minimize screen entrance velocities to control well losses, and reduce the potential for sand production and fouling; and (2) available drawdown to allow for a range in water levels accounting for mutual well interference effects and natural seasonal water level fluctuations. The anticipated yield of the well is 3,000 gpm using a similar diameter bore as Well No. 8, though actual initial production rate using the City's supplied pump may be less, depending on actual well yield. The City has stated that they have sufficient existing water rights available to appropriate water from this new well.

- *Pump Equipment* – A 100-hp submersible well pump owned by the City will be installed in the new well and put into operation under the construction contract. The pump was

used previously in Well No. 8 and is understood to be in acceptable condition for this service. The pump's capacity was approximately 2,300 to 2,800 gpm when it was installed in Well No. 8.

- *Wellhead Improvements* - The wellhead will be protected from the 100-year flood elevation through use of a precast vault, similar to the Well No. 8 facility, with the top slab set at the necessary flood protection elevation. In accordance with State requirements, the well head and all electrical equipment will be located above the current floodplain elevation. It is assumed the flood protection elevation is approximately 10 feet above existing grade. Finished grade of the site will generally be unchanged to facilitate vehicular access.

- *Flow Monitoring* - A flow meter will be furnished and installed as part of the contract. The configuration and flow meter type will be similar to that used on Well No. 8, with the flow meter transmitter located in the Well No. 8 building.

- *Site Improvements* - Minor site improvements will be provided to the area immediately around the wellhead to provide all-weather access to the wellhead, along with appropriate drainage, as further refined during permitting. The facility will not be fenced. Surface restoration to existing conditions will be specified.

- *Connection to Existing Transmission System* – New appropriately sized piping will be constructed to connect the wellhead to the wellfield's existing 24-inch diameter transmission piping system. It is assumed that no more than 100 feet of connecting pipe will be required. Pipe material is assumed to be ductile iron. Butterfly isolation valves will be provided as appropriate, per City standards.

- *Electrical and Controls* – A new variable speed drive (VFD) and pump control equipment will be furnished and installed in the existing Well No. 8 wellhouse, in a location already determined by the City. New buried conduits and conductors will be provided between the wellhouse and the wellhead equipment. Controls and alarms will be designed to match the system installed for Well No. 8, with connections made to the existing SCADA panel as desired by the City. All equipment will be installed meeting the City, local and State of Oregon requirements for floodplain development.

- *Electrical Power Supply* - The current electrical service to Well No. 8 will be utilized for this project, with no upgrades necessary.

- *Anticipated Permits/Approvals*

  - Commercial building permit from Marion County, including site development permit and erosion control plan.

  - Oregon Health Authority Drinking Water Program approvals.

- *Easements* – It is anticipated that all site improvements will be constructed within the existing property and the public rights-of-way, and no additional easements will be required. If it is determined that additional permanent or temporary easements are required, they will be acquired by the City.

- *Construction Contractor Procurement Process* – Construction of the groundwater well and wellhead improvements will be completed by a single responsible, responsive contractor, selected through a single bid solicitation process. One set of contract documents will be prepared for all wellfield improvements, in accordance with City of Newberg contracting requirements.

Scope of Work

The proposed work is organized by major tasks outlined as follows:

Task 1 – Project Management
Task 2 – Well Site Selection Support
Task 3 – 50% Design
Task 4 – 100% Design
Task 5 – Bidding and Award Services
Task 6 – Construction Phase Services

The proposed scope of work for the project is as follows:

Task 1 – Project Management

This effort covers the administration and coordination of the consultant's staff, subconsultants, and the interface with the City project manager and other City staff. The effort will include the following subtasks:

- Process and submit monthly billings with a summary of project status by task and subtask, including a summary of invoicing from subconsultants retained for this project.
- Coordinate applications for permits from Marion County and Oregon Health Authority Drinking Water Program.
- Perform quality assurance/quality control activities regarding the project documents.

Task 2 – Well Site Selection Support

The general objective of this task is to evaluate potential constraints of the proposed well location selected by the City. The consultant will provide analysis and input into the final location and preliminary design of the well. As part of this task, Well 8 operational data will be evaluated to estimate the maximum pumping capacity of the well for City planning purposes and development of interference estimates for siting and designing Well 9. Specific

task objectives and our proposed scope of services to accomplish each objective are summarized below.

- Meet with City staff to refine project objectives and discuss well siting constraints.
- Review the well location selected by the City relative to potential constraints such as:
  - Location and geometry of the highly productive buried gravel channel, based on review of results of a previous surface geophysical survey and boring logs.
  - The point of appropriation for the well identified in the City's groundwater permit and the conditions of approval for the land use plan approved by Marion County.
  - Oregon Health Authority Drinking Water Program (OHA DWP) requirements for well siting and consideration of groundwater under the direct influence (GWUDI) of surface water.
- Summarize recommendations in email format.

Task 3 – 50% Design

Work under this task refers to preparing draft construction plans and specifications, to the 50 percent level, for review and comment by the City. The work will be conducted in accordance with the Basic Assumptions described above. The subtasks include:

- Perform design and hydraulic calculations. Verify sizing of pump, piping and electrical equipment is consistent with existing facilities and anticipated operational modes.
- Prepare a well design drawing, technical specifications and a bid sheet for the well that meets state of Oregon well construction standards and is suitable for public bidding. Prepare specifications for the drilling and well construction with specific drilling and equipment technologies in mind. Specifications for Well No. 8 will be used as a template for the purposes of efficiency and cost savings.
- Prepare construction plans, technical specifications and details to a 50% complete level for the work to be constructed. Plan sheets shall be 22"x34" on standard City of Newberg title block. Plan set shall include a cover sheet, index sheet with vicinity map, abbreviation sheet, and symbols and legends sheet. Prepare draft specifications for major specification items using the City's standard construction documents, templates and forms.
- Submit up to five (5) sets of draft plans and specifications to the City for distribution to project participants for review. Meet with the City to discuss review comments. Incorporate review comments into plans and specifications as appropriate.

Task 4 – 100% Design

Work under this task includes preparing final construction plans, specifications and bidding and contract documents ready for distribution to interested bidders and regulatory agencies.

The design will be based upon the Basic Assumptions described above, and on comments received from the City at the 50% Design submittal. The subtasks include:

- Prepare 95% complete plans, specifications and contract documents. Prepare plans and details in compliance with the City's current drafting standards.
- Submit up to five (5) sets of 95% complete final plans and specifications to the City for distribution to project participants for review. Meet with the City to discuss review comments. Incorporate review comments into final plans and specifications as appropriate.
- Prepare 100% final contract documents based on comments from the City on the 95% submittal. Contract documents shall include drawings and technical specifications, bidding requirements, contract forms, conditions of the contract, general requirements, and special provisions.
- Prepare a final estimate of construction cost.

Task 5 – Bidding and Award Services

Work under this task includes services necessary to solicit bids from interested contractors and select a qualified contractor in accordance with City and State procurement rules. The subtasks include:

- Provide one (1) reproducible set of construction documents. The construction documents shall include bidding requirements, technical specifications, and "full sized" and "half-sized" construction drawings and details. Depending on the complexity of the plans, drawings and details may be bound separately.
- Attend a pre-bid conference and site visit and assist City staff. City staff to conduct the pre-bid conference and prepare an agenda.
- Respond to bidder inquiries during the bid period.
- Prepare any necessary bid addenda to address contractor questions and/or to identify contractors, suppliers, etc., that are qualified to submit bids or furnish equipment.
- Assist City with conducting bid opening, provide technical assistance in review and evaluation of bids, prepare bid summary sheet and provide recommendation of construction contract award.

Task 6 – Construction Phase Services

Work under this task refers to engineering services during construction of the project to ensure that the project is constructed in accordance with the approved plans and specifications. It is assumed the City will provide basic construction management services during the construction phase of the pump station improvements, including regular inspections, preparation of monthly progress estimates to the contractor, and contract administration. Consultant shall provide the following services to assist the City's project representative during the construction phase. The proposed subtasks include:

- Preconstruction Conference-- Attend a preconstruction conference to answer questions regarding the design.
- Submittal Reviews - Review submittals and shop drawings required of the contractor. Consult with and advise City as to the acceptability of substitute and "or-equal" items proposed for use by contractor. The submittal review process will be coordinated with City staff reviews, and consolidated review comments will be prepared and provided to the City's project representative, who will deliver the review comments to the contractor. Review of up to 16 submittals and re-submittals are assumed and allocated for this task. If additional submittal reviews are needed, they will be the subject of an amendment to this scope of work.
- Construction Questions -- Provide written responses to technical questions and requests for information (RFIs) regarding plans and specifications, change orders, and with review of contractor progress payment requests as may be requested by the City. Assuming that the City project representative will provide initial evaluations and screening, up to 20 hours of engineer time is assumed and allocated for this task.
- Design Assistance to Respond to Unforeseen Conditions-- Provide specialized drawings or detail drawings as needed to provide for construction different than originally designed. The drawings may become part of a change order. Up to 10 hours are assumed and allocated for this task.
- Periodic Observations of Construction of Wellhead Improvements- Assist the City in periodic observation of the improvements, final inspection and testing. Make recommendation regarding final acceptance of the work. Up to 60 hours are assumed and allocated for assistance in construction observation, including witnessing of acceptance testing and for final inspection. If additional hours are needed, they will be the subject of an amendment to this scope of work.
- Assistance With Well Construction and Testing -- Provide periodic construction observation services during select time periods during drilling, construction, development and testing to review Contractor adherence to the technical specifications. We have assumed that we will visit the site at critical times during the drilling well construction and testing including drilling the production interval, setting the surface casing and seal, installing the screen and filter pack, developing the well, and conducting the pumping tests for a total of 11 site visits. It is assumed for the purposes of this proposal that the duration of drilling, construction, development and testing will be approximately 6 to 8 weeks, roughly the same as Well 8. The duration of the pumping test is assumed to be 48 hours. Progress of the work will be reported to the project team on an ongoing basis and notes will be prepared documenting each site visit. The City will be immediately notified if there are any substantial changes to the well design, and/or any unanticipated delays that may affect the scope and level of effort.

  Review drilling contractor's materials list and specifications for the casing and screen, and other documents requested in the bid document, including contractor proposed screen design. Inspect casing, screen and filterpack materials onsite to verify compliance with specifications. Review the proposed screen design and test plans.

Assist the City with collecting a groundwater sample near the end of the aquifer test for analysis of Safe Drinking Water Act parameters, field water quality parameters, and iron and manganese. Provide the City with a list of analytes and sampling requirements. It is assumed that the City will collect the sample and submit it to their contract SDWA-certified laboratory for analysis.
On the basis of the pumping test results and an analysis of well interference, provide recommendations for the operational pumping rate(s) and anticipated pumping level(s) of the well in a brief technical memorandum to the design team.

- Record Drawings - Prepare and provide to the City one set of permanent record drawings representative of the "as constructed" work. Drawings shall be produced on 3-mil Mylar in ink. Record drawings shall also be provided to the City in digital format on CD-ROM and/or transmitted electronically as directed by the City. Digital files shall include a layer key and all x-referenced attachments and be named according to the plan sheet titles or sheet numbers.

Use of City Personnel

The following tasks are anticipated to be performed by City staff:

- Provide a project engineer/manager who is responsible for overall project management and will provide coordination between the Consultant and the City.
- Provide the Consultant copies of all available, relevant City utility "as-built" plans, topographical maps, reports and studies pertinent to the project.
- Provide Consultant with the City's current standard drafting frame and title block and a current Drafting Standards Manual, as available.
- Provide Consultant with digital copies of the City's standard construction specifications, details and "front end" bidding document sections.
- Provide timely review and comment on all reports, drawings and specifications submitted by Consultant to City for review and approval.
- Submit applications to the State and/or County for required permits and pay associated permit fees. (Note Consultant will prepare and may be requested to contribute project information for any such applications).
- Maintain records and process Consultant invoices.
- Provide legal review of all contracts, bid forms, and real property.
- Provide notifications as necessary to the public and business community regarding the nature and timing of the work to be completed.
- Publish Invitation to Bid in local trade newspaper and pay all fees.
- Distribute bidding documents and maintain document holders list.
- Prepare for and conduct a pre-bid conference, if deemed appropriate and beneficial.
- Distribute any necessary bid addenda to address bidder questions.
- Conduct bid opening.
- After City Council award, execute and distribute copies of the contract.
- Prepare for and conduct a preconstruction conference.

- Attend construction progress meetings.
- Coordinate with the construction contractor to maintain on-going wellfield operations.
- Collect and submit groundwater sample for analysis.
- Monitor daily activities of construction and provide regular inspection reports to consultant.
- Prepare and process contractor payment applications, based in part on recommendations made by consultant.
- Participate in the final inspection.
- Participate in any operator training.
- Pay all permit and regulatory review fees.

Schedule

MSA is prepared to proceed with this project immediately upon authorization by the City. The following schedule is proposed, which assumes that the City will provide Notice to Proceed on or before October 15:

50% Design Submittal	November 21, 2014
95% Design Submittal	January 7, 2015
Final Contract Documents	January 30, 2015

Bidding is anticipated for February 2015, with construction occurring in Spring and Summer 2015. This construction schedule is contingent on the project site being accessible by the well construction contractor in April 2015. If conditions at the wellfield site are not acceptable for well construction in April 2015, the completion schedule is subject to delay.

Fee Proposal

MSA proposes to complete the work as detailed on the attached spreadsheet on a time and expenses basis. The agreed "not-to-exceed" amount is based on the scope of work detailed above and will not be exceeded without approval and written authorization by the City.

WELL NO. 9 IMPROVEMENTS
DESIGN, BIDDING, AND CONSTRUCTION PHASE SERVICES
CITY OF NEWBERG
PROPOSED FEE ESTIMATE

TASK	Principal Engr V $202.00 Bowers	Principal Engr I $172.00 Carr	Engineer VII $148.00	Engineer III $117.00	Tech. IV $120.00	Tech. I $79.00	Admin. I $69.00	Total Hours	ESTIMATED FEES Labor	Subs R&W	Subs GSI	Expenses	Total
Task 1 - Project Management													
Coordinate permitting		2	8	8			4	22	$ 2,740			$ 20	$ 2,760
Monthly billings and progress reporting	2	8					4	14	$ 2,056			$ 50	$ 2,106
Perform QA/QC	8							8	$ 1,616				$ 1,616
Subtotal - Task 1	**10**	**10**	**8**	**8**	**0**	**0**	**8**	**44**	**$ 6,412**	**$ -**	**$ -**	**$ 70**	**$ 6,482**
Task 2 - Well Site Selection Support													
Well Site Selection Support Tasks		2	2					4	$ 640		$ 3,355		$ 3,995
Subtotal - Task 2	**0**	**2**	**2**	**0**	**0**	**0**	**0**	**4**	**$ 640**	**$ -**	**$ 3,355**	**$ -**	**$ 3,995**
Task 3 - 50% Design													
Design and hydraulic calculations		2	4	8				14	$ 1,872				$ 1,872
Preliminary plans and specifications		4	20	32	4	24	8	92	$ 10,320	$ 2,420	$ 2,150	$ 600	$ 15,490
Draft design submittal and City review		4	4					8	$ 1,280			$ 200	$ 1,480
Subtotal - Task 2	**0**	**10**	**28**	**40**	**4**	**24**	**8**	**114**	**$ 13,472**	**$ 2,420**	**$ 2,150**	**$ 800**	**$ 18,842**
Task 4 - 100% Design													
Prepare 95% plans and specifications		4	16	24		24	8	76	$ 8,312	$ 4,400		$ 600	$ 13,312
95% submittal and City review		4	4				2	10	$ 1,418			$ 200	$ 1,618
Prepare 100% contract documents		1	8	12		8	12	41	$ 4,220	$ 1,100	$ 2,140	$ 800	$ 8,260
Prepare final construction cost estimate		1	8				1	10	$ 1,425				$ 1,425
Subtotal - Task 3	**0**	**10**	**36**	**36**	**0**	**32**	**23**	**137**	**$ 15,375**	**$ 5,500**	**$ 2,140**	**$ 1,600**	**$ 24,615**
Task 5 - Bidding and Award Services													
Attend pre-bid conference		4	4					8	$ 1,280			$ 50	$ 1,330
Respond to bidder inquiries		1	4	2				7	$ 998	$ 550	$ 555		$ 2,103
Prepare addenda		1	4				1	6	$ 833			$ 50	$ 883
Assist with bid review and award		1	4	2			1	8	$ 1,067				$ 1,067
Subtotal - Task 4	**0**	**7**	**16**	**4**	**0**	**0**	**2**	**29**	**$ 4,178**	**$ 550**	**$ 555**	**$ 100**	**$ 5,383**
Task 6 - Construction Phase Services													
Preconstruction Meeting		4	4					8	$ 1,280		$ 500	$ 50	$ 1,830
Submittal Reviews		2	8	8			2	20	$ 2,602	$ 1,980	$ 1,500	$ 50	$ 6,132
Construction Questions		2	10	8				20	$ 2,760	$ 550		$ 50	$ 3,360
Design Assistance for Unforeseen Conditions		2	4	4				10	$ 1,404	$ 550		$ 50	$ 2,004
Periodic Observations of Construction		4	32	24				60	$ 8,232	$ 1,650		$ 831	$ 10,713
Well Construction and Testing Support								0	$ -		$ 14,000		$ 14,000
Record Drawings		1	4			8	2	15	$ 1,534	$ 550		$ 500	$ 2,584
Subtotal - Task 5	**0**	**15**	**62**	**44**	**0**	**8**	**4**	**133**	**$ 17,812**	**$ 5,280**	**$ 16,000**	**$ 1,531**	**$ 40,623**
TOTAL - ALL TASKS	**10**	**54**	**152**	**132**	**4**	**64**	**45**	**461**	**$ 57,889**	**$ 13,750**	**$ 24,200**	**$ 4,101**	**$ 99,940**

EXHIBIT "A" for Council Resolution No. 2015-3175

From: Michael Carr [mailto:Michael.Carr@msa-ep.com]
Sent: Friday, November 07, 2014 4:32 PM
To: Paul Chiu
Cc: Troy Bowers
Subject: RE: Well 9 proposal questions

Hi Paul,

...

Also, as requested, I've provided responses to your previous questions about our proposal:

1. The 60 hours of time is for MSA staff only, and equates to approximately 15 trips, @ 4 hours per trip. Note that our electrical subconsultant, R&W, has 3 trips built into their fee, and GSI has assumed 11 trips in their fee. This gives an approximate total of 29 total visits during construction by the consultant team.
2. Yes, mileage reimbursement is built into the expenses column.
3. "Less than 2 weeks" is what we would consider "timely". We recognize that a one-week turnaround can be difficult to meet when several staff are involved.
4. Yes, we will provide an updated schedule. At this time, based on the overall project schedule we provided in our proposal, it a contract deadline of September 30, 2015 should be adequate.

Hopefully this is helpful information for determining how to proceed. Please let me know if you have further questions or comments. We look forward to working with you!

Have a great weekend,
Mike

From: Paul Chiu [mailto:paul.chiu@newbergoregon.gov]
Sent: Friday, October 31, 2014 8:17 PM
To: Michael Carr
Subject: RE: Well 9 proposal questions

Mike,

I have four questions upon the review of your emails, proposal and addendum:

1. Under Task 6 -5th bullet note, you said that up to 60 hours is assumed for assistance in construction observation. Can you equate that to approximately how many trips? Assume x hours per trip, would x hours include roundtrip driving time?
2. I don't see any mileage reimbursement line item in your proposed fee estimate. Are they built into the "expenses" column ($4,101)?
3. In the use of city personnel, 5th bullet note, what is the anticipated turnaround time for "timely review and comment"?
4. Will you provide a revised project design schedule (for 50%, 95% and final) once the contract document is ready for signatures? What I am trying to say is that I will need a contract deadline for the professional services agreement (PSA).

Thank you.

Paul Chiu, P.E.
Senior Engineer - Newberg Engineering Services Dept.
414 E. First Street / P O Box 970, Newberg, OR 97132
Direct: 503.554.1751 Fax: 503.537.1277
****

From: Michael Carr [mailto:Michael.Carr@msa-ep.com]
Sent: Wednesday, October 22, 2014 7:05 PM
To: Gerald Fisher
Cc: Jay Harris; Troy Bowers; Matt Hickey
Subject: RE: Well 9 proposal questions

Hi Gerald,
Thanks again for your review and comments on our proposal. I've provided comments/clarifications in red bold below. I also underlined those items that you may want to clarify in an addendum to the original.

We're very happy to hear you are recommending MSA for selection on this project! We look forward to working with you, Jason and the other Newberg staff over the next year or so as we see it through a successful completion. Please accept best wishes from Matt and Troy as well.

Regards,
Mike

From: Gerald Fisher [mailto:Gerald.Fisher@newbergoregon.gov]
Sent: Wednesday, October 22, 2014 12:24 PM
To: Michael Carr
Cc: Jay Harris
Subject: Well 9 proposal questions

Hi Mike,

I have a few questions/clarifications that need to be cleared up.

1. Flow Monitoring – We have mag meters on the other wells and will want to match the make and model for the Well 9 output. We can get you those for the specs at a later date. ***OK***
2. Connection to System – You have design for only 100 feet of discharge pipe but list a maximum distance for the well separation of 500 feet. These two distances will need to match. I think the easiest way is to state that the discharge pipe design distance will be based on the distance between the well and the connection point along a path approved by the city understanding that we will try to limit design cost exposure while meeting maintenance and operation needs. ***It appeared unlikely that the new well would be more than a few hundred feet from the existing water transmission pipe, given that the pipeline transverses in both east & west directions. So it was assumed that only one plan/profile sheet would be needed for the discharge pipe design. We'll revise our assumption to assume a maximum 500 feet of discharge pipe to be designed, since that is about the amount we can show on a single P/P sheet at 1"=20'.***
3. Task 5 – The single set will work and we will need to have electronic copies that are reproducible by a print shop. The bidders will have to pay the print shop for their copy. ***MSA will provide PDFs of the as-bid construction documents, addenda and other deliverables under this Task.***
4. Task 6 – Inspection by City staff can be performed but will only be observations and will not be to inform the contractor that they are not complying with the contract documents. The expectation is that MSA will be holding the contractor accountable for building the well to MSA's design and will give field directions for any changes once the changes and reasons for the changes are given to the city and the city approves the changes. ***Agreed. Periodic observations by City staff during the construction period is beneficial as it can allow us to reduce frequency of trips to the site to determine what activity, if any, is occurring. MSA would be determining acceptance of the work, as you noted.***

5. Submittals – Based on MSA's knowledge of the design and specifications we assume that the submittal/resubmittal amounts will not exceed 16 total. If the contract documents specifically call for a number more than that amount then the city will not pay for additional submittals. A clause in the specifications will need to be included that states that the contractor and not the owner will be responsible for resubmittal costs. If you need to change the submittal number then let me know and we can do it with a one page addendum to the proposal. ***I recommend we increase the number of submittals to 20 to provide a little leeway, but we'll keep the hours and budget unchanged. MSA will manage the submittal process accordingly. We will include the clause about contractor responsibility for resubmittal costs in the specifications.***
6. RFI's – We will screen the RFI's prior to them going to MSA, but if the RFI budget is exceeded and the reason is that the plans and specifications are not sufficiently clear then the City will expect that those costs will not be passed on to the city. ***Agreed.***

Everything else in the proposal appears to be in order. Please give feedback to the items above and if any changes to the proposal are needed then we can handle it with an addendum to the original. Once we have all of these items addressed then we will put together a contract and send it to you for your execution. Thanks Mike and we look forward to working with MSA on this project.

Regards,

Gerald Fisher, PE
Interim City Engineer
City of Newberg

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 20, 2015				
Order No. ___	**Ordinance No.** ___	**Resolution No.** XX **No. 2015-3176**	**Motion** ___	**Information** ___
SUBJECT: Enterprise Zone Application for property tax abatement for SP Fiber Technologies			**Contact Person (Preparer) for thisMotion:** **Jessica Nunley Pelz, AICP** **Dept.: Planning and Building** **File No.: G-14-002**	

RECOMMENDATION: Adopt Resolution No. 2015-3176, authorizing Jessica Nunley Pelz, the Newberg Enterprise Zone Manager, to sign an agreement between the City of Newberg and SP Fiber Technologies for a five-year Newberg Enterprise Zone property tax exemption.

EXECUTIVE SUMMARY: On April 25, 2014, Business Oregon approved the establishment of the Newberg Enterprise Zone. The city pursued establishment of an enterprise zone as an addition to our economic development toolbox and a way to help support Newberg's traded-sector industry. Establishment of the enterprise zone does not affect existing taxing revenues but does allow an eligible applicant to receive a tax exemption for three (3) (and up to five) years on the value of new capital investments.

The following criteria must be met by a company within the enterprise zone to qualify for a tax exemption:

Criteria for Qualifying Projects – Basic three year exemption:

- Increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10% (or less with special-case local sponsor waivers);
- Generally have no concurrent job losses outside the zone boundary inside Oregon;
- Maintain minimum employment level during the exemption period;
- Enter into a first-source agreement with local job training providers; and
- Satisfy any additional local conditions, which vary for each zone.

Criteria for extended tax abatement (for a total of four or five years of exemption):

- Fulfill the criteria for the three-year enterprise zone exemption;
- The compensation of new employees must be at or above 150% of the county average wage;
- There must be local government approval by resolution and a written agreement entered into with the local zone sponsor (city, port and county, or tribe) and applicant; and,
- The company must meet any additional requirements that the local zone sponsor may reasonably request.

On September 11, 2014, SP Fiber Technologies, LLC (SPFT) submitted an Oregon Enterprise Zone Authorization application to the City of Newberg. SPFT is a qualified company within the Newberg Enterprise Zone. SPFT requested the three year and five-year extended tax abatement on its proposed new investment. The initial estimated value of the new investment was $11,110,000.00 which includes design

and installation of equipment over the next year for the manufacturing of a new product line. On December 19, 2014, SPFT amended their initial application to include an additional $1.4 million emissions control project to control hydrogen chloride emissions emitted from the burning of biomass during the paper manufacturing process. The new estimated total value of the new investment is $12,520,000.00. SPFT estimates they will hire an additional 20 new employees by October 1, 2015 and they are working with the Work Source Oregon office in McMinnville to fulfill their employment obligations. SPFT qualifies for a three-year property tax abatement, and Council may grant a five-year abatement.

The three most important criteria that SPFT must meet for the extended five-year property tax abatement are: increased employment, maintenance of the required minimal employment increase level, and the value of compensation to those new employees. The following are these three criteria and how SPFT proposes to meet the criteria:

Criteria 1 – increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10% (or less with special-case local sponsor waivers);

Criteria 2 - maintain minimum employment level during the exemption period;

> SPFT application response – SPFT states that it has had an average employment level of 195.2 over the last 12 months. It projects that it will achieve an employee count of 215 by October 1, 2015. This increase is greater than the 10% required. SPFT has reported that many of its current employees are Newberg residents.

Criteria 3 - Compensation of new workers must be at or above 150% of the county average wage.

> SPFT application response – The current average annual wage in Yamhill County is $35,592.00. Therefore, the average annual income (wages and benefits) of the new employees would need to be $53,388.00. SPFT estimates their current average wage and benefits to be $65,000.00.

On November 17, 2014, the City Council considered Resolution No. 2014-3170 regarding a five-year property tax abatement. An enterprise zone sponsor may place reasonable conditions upon the applicant for a five-year property tax abatement. Staff had proposed the following two conditions be placed on an agreement between the City of Newberg and SP Fiber Technologies:

1. *SP Fiber Technologies will make a concerted effort to hire new employees from the Newberg community whenever feasible during the five-year abatement period.*
2. *SP Fiber Technologies will make a concerted effort to hire local contractors for work needed within SPFT's site whenever feasible within the five-year abatement period.*

Prior to the City Council meeting, staff discussed these two conditions for the five-year abatement with SPFT and Yamhill County. Both organizations stated that these conditions were acceptable. SPFT had told staff that they have often used local contractors for work in the past.

During the November 17th meeting, the Council determined they would like additional language in the proposed two conditions requiring SPFT to periodically demonstrate to the city the progress they were making on achieving those conditions. The Council stated they would like an additional condition requiring SPFT to make some type of measurable environmental effort at their facility that went beyond the state and federally mandated environmental standards. The proposed resolution was tabled to the next Council meeting on December 1, 2014.

Staff has since spoken with SPFT regarding the City Council's additional conditions. In response, SPFT has proposed installing a stormwater runoff project that will include bioswales and will treat stormwater from 8 acres on and around the employee parking lot. The project is described in more detail in Exhibit "B". Staff recommends an additional condition be added requiring SPFT to submit an annual report to the city describing how they are meeting all of the conditions of the Resolution. Staff has discussed the proposed additional conditions with SPFT and they have stated that all of the conditions currently proposed in the Resolution are acceptable. Staff has also informed Yamhill County of these revised conditions.

FISCAL IMPACT: Staff has been in communication with the County Administrator and Assessor regarding the territory outside of the city limits. They have concurred that the County Commissioners will not object to the five-year abatement. The anticipated new capital investment at SPFT will be approximately equally applied to two properties, with one-half on a property within the city limit and the other half on a property within the city's urban growth boundary. Staff has worked with the County Assessor, and the following are estimates of the property taxes that would be abated over the requested five-year period.

City property taxes abated (estimated)	$141,000.00
Property taxes abated for other taxing districts (estimated)	$772,000.00

STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS): The City of Newberg understands the importance of supporting local businesses, as a healthy business sector is a key component to having a healthy community overall. The proposed investment will help the city achieve this goal. It will help SPFT stay competitive in an ever faster changing business climate. In addition, the investment will help SPFT increase its employment base with good paying jobs. The proposed investment by SPFT should have a long-term economic impact, as they estimate the useful life of the new equipment to be 20+ years. Moreover, given the expected life expectancy of this equipment, it is reasonable to believe that the city may receive more property taxes over the long-term than would be abated.

The city has the goal of a clean, healthy environment. SPFT believes that the new equipment they install will be more environmentally efficient than the equipment it replaces. They expect their water usage to remain about the same. Also, the SPFT plant uses many recyclable materials in making its products, including old newsprint and woody debris from local providers. These are materials that would otherwise likely end up in a landfill. At the November 17, 2014, City Council meeting, the Council stated they would like to add additional conditions in exchange for the requested five-year property tax abatement. Council specifically wanted SPFT to implement some type of measurable environmental effort at their facility that went beyond the state and federally mandated environmental standards. SFTF has responded by proposing the construction of a facility that should significantly reduce stormwater pollutants to the Willamette River from their site (please see Exhibit "B" for details). In addition, SPFT is willing to submit to the city an annual report describing the progress they are making in meeting the conditions of the Resolution.

ATTACHMENTS:

1. Letter of support from the Chehalem Valley Chamber of Commerce, dated 11/25/14

Resolution No. 2015-3176 with:

Exhibit "A": SPFT Enterprise Zone Application Details

Exhibit "B": SPFT Environmental Improvement Project Description

CHEHALEM Valley
CHAMBER of COMMERCE

November 25, 2014

Mayor Andrews and City Council:

The Board of Directors for The Chehalem Valley Chamber of Commerce (CVCC) encourages your approval of an Enterprise Zone application by SP Fiber Technologies.

The Newberg Mill is in the midst of a capital project to provide the capability to produce brown packaging paper used in the manufacture of boxes and lightweight bags. This $12 million investment will convert an idled paper machine from being able to produce newsprint to being able to produce packaging papers from recycled old corrugated boxes. The project will also install pulping equipment in the recycle fiber pulp plant to take the old corrugated boxes and convert those boxes into usable pulp fiber for the paper machine.

In November of this year the CVCC conducted a comprehensive membership survey. The attraction and retention of companies that provide family wage jobs was cited as a top priority. This project at SP Fiber Technologies will result in the creation of over 20 full-time family wage manufacturing jobs. These jobs all include a comprehensive benefit package.

Our neighbors to the North have one of the most successful Enterprise Zones in the Country. In Portland, over 50 companies have participated in the program. Since 1996, the Portland's Enterprise Zone programs have leveraged over one billion dollars in private investments and have created and retained over five thousand full-time, quality jobs. Companies there have invested anywhere from $500,000 to $86 million in facilities, equipment, and machinery as part of their Enterprise Zone qualified investments. Most of these companies are traded-sector companies and could invest anywhere in the world. According to the Portland Development Commission the Enterprise Zone program is the City of Portland's best economic development tool for attracting industrial sector businesses to establish and grow in Portland. The CVCC is pleased that the Newberg City Planning Department spearheaded the effort to bring this important business retention and expansion tool to Newberg to support new and existing businesses.

The CVCC understands that SPFT is also seeking an optional 2 year extension of the property tax exemptions for a total of a 5 year exemption. For this extension, the City of Newberg has requested that SPFT meet several conditions. The CVCC supports the application with the extension and believes that this investment will go a long way to securing the future of new and existing family wage jobs at SPFT.

Sincerely,

Sheryl Kelsh

Sheryl Kelsh
President/CEO
Chehalem Valley Chamber of Commerce

115 NORTH COLLEGE STREET, NEWBERG, OREGON 97132
P 503-538-2014 F 503-538-2463
WWW.CHEHALEMVALLEY.ORG

RESOLUTION NO. 2015-3176

A RESOLUTION AUTHORIZING JESSICA NUNLEY PELZ, THE NEWBERG ENTERPRISE ZONE MANAGER, TO SIGN AN AGREEMENT BETWEEN THE CITY OF NEWBERG AND SP FIBER TECHNOLOGIES FOR A FIVE- YEAR NEWBERG ENTERPRISE ZONE PROPERTY TAX EXEMPTION

RECITALS:

1. On April 25, 2014, Business Oregon approved the establishment of the Newberg Enterprise Zone. The city pursued establishment of an enterprise zone as an addition to our economic development toolbox and a way to help support Newberg's traded-sector industry. Establishment of the enterprise zone does not affect existing taxing revenues but does allow an eligible applicant to receive a tax exemption for three (3) (and up to five) years on the value of new capital investments.

2. The City of Newberg is the Newberg Enterprise Zone Sponsor. On September 11, 2014, SP Fiber Technologies, LLC (SPFT) submitted an Oregon Enterprise Zone Authorization application to the City of Newberg. SPFT is a qualified company within the Newberg Enterprise Zone. SPFT requested the three year and five-year extended tax abatement on its proposed new investment. The initial estimated value of the new investment was $11,110,000.00 which includes design and installation of equipment over the next year for the manufacturing of a new product line. On December 19, 2014, SPFT amended their initial application to include an additional $1.4 million emissions control project to control hydrogen chloride emissions emitted from the burning of biomass during the paper manufacturing process. The new estimated total value of the new investment is $12,520,000.00.

3. SP Fiber Technologies has applied to the city for a five-year property tax abatement for its $12.5 million investment in facility equipment. They expect to increase and maintain their current employment base by at least 20 employees. The compensation for new employees will be at least 150% of the current Yamhill County average wage of approximately $35,000.00.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City of Newberg supports SP Fiber Technologies' application for a five-year property tax abatement. In addition to the standard requirements that must be met by an enterprise zone applicant to receive a five-year tax abatement, SP Fiber Technologies will agree to meet the following conditions:

   A. SP Fiber Technologies will make a concerted and demonstrated effort to hire new employees from the Newberg community whenever feasible during the five-year tax abatement period.

B. SP Fiber Technologies will make a concerted and demonstrated effort to hire local contractors for work needed within SPFT's site whenever feasible within the five-year tax abatement period.

C. SP Fiber Technologies will construct and maintain a stormwater quality facility as described in Exhibit A.

D. SP Fiber Technologies will submit to the city an annual report describing the progress they are making in meeting the conditions of this Resolution.

2. Jessica Nunley Pelz, the Newberg Enterprise Zone Manager, is authorized to sign an agreement between the City of Newberg and SP Fiber Technologies for a five-year Newberg Enterprise Zone property tax exemption.

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 21, 2015.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of January, 2015.

_____
Sue Ryan, City Recorder

ATTEST by the Mayor this 22nd day of January, 2015.

_____
Bob Andrews, Mayor

RECEIVED
SEP 11 2014

OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager **before** breaking ground or beginning work at the site. • Please type or print neatly.

APPLICANT

Initial: DB

Enterprise Zone or Rural Renewal Energy Development Zone (where business firm **and** property will be located)		County	
Newberg		Yamhill	
Name of Business Firm		Telephone Number	
SP Fiber Technologies, LLC		(503) 537-6317	
Mailing Address	City	State	ZIP Code
1301 Wynookski Street	Newberg	OR	97132
Location of Property (street address if different from above)	City	State	ZIP Code
Map and Tax Lot Number of Site	Contact Person	Title	
3220CC 04700, 3220CD 02700, 3229 02200, 3220CC-04600, 3220CC-04500, 3220CC-04400, 3220CC-04300, 3220CC-04200	Scott Wagener	General Manager	

My firm expects to first claim the standard property tax exemption in the following year(s): 2016

☐ Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: _____

☒ Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years, until the tax exemption on qualified property is claimed.

☒ Check here if you are requesting an **extended abatement** of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

Zone Manager Use Only (after written agreement but before authorizing firm):
County Average Annual Wage: $ _____ For Year _____ Total Exemption Period: ☐ 4 or ☐ 5 Consecutive Years (check one)

BUSINESS ELIGIBILITY

Eligible Activity—Check all activities that apply to proposed investment within the enterprise zone:

☒ Manufacturing ☐ Fabrication ☐ Bulk Printing ☐ Shipping ☐ Agricultural Production ☐ Energy Generation
☐ Assembly ☐ Processing ☐ Software Publishing ☐ Storage ☐ Back-office Systems
☐ Other—describe the activities that provide goods, products, or services to other businesses (or to other operations of your firm):

_____

☐ Check here if your business firm does or will engage in **ineligible activities** within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: _____

Special Cases—Check all that apply:

☐ Check here if a **hotel, motel, or destination resort** in an applicable enterprise zone.
☐ Check here if a **retail/financial call center.** Indicate expected percent of customers in local calling area: _____%.
☐ Check here if a **"headquarters" facility.** (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
☐ Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (This also provides for an income tax credit.)

EMPLOYMENT IN THE ENTERPRISE ZONE (see worksheets on last page)

Do **not** count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average employment in the zone over the past 12 months is 195 (as of 8/31/14) jobs.

New Employees—
• Hiring is expected to begin on (date or month and year): September 1, 2014
• Hiring is expected to be completed by (month and year): October 1, 2015
• Estimated total number of new employees to be hired with this investment is: 20 (see attachment for details)

Commitments—By checking all boxes below, you agree to the following commitments as required by law for authorization:

☒ By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.
☒ My firm will maintain at least the above minimum level as an annual average employment during the exemption period.
☒ When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 85 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.
☒ My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) waiving required employment increase, or (3) an **urban** enterprise zone's adopted policy, if applicable.
☒ My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.
☒ My firm will enter into a **first-source hiring agreement** before hiring new eligible employees. (This **mandatory** agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

150-303-029 (Rev. 10-10)

OREGON EMPLOYMENT OUTSIDE THE ENTERPRISE ZONE

Check only those that apply:

☐ Check here if your firm or a commonly controlled firm is, or will be, closing or curtailing operations in the state **beyond 30 miles of the zone's boundary.** Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:

_____

☐ Check here if you are transferring any operations into the zone from site(s) **within 30 miles of the zone boundary** (existing businesses only): My firm's average employment at the site(s) over the past 12 months is _____ jobs.

☐ Check here if your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110 percent of the existing combined level by April 1 and on average during the first year of exemption.

PROPOSED INVESTMENT IN QUALIFIED PROPERTY

Anticipated Timing—Enter dates or months/years

Action	Site and Building & Structures			Machinery and Equipment		
	Preparation	Construction*	Placed in Service	Procurement**	Installation	Placed in Service
To commence or begin on	July 2014	Oct 2014	May 2015	July 2014	Oct 2014	May 2015
To be completed on	Dec 2014	May 2015		Jan 2015	May 2015	

* And/or new reconstruction, additions to, or modifications of existing building(s) or structure(s).
** May precede application by up to three months.

Special Issues:

☐ Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).

☐ Check here for **Work-in-Progress** tax exemption for qualified property that is not yet placed in service and is located on site as of January 1. (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

Qualifying Property: Estimates of cost (please attach a preliminary list of machinery and equipment).

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any Item will be Leased
Real Property	Building or structure to be newly constructed		$ 0	☐
	New addition to or modification of an existing building/structure		$ 110,000	☐
	Heavy or affixed machinery and equipment	See attachment	$ 11,000,000	☐
Personal Property Item(s) Costing:	$50,000 or more		$ 0	☐
	$1,000 or more (E-commerce zone or used exclusively for tangible production)		$ 0	☐
	Total Estimated Value of Investment		$ 11,110,000	

Additional Description: In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

Convert the existing No.5 paper machine (PM) at the Newberg Mill to produce quality corrugating medium, light and heavyweight bag, and kraft packaging paper grades.

Build a 500 tons per day (TPD) Old Corrugated Container (OCC) recycled paper processing fiber line utilizing an existing pulper and including the addition of a detrashing and rejects handling system, 3 stages of forward cleaners, 3 stages of slotted screens, along with stock system and white water system changes. The OCC fiber line will be built in the exsiting deink pulping plant. Make the changes necessary to the No.5 PM in order to produce 400 TPD of corrugating medium, light and heavyweight bag, and kraft packaging grades. This includes the addition of low consistency stock refining, improved fourdrinier drainage, a wet end starch system, steam system changes, paper quality testing equipment, sheet threading and turn-up changes, and a roll handling, banding, and labeling system upgrade.

DECLARATION

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. If any information changes, I will notify the zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the tax exemption for property in the enterprise zone, only if my firm satisfies statutory requirements (ORS Chapter 285C) and complies with all local, Oregon, and federal laws that are applicable to my business.

MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM

Signature
X

Date
September 10, 2014

Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)
General Manager

Local enterprise zone manager and county assessor must approve this application (with *Enterprise Zone Authorization Approval,* form 150-303-082)

150-303-029 (Rev. 10-10)

SPFT
SP Fiber Technologies

Total PAC14 Investment Summary

Real Property		Estimated Cost ($,000)	
OCC Plant	$	5,350	
No. 5 Paper Machine	$	4,505	
Total Plant & Equipment	**$**	**9,855**	
Engineering	$	415	
Contingency	$	1,180	
Spare Parts	$	250	
Total Project	**$**	**11,700**	
Less expenses not considered qualifying property			
Contingency adjustment	$	(590)	*Including only 50% of total contingency*
Spare Parts	$	(250)	
Proposed Investment in Qualifying Property	**$**	**11,110**	*to be inserted on page 2 of application*

Project Spending Detail

PAC-14 Summary Budget			
Newberg PM-5 Packaging Conversion Project			
OCC	**Equip/Materials**	**Installation**	**Total**
Pulping	**$285**	**$190**	**$475**
Deflaking	**$495**	**$260**	**$755**
Pulper detrashing	**$460**	**$295**	**$755**
Pulper Dump Tank	**$150**	**$135**	**$285**
Cleaners system	**$800**	**$500**	**$1,300**
Screening system	**$430**	**$305**	**$735**
Stock thickening	**$5**	**$10**	**$15**
Stock transfer to PM-5	**$225**	**$300**	**$525**
White water system for OCC	**$255**	**$250**	**$505**
PM-5			
White water supply for OCC	**$110**	**$170**	**$280**
White water segregation	**$95**	**$85**	**$180**
OCC stock tank	**$115**	**$125**	**$240**
Low consistency refining	**$370**	**$240**	**$610**
Forming section	**$130**	**$65**	**$195**
Starch system	**$115**	**$270**	**$385**
Steam system	**$430**	**$235**	**$665**
Calendar, reel and winder	**$82**	**$43**	**$125**
Undermachine re-pulping	**$85**	**$85**	**$170**
Roll handling	**$880**	**$250**	**$1,130**
Paper testing	**$525**	**$0**	**$525**
Indirects			
Engineering		**$415**	**$415**
Spare Parts	**$250**		**$250**
Contingency	**$590**	**$590**	**$1,180**
Project Total	**$6,882**	**$4,818**	**$11,700**

SPFT
SP Fiber Technologies
Newberg Oregon

Staffing Data for Enterprise Zone Applications

Enterprise Zone requires SPFT to increase full time employees by at least 10% over average of prior 12 months and maintain this employment level through exemption period of 2015-2018

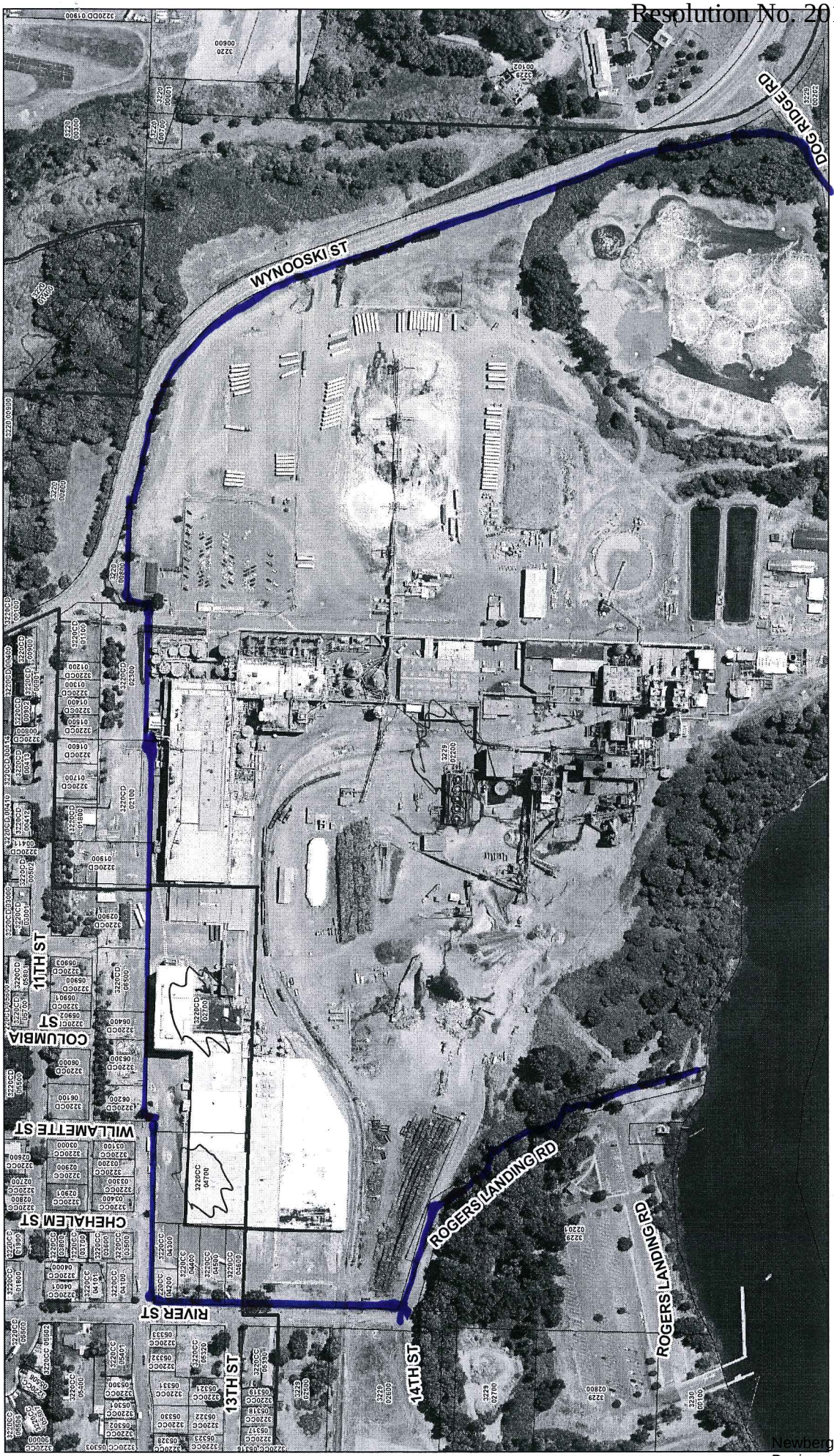
Application submitted September, 2014

Staffing for prior 12 months

		Total Mill Staffing from HR	
2014	August	179	
	July	176	
	June	178	
	May	181	
	April	179	
	March	174	
	February	173	
	January	174	Laid off 63 employees in mid January when no. 5 PM shut down
2013	December	237	
	November	233	
	October	231	
	September	227	
	Average	**195.2**	

Target = Avg X 1.1	**215**	employees to meet Enterprise Zone target

Required additional employees for Enterprise Zone		
+10% Target	**215**	**employees**
2013-2014 Average	**195**	
+	**20**	**employees by October 1, 2015**



SP Fiber Technologies Enterprise Zone Application
Tax Lot Number on Mill Site
included in Enterprise Zone Application
9/10/2014

From: David Walsh [mailto:david.walsh@spfibertech.com]
Sent: Friday, December 19, 2014 1:04 PM

Here is the information about the additional emissions control project to be added to our Enterprise Zone Application.

The $1.5MM project will design, build and install a dry sorbent injection system into the boiler flue gas ducts on the No. 10 Biomass Boiler at the Mill. This system will increase the control of hydrogen chloride emissions coming from the burning of biomass to generate steam for making of paper. The project is to be completed by the end of January 2016.

Additional Project for SPFT Enterprise Zone Application (submitted 9/11/14)

No. 10 Boiler Emissions Treatment Project:

Scope:	Purchase & Install a Dry Sorbent Injection System to control Hydrogen Chloride emissions in exhaust gases of SP Fibertech's No. 10 biomass boiler
Timing:	To be installed, operating and tested by January 2016

Cost Breakdown:

Real Property	**Estimated Cost**	($,000)
No. 10 Boiler	$ 1,100	
Total Plant & Equipment	**$ 1,100**	
Engineering	$ 110	
Contingency	$ 220	
Spare Parts	$ 90	
Total Project	**$ 1,520**	
Contingency adjustment	$ (110)	*(Including only 50% of total contingency)*
Spare Parts	$ (90)	
Proposed Investment in Qualifying Property	**$ 1,410**	

David F. Walsh
Pulp & Power Manager
SP Fiber Technologies
1301 Wynooski St.
Newberg, OR 97132
503.537.6368
Fax: 503.537.6263

SP Fiber Technologies Environmental Improvement Project

SP Fiber Technologies (SPFT) is committed to completing an environmental improvement project as a condition of receiving a two year property tax abatement extension on the SPFT Enterprise Zone application submitted on September 11, 2014.

SPFT will plan, engineer and execute the following environmental improvement project: SPFT will eliminate a stormwater discharge point on the mill site by installing new bio-swales which will capture and redirect storm water that currently flows into to Hess Creek. This project will redirect roughly 8 million gallons per year of stormwater from 8 acres on and around the employee parking lot. Three bio-swales will be constructed to capture the stormwater and direct it to the mill waste water treatment system. The end result of this project will eliminate a permitted discharge point recognized on our NPDES 1200-Z Industrial Stormwater Discharge Permit. This discharge point currently directs stormwater to Hess Creek without any formal treatment.

The cost of this project is estimated at $120,000. The project will be completed in 2015. SPFT will provide the City with before and after photos as verification of meeting the Enterprise Zone condition.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 20, 2015

Order No.	Ordinance No.	Resolution No.	Motion	Information
___	___	XX No. 2015-3178	___	___

SUBJECT: Setting a Transmission Line Fee (Per Foot Fee) of $3.00, paid annually pursuant to Municipal Code §12.05.370(B), with annual CPI adjustments.	**Contact Person (Preparer) for this Resolution: Truman A. Stone, City Attorney** **Dept.: City Attorney's Office** **Financial Information: Jacque M. Betz, City Manager**

HEARING TYPE: **ADMINISTRATIVE**

RECOMMENDATION:

Adopt Resolution No. 2015-3178 setting a transmission line fee of $3.00, paid annually pursuant to Municipal Code §12.05.370(B).

EXECUTIVE SUMMARY: In 2008 the city adopted a licensing regimen for use of the public right-of-way by utility operators. The licensing program was a change from the issuance of utility franchises. The city was assisted in this endeavor by outside counsel with utility law expertise.

As consideration for the license, most utility operators pay a privilege tax calculated as a percentage of gross revenues earned from the provision of utility service to customers within the city. Some utilities have facilities in the public right of way, but do not earn gross revenues from the provision of utility service to customers within the city. For those utilities, a transmission line fee is assessed. The amount of that fee is to be set by council resolution. The council has not adopted a resolution setting this fee.

Some municipalities continue to operate under a franchise model, but the modern trend is to adopt the licensing model. In 2012 the League of Oregon Cities published a Franchise Fee Survey. Those cities that have implemented a "per foot fee" have been summarized in the attached chart. Of the cities reporting such a fee, the range is from $1.00 to $4.65 per foot. Some cities charge a minimum annual fee, or the greater of the annual fee or per foot fee.

In 2008 the city's outside counsel recommended a transmission line fee be adopted in an amount between $2.00 and $4.00 per linear foot.

Staff recommends the council adopt a fee of $3.00 per foot, indexed annually to the CPI.

FISCAL IMPACT: With current utility operators subject to this fee, if approved at the recommended rate, the city will receive an amount projected at $26,364 in 2015.

STRATEGIC ASSESSMENT (Relevancy to Council Goals): Setting a transmission line fee is reserved to the City Council by Newberg Municipal Code §12.05.370(B).

RESOLUTION NO. 2015-3178

A RESOLUTION ADOPTING A UTILITY LICENSE APPLICATION FEE, A UTILITY TRANSMISSION LINE FEE (PER FOOT FEE), PURSUANT TO NEWBERG MUNICIPAL CODE §12.05.370(B), EFFECTIVE JANUARY 20, 2015

RECITALS:

1. The city of Newberg has authority to manage the public rights-of-way. The articulated purposes and intent of the city right-of-way code are set forth in NMC 12.05.270 are to:

   A. Permit and manage reasonable access to the public rights-of-way of the city for utility purposes and conserve the limited physical capacity of those public rights-of-way held in trust by the city, consistent with applicable state and federal law;
   B. Assure that the city's current and ongoing costs of granting and regulating access to and the use of the public rights-of-way are fully compensated by the persons seeking such access and causing such costs;
   C. Secure fair and reasonable compensation to the city and its residents for permitting use of the public rights-of-way;
   D. Assure that all utility companies, persons and other entities owning or operating facilities and/or providing services within the city register and comply with the ordinances, rules and regulations of the city;
   E. Assure that the city can continue to fairly and responsibly protect the public health, safety and welfare of its citizens;
   F. Encourage the provision of advanced and competitive utility services on the widest possible basis to businesses and residents of the city; and
   G. Comply with applicable provisions of state and federal law.

2. Under Newberg Municipal Code §12.05.370 (B), a utility operator that does not earn gross revenues from the provision of utility service to customers within Newberg shall pay a transmission line fee set by city council resolution or set forth in the license granted by the city.

3. The council has not yet set such fee by resolution.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Pursuant to Newberg Municipal Code §12.05.370 (B), the utility transmission line license fee is hereby set at $3.00 per linear foot, paid annually. The amount of this fee shall be adjusted on July 1, 2016 and annually thereafter, and shall increase or decrease in a percentage amount equivalent to the Portland CPI-U for the prior calendar year, as published by the U.S. Bureau of Labor Statistics.

   ////

cont. on next page

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2015.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of January 2015.

_____
Sue Ryan, City Recorder

ATTEST by the Mayor this 21nd day of January, 2015.

_____
Bob Andrews, Mayor

12.05.370 Privilege tax.

A. Privilege Tax.

1. Except as set forth in subsections (B) and (C) of this section, every utility operator shall pay the privilege tax calculated as a percentage of gross revenues earned from the provision of utility service to customers within the city at the following rates for each service provided during the term of the license:

Electric	5%
Natural gas	5%
Telecommunications utility (as defined in ORS 759.005)	7%
Other telecommunications services providers	5%
Cable	5%
Water	5%
Wastewater	5%
Stormwater	5%

2. Unless otherwise agreed to in writing by the city, the privilege tax shall be paid quarterly, in arrears, for each quarter during the term of the license, within 30 days after the end of each calendar quarter. Each payment shall be accompanied by an accounting of gross revenues, if applicable, and a calculation of the amount payable.

3. For purposes of subsection (A) of this section, "**gross revenues**" means any and all revenue, of any kind, nature or form, without deduction for expense, less net uncollectibles, subject to all applicable limitations in federal or state law.

B. Transmission Line Fee. A utility operator that does not earn gross revenues from the provision of utility service to customers within the city shall pay the transmission line fee set by city council resolution or set forth in the license granted by the city. The fee may be a flat fee per lineal foot of utility facilities in the city or such other fee determined by the city council after consideration of the utility operator's use or proposed use of the right-of-way. Unless otherwise agreed to in writing by the city, the fee shall be paid annually, in arrears, for each year during the term of this license within 30 days after the end of each calendar year, and shall be accompanied by information sufficient to illustrate the calculation of the amount payable.

C. Attachment Fee. A utility operator whose only facilities in the right-of-way are facilities mounted on structures within the right-of-way, which structures are owned by another person, and with no facilities strung between such structures or otherwise within, under or above the right-of-way, shall pay the attachment fee set by city council resolution or set forth in the license granted by the city. The fee may be a flat fee per structure or such other fee determined by the city council after consideration of the utility operator's use or proposed use of the right-of-way. Unless otherwise agreed to in writing by the city, the fee shall be paid annually, in arrears, for each year during the term of this license within 30 days after the end of each calendar year, and shall be accompanied by information sufficient to illustrate the

calculation of the amount payable.

D. Payments required by this section shall be reduced by any franchise fee payments received by the city, but in no case will be less than $0.00.

E. The utility operator shall pay interest at the rate of nine percent per year for any payment due pursuant to this section made after the due date.

F. The privilege tax required by this section shall be subject to all applicable limitations imposed by federal or state law. The city reserves the right to enact any and all other taxes applicable to the utilities subject to this article. [Ord. 2703 § 1 (Exh. A), 12-15-08. Code 2001 § 96.81.]

Cities which Charge a Right-of-Way Fee on a Per Foot Basis

League of Oregon Cities Survey - 2012

City	Telecommunications Provider	Type of Provider	Fee/Tax Type	Rate	Fee/Tax Revenue FY 2010-11	FY 2009-10	FY 2008-09
Ashland	AT&T	Long Haul Carrier	Per Foot Fee	Greater of $4,620 or $2.88/foot	$4,620	$4,620	$4,620
Beaverton	AT&T Fiber	CLEC	Per Foot Fee	$1.00	$2,371	$2,371	$2,371
	Qwest Temporary Fiber	CLEC	Per Foot Fee	$2.00	-	-	$19,747
Cornelius	Integra/ELI	CLEC	Franchise Fee/$2 per Foot Fee	5%	-	-	-
Eugene	Long Haul Carriers	CLEC	Per Foot Fee	$4.00	Not Available		
	Private Telecommunication Network (7)	Long Haul Carrier	Per Foot Fee	$2.00	Not Available		
Harrisburg 1	AT&T	ILEC	Per Foot Fee	$4.65	$9,000	$9,414	$8,965
Independence 2	US Spring (Nextel)	Long Haul Carrier	Flat Rate	$13,425 + CPI-W annually	$16,947	$51,709	-
Lafayette	Sprint	Long Haul Carrier	Per Foot Fee	$1.00 + CPI	$6,537	$6,537	$7,937
Maupin 3	WiTel Communications	Long Haul Carrier	Per Foot Fee	$3.64	$62,687	$61,578	$61,504
Myrtle Creek	Frontier Communications	Long Haul Carrier	Per Foot Fee	$1/ft. + CPI-W	$13,602	$13,130	$11,939
	AT&T	Long Haul Carrier	Per Foot Fee	$1/linear ft.	$10,937	$10,937	$10,937
Oregon City 4	Qwest Communications Company (QCC)	ILEC	Per Foot Fee	$2.75	-	-	-
	Level 3 Communications LLC	Long Haul Carrier	Per Foot Fee	$2.75	$2,585	$17,465	$17,465
Portland	VSNL	Point to Point	Per Foot Fee	$3.05	$143,034	$80,810	Not Available
	AT&T Long Distance	Point to Point	Per Foot Fee	$3.10	$247,287	$244,718	Not Available
	Broadwing Communications	Point to Point	Per Foot Fee	$2.97	$13,133	$12,000	Not Available
	FTV Communications	Point to Point	Per Foot Fee	$2.86	-	-	Not Available
	Qwest Communications	Point to Point	Per Foot Fee	$2.85	$42,375	$41,613	Not Available
	Spring Communications	Point to Point	Per Foot Fee	$2.99	$201,179	$197,604	Not Available
	WCI Cable	Point to Point	Per Foot Fee	$2.95	$103,960	$103,105	Not Available
	WilTel	Point to Point	Per Foot Fee	$2.97	-	-	Not Available
	MCI Communications	Point to Point	Per Foot Fee	$2.41	$373,885	-	Not Available
Redmond	FTV Communications	CLEC	Per Foot Fee	$1.33 + CPI	$32,868	$32,299	$31,861
Roseburg 5	Sprint	CLEC	Per Foot Fee	$2.00	$11,878	$11,878	$10,238
Salem 6	Level 3 Communications LLC	Long Haul Carrier	Per Foot Fee	$2.00	$12,866	$15,241	$15,088
	Sprint	Long Haul Carrier	Per Foot Fee	$3.50	$40,056	$40,056	$40,056
	Salem Hospital	Other	Per Foot Fee	Annual Minimum	$6,200	$6,200	$6,200
	Willamette University	Other	Per Foot Fee	Annual Minimum	$6,200	$6,200	$6,200
Springfield	Sprint	Long Haul Carrier	Per Foot Fee	$1.50	-	-	-
Veneta	CenturyLink	ILEC	Per Foot Fee	Collected by LCOG	$62,073	$73,068	$22,048

1 The per foot fee was $4.22 in FY 2008-09 & $4.43 in FY 2009-10.

2 FY 2008-09 the city received a settlement payment of $2,631.86 from Qwest (now CenturyLink) which is not included in the total. FY 2009-10 includes prior years' payments of $34,762.10 from US Sprint (Nextel).

3 The per foot fee for QCC and Level 3 Communications was increased from $1.50 to $2.75 on Nov. 2, 2011.

4 The per foot fee was $3,5721 in FY 2008-09 and $3,5763 in FY 2009-10.

5 The per foot fee was increased to $2.00 effective Sept. 1, 2011 prior to that it was $0.594.

6 The per foot fee for Sprint increased to $3.50 in FY 2010-11 from $3.44.

Note: Telecommunications

In 2010, Verizon spun-off its landline service to Frontier Communications.

In 2011, Qwest & CenturyLink merged, making CenturyLink the third largest telecommunications company in US.

Cities collect fee revenue from two main types of telecom providers: Incumbent Local Exchange Carriers & Competitive Local Exchange Carriers (ILECs & CLECs)

ILEC: Traditional phone companies that provide exchange access service (dial tone service). Cities can only receive franchise fee revenue from an ILECs dial tone services;

State law prohibits cities from collecting revenue on the other services that ILEC companies provide (cable & data).

CLEC: Providers of local phone services that have certificates of operation from the Public Utility Commision.

Some CLECs own a facility located in the public rights-of-way and some may pay compensation to a facility-based carrier for use of that facility for resale programs.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 20, 2015				
Order No. ___	**Ordinance No.** ___	**Resolution No.** ___	**Motion** ___	**Information** XX
SUBJECT: PGE request and proposal for franchise agreement rather than a license as provided under the Newberg Municipal Code.			**Contact Person (Preparer) for this Item: Truman Stone Dept.: City Attorney File No.:**	

EXECUTIVE SUMMARY:

In 2008 the City changed from a franchise to a licensing model for utilities operating within the public right-of-way (ROW). Historically, the franchise model worked well during the time when there was only one electric company, one gas company, and one telephone company. Franchises are a contractual grant of special authority to operate within the jurisdiction of the city and use the ROW. The contracts were negotiated with the various companies and were mid to long term contracts.

Limitations to the franchise model became apparent with the increase of competition between utilities and development of new utility services, many of which do not neatly fit a pre-existing category, VOIP for instance. The long-term franchises were not able to adapt to rapidly changing circumstances and created an administrative burden on local governments to negotiate and administer. State and Federal regulations created issues of coordination with the franchise agreements.

The modern trend is for local jurisdictions to implement a licensing model. Newberg adopted a license regimen through Ordinance 2008-2703, which is codified in the Newberg Municipal Code 12.05.270 to 440. The City hired Nancy Werner of Beery, Elsner & Hammond to provide consultative legal services in drafting and implementing the Ordinance. That process of adopting the ordinance took most of 2008 and prior to adoption on December 15, 2008 there had been several meetings with utilities, opportunities for public testimony, and a public legislative hearing.

There are two important purposes of the licensing model to keep in mind. First, the licensing model treats all similar utilities equally. Second, the licensing model is more efficiently administered. It eliminates private negotiation with each utility and allows changes to be made applicable to all, through a public hearing process.

PGE has operated under various franchise agreements with the city, the last running the 20 year period from July 1, 1992 until June 30, 2012. In 2012 PGE requested a new 20-year franchise under new terms proposed by PGE. Prior to the expiration of the pervious franchise, the City Attorney's office notified PGE that the City would not enter into a franchise but that PGE's access would be subject to the licensing code provisions. The City indicated that it would consider any circumstances unique to PGE and work with PGE to address those concerns.

PGE has continued to insist on being granted a franchise, although PGE did narrow the terms of its proposed franchise, at least in length, by more than one-half. PGE comes before the Council to present its request for a franchise. Under the terms of the NMC, the city is able to grant franchises if the public interest warrants, but any franchise terms that conflict with the code provisions must be approved by the city council. The applicable section is 12.05.310.E:

E. Franchise Agreements. If the public interest warrants, the city and utility operator may enter into a written franchise agreement that includes terms that clarify, enhance, expand, waive or vary the provisions of this article, consistent with applicable state and federal law. The franchise may conflict with the terms of this article with the review and approval of the city council. The franchisee shall be subject to the provisions of this article to the extent such provisions are not in conflict with the franchise.

You have previously been provided a legal analysis of the specific terms of the proposed franchise.

I recommend the council ask PGE to provide the following information as part of its presentation:

1. How are the provisions of the proposed franchise in the public's interest?
2. How are the provisions of the proposed franchise in the city's interest?
3. What is the precise fiscal impact of the proposed franchise on the revenue that the city receives?
4. Can PGE's concerns be addressed by alternate means?

Staff seeks direction from the council. Potential outcomes include:

1. Follow the code provisions and affirm the council's position that licenses, not franchises, are to be issued.
2. Affirm PGE's request for a franchise, with instructions to staff to negotiate those terms and bring a resolution to the council for consideration.
3. Instruct staff to seek to accommodate PGE's concerns to the extent that the concerns may be reasonably accomplished without a franchise.

The City Attorney recommends outcome 3, and believes that those concerns expressed by PGE that are not detrimental to the public or the city can be addressed without a franchise.

FISCAL IMPACT: The fiscal impact of the proposed franchise is known only to PGE, staff does not have the ability to calculate the impact. It is presumed that by redefining gross income there would be a financial benefit to PGE and financial detriment to the city.

STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS):