

**NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
MARCH 7, 2016, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

The work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Lesley Woodruff, Stephen McKinney, Scott Essin, Denise Bacon, Mike Corey and Tony Rourke. Also present were City Manager Pro Tem Stephen Rhodes, City Attorney Truman Stone, Deputy City Recorder Dawn Karen Bevill, Finance Director Matt Zook, Community Development Director Doug Rux, Human Resources Director Nancy McDonald, Code Enforcement Officer Brad Allen, and City Engineer Kaaren Hofmann.

REVIEW OF COUNCIL AGENDA:

Councilor McKinney requested Resolution 2016-3269 be pulled from the Consent Calendar and voted on separately. It was added to New Business.

COUNCIL ITEMS: Mayor Andrews had two items under Council Business.

WORKSHOPS:

CDD Rux presented information on the Urban Forestry Management Program and Heritage Tree Program. He explained the definition of an urban forest, its relevance and related planning issues. A Heritage Tree Program was different in how it recognized significant trees in the urban environment. There were considerations including recorded deed restriction, standards for maintenance of the trees, designating on private property with the consent of the property owner, designating public trees, and plaques for trees. Councilor Essin asked if the Heritage Tree Program was something they wanted to pursue. CDD Rux said it was a voluntary program where people nominated trees. They would have to determine the body that would review the application. There was an issue with street trees in planter strips and needing to put the right tree in the right place. Councilor Essin said the City spent a lot of money dealing with street tree damage. He thought planning ahead for trees in the City was a better option. He was in favor of moving forward with creating these programs.

Mayor Andrews asked for a recommendation of how to proceed. CDD Rux replied a Heritage Tree Program would be easier to develop than a full Urban Forestry Management Plan. The Heritage Tree Program was voluntary and could be a first step. Not all cities had Urban Forestry Management programs but had different pieces to address issues instead of an overall plan. He said if they considered a full Urban Forestry Management Plan, there was significant cost and staffing needs. Councilor Essin suggested getting volunteer groups to do the research and inventory.

CMPT Rhodes discussed filling the District 4 vacancy with the resignation of Councilor Rourke. Applications could be submitted from March 14 to March 28 and Council would discuss next steps on April 4.

Mayor Andrews announced April 18th there would be a joint Council meeting with the Yamhill County Board of Commissioners at 5 p.m., a Town Hall meeting and business session at 7 p.m. He said the Confederated Tribes of Grand Ronde presented ODOT with a \$2 million check to contribute to construction of the Newberg-Dundee Bypass.

The work session was adjourned at 6:47 p.m.

CALL MEETING TO ORDER

The Mayor called the meeting to order at 7:00 p.m.

ROLL CALL

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| Members Present: | Mayor Bob Andrews | Scott Essin | Stephen McKinney |
| | Lesley Woodruff | Denise Bacon | Mike Corey |
| | Tony Rourke | | |
| Staff Present: | Stephen Rhodes, City Manager Pro Tem | DawnKaren Bevill, Deputy City Recorder | |
| | Truman Stone, City Attorney | Les Hallman, Fire Chief | |
| | Doug Rux, Community Development Director | Matt Zook, Finance Director | |
| | Nancy McDonald, Interim HR Director | Jessica Pelz, Associate Planner | |

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER PRO TEM'S REPORT: CMPT Rhodes said there was a question at the last Council meeting about the drainage facilities on College Street. Staff looked at them would be evaluating them further and return to Council with more information. The City received 72 applications for the City Manager position and there were some strong candidates from the west coast. This item would be brought to the Council on March 14.

Interim HR Director Nancy McDonald presented an award from CIS for 30 years of continuous membership.

COMMITTEE APPOINTMENTS:

MOTION: Andrews/Bacon moved to appoint Ron Wolfe to the Planning Commission for a term expiring December 31, 2016, and Sarah Sand to the Traffic Safety Commission for a term expiring December 31, 2018. Motion carried (7 Yes/ 0 No).

CONSENT CALENDAR:

MOTION: Rourke/Corey moved to approve Resolution 2016-3259, A Resolution authorizing the City Manager Pro Tem to appoint the recommended candidate Michael Grimes to a position in the Engineering Services Department and to approve an Oregon Liquor Control Commission Limited On-Premises Sales Permit for Vino Oregon, Inc. dba Newberg Family Market. Motion carried (7 Yes/ 0 No).

Resolution 2016-3269:

Councilor McKinney would not support the resolution. The State received considerable correspondence that citizens were not happy with the significant expense of the intersection at Adolf Road. It would cost anywhere from \$7 to \$30 million, which was a significant expense for tax payers and caused Newberg traffic disruption. He did not think this change would alleviate the bottleneck on Dundee Road and would create several other bottlenecks.

Councilor Essin was going to oppose the resolution earlier but his concerns had been addressed. He did not think Wilsonville Road was the problem but the intersection of Highway 99W and Springbrook Road, which had not been addressed. The letter from ODOT said they would monitor the traffic and if there was a problem there would be some mitigation.

MOTION: Bacon/Woodruff moved to approve Resolution 2016-3269, A Resolution authorizing Newberg to enter into an agreement of understanding with Oregon Department of Transportation, Yamhill County, City of Wilsonville, Clackamas County, and Ladd Hill Neighborhood Association for resolution of the Oregon 219/Phase 1 Bypass/Wilsonville Road intersection alignment, and directing the Mayor to execute and sign all agreements. Motion passed (6 Yes/ 1 No [McKinney]).

PUBLIC HEARING - ADMINISTRATIVE:

Resolutions 2016-3257, 2016-3263 and 2016-3264:

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

FD Zook said the Citizens Rate Review Committee evaluated rates every two years and had met from October 2015 to February 2016. He introduced Deb Galardi, Galardi Rothstein Group, who would present the recommendations of the CRRC. She discussed the four objectives of the CRRC and their recommendations. These included: No new debt funding for water and stormwater systems, and limiting additional debt service for the Wastewater Treatment Plant improvements. There was declining water use for both water and wastewater, but costs to provide service did not go down. She discussed Capital Improvement Plans for each system. No additional staff increases were anticipated, but there would be an increase in salaries and benefits. There was ongoing repair and replacement and maintenance costs as well. For the water system, the proposed 3.5% rate increase was a balance to keep rate increase low and to not spend down reserves for future capital improvements. For wastewater, it was recommended to have a 4% rate increase due to increase in debt service. For stormwater, it would be a 9% rate increase to build capacity for future capital improvements.

Ms. Galardi described a typical residential customer bill. It was a flat fee for stormwater at less than \$1 per month. For water and wastewater there was a base fixed cost and a volume cost. The overall bill combined was under 4% the first year and just over 4% the second year, or an increase of \$4.33 in the first year and \$4.92 in the second year. There were other customer classes and the rates varied depending on the class, how much water was used, and how much impervious surface there was. For commercial it was a 4% increase for both 2017 and 2018 and for industrial it was a 5% increase the first year and 4% increase the second year. In comparison to other communities, Newberg was on the upper end. She then discussed the special rate analysis for the non-potable water rate. It was a different system with a single customer and a different level of service. The rate was based on an estimated cost of the capital improvements and there had not been any increase since 2010. The new rate was also based on revised operation and maintenance costs and a capital portion that reflected a lower contribution from the water system. It had been reduced from \$3.52 to \$2.51. She explained the base charge and volume charge for the non-potable water. The total debt service the customer was paying toward the total debt service of the effluent reuse project was 6%, and the rest was being paid back by the potable water and wastewater systems.

FD Zook said the proposed rates were in three separate resolutions, one for stormwater, one for water, and one for wastewater for the next two years. He recommended approval of the resolutions.

Councilor Rourke asked if all the rate increases had been reduced from what was originally recommended by staff and what capital improvement projects were being put off because of it? Ms. Galardi said for wastewater there were many changes to balance capital needs with overall revenue increase. They started closer to 6% and it was sent back with direction to defer projects to bring it down. For water, there were no specific changes to the water projects, but they knew there would be more coming from the Water System Plan update. The wastewater system was the only one that had deferrals. City Engineer Kaaren Hofmann discussed those wastewater projects that would be deferred under the proposal. This included both capacity and inflow and infiltration (I & I) projects.

Councilor Rourke said there had been significant I & I problems this year. Did the deferral delay the issue and would the problem become worse? CE Hofmann explained in the next two years the City was going to try to hit the areas where there was most concern in hopes that it mitigated the issues.

Councilor Woodruff asked about reducing the debt service. Ms. Galardi said there was a refunding of some of the existing debt due to a more favorable interest rate, but within the next two years none of the existing debt would be dropped.

Proponents:

Rick Rogers, Citizen Rate Review Committee Chair, said operational costs were not the issue that it was funding for the capital improvement projects. He encouraged Council to look at master plans coming out in the near future, which would determine where the rates would go for future capital improvements. Regarding non-potable water, there had been one customer since 2008 and the CRRC thought efforts needed to be made to find more customers. Currently there was no agreement with Chehelam Parks and Recreation District and the Committee recommended making an agreement.

Opponents:

Bill Rourke, CRRC Committee member, was retired and none of his retirement income had not increased, however he thought the rates should have been increased more. In years past the City made the decision not to fund capital improvement projects and now they needed to catch up. The proposed rate increases were postponing projects and if approved, would require substantial increases in the future to meet the infrastructure needs. He asked the Council to consider adding funds for those projects that were being deferred, especially the infiltration and inflow projects.

Undecided:

Robert Soppe, Newberg resident, said regarding the non-potable water rates, most of the issue had to do with the water reuse system was expensive and its capacity was not well utilized. He discussed how the system was originally approved. At the time, the Council was assured that the District was comfortable with the situation, especially the rate structure including recovery of capital costs. It was clear now that this was not accurate. The estimated cost of the reuse water at that time was estimated to be \$2.54 per one hundred cubic feet. That was almost identical to what was being proposed that night and he thought the proposed rate was low. The system was not to be constructed until an agreement was reached with potential users, but that was never done and the system was constructed. The Water SDC fund was not covering all of the expenses as it should and the deficit was being made up by the Water fund resulting in some influence on the proposed rates. He urged Council require this be treated as a loan to be repaid by future SDC revenues. In May of 2012,

the Council passed an ordinance that set up a process by which utility rate increases that exceeded the CPI by more than 3% could be referred to the voters. The first time this applied was when rates were raised in May 2014, but the Council failed to designate the portion that was subject to the referral process even though it exceeded the CPI by more than 3%. One of the proposed rates that night exceeded the CPI by more than 3%, but it was not being subjected to the referral process.

FD Zook said no written comments had been received. He recommended approval of the three resolutions. Mayor Andrews closed public hearing at 8:04 p.m.

Deliberation:

Councilor Rourke asked for clarification on what was approved in 2012 regarding the referral to the voters. CA Stone said Mr. Soppe was correct that there was a requirement for a designation of a portion of the increase to be subject to the referral process. He had language to add to the stormwater resolution. Councilor Rourke was not in favor of delaying I & I projects. He suggested adding 1% onto the rate, making it 5%, and using the extra specifically for those projects. Councilor McKinney said sending these things to the voters was a quagmire because it did not allow the City to make the necessary expenditures needed to keep the City going; however, it was important to keep with what previous Councils had decided. He asked if they raised the rate, was there a project that would be implemented. Councilor Essin said in the 2007 Water Management Conservation Plan there was a list of places wastewater could be used and the need for the reuse program. There had been a plan for how the reuse water would be used and expanded.

MOTION: Essin/Rourke moved to approve Resolution 2016-3257, A Resolution adopting new monthly water rates for the City of Newberg effective January 1, 2017 and January 1, 2018. Motion carried (7 Yes/0 No).

MOTION: Rourke/Corey moved to change Resolution 2016-3263, a Resolution adopting new monthly wastewater rates for the City of Newberg effective January 1, 2017 and January 1, 2018, and add a 1% increase, making it a 5% revenue increase; staff to reallocate rates based on 5%; the extra percent will go to I & I projects dropped from the Capital Improvement list in this rate cycle.

CA Stone said under the Code the Council had the ability to adjust the rates, but if they were higher than those recommended by the Committee, the Council had to send the proposed rates to the CRRC for their reconsideration.

AMENDMENT TO THE MOTION: Rourke/Bacon moved to amend the previous motion and to send the revenue increase back to the CRRC for reconsideration on adding the 1% increase to include I & I projects. Motion carried (6 Yes/1 No [Essin]).

Councilor Essin was concerned that raising the rates would not increase the revenue because people would reduce their water usage. Ms. Galardi said embedded in the revenue projections were estimates of declining usage per account for both water and wastewater. She did not expect the change in percentage would be a major change.

CA Stone proposed adding a Section 4 to Resolution 2016-3264 stating that a portion of the rate increase was subject to the rate referral process set out in Newberg Municipal Code 2.15.200. That portion equaled \$0.42 for 2017 and \$0.90 in 2018. This was a referral that notified citizens they had the opportunity to start the initiation process.

MOTION: Rourke/Bacon moved to approve Resolution 2016-3264; a Resolution adopting new monthly stormwater rates for the City of Newberg effective January 1, 2017 and January 1, 2018; with the addition of paragraph 4, as follows: A portion of this rate increase is subject to the referral process set out in Newberg Municipal Code 2.15.200. That portion equals \$.42 in 2017 and \$.90 in 2018. Motion carried (7 Yes/0 No).

Mayor Andrews said Stan Halle had some public comments. Mr. Halle, Director of the Ladd Hill Home Owners Association and Chair of the Bypass Impact Committee, said they had been working on a compromise for Wilsonville Road. He commended the leadership of the Newberg Planning Commission, Council, City Manager, and Community Development Director. He was willing to work with all parties to get the rest of the bypass project funded and built as well as suggest mitigation strategies where needed and to make sure the congestion at various intersections was addressed.

PUBLIC HEARING - LEGISLATIVE:

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

AP Pelz gave the staff report. She said this was a Transportation Plan amendment reflecting proposed changes to the Newberg Dundee Bypass (NBDD) and Wilsonville Road/Highway 219 intersection. It would remove one southbound travel lane and right turn lane on Highway 219 from what was shown in 2013. There would still be two left turn lanes with signage directing cars to the appropriate lane at the Springbrook/Highway 219 intersection and people would have to go over one lane to get to the right turn lane for the bypass. The proposed amendment would facilitate safe and convenient circulation and reduce potential accidents. Staff recommended adoption of the ordinance.

Proponents:

Tim Potter, ODOT Area Manager introduced William Ciz, Consultant, who would discuss the configuration change. He explained the lane reduction. He said it would facilitate traffic movement from Springbrook to Highway 219. While it cut the level of service down in the opening year of the bypass about 10%, it increased safety and traffic operations. It also reduced impacts to buildings in the industrial park between Springbrook Road and the NBDD Bypass by not requiring relocations. It also reduced costs and required fewer right-of-way purchases. There would be a dedicated right turn lane to get onto the bypass. Councilor Essin asked about the cost of the project. Mr. Potter thought it would be around \$7 million.

MOTION: Corey/Bacon moved to waive the second reading for Ordinance 2016-2796. Motion carried (7 Yes/0 No).

MOTION: Corey/Rourke moved to approve Ordinance 2016-2796, An Ordinance amending the Newberg Transportation System Plan to change the road and lane configuration of southbound Oregon Highway 219 consistent with the refined construction plans for the Phase 1 Bypass; read by total only. Motion carried (7 Yes/0 No).

NEW BUSINESS:

Resolution 2016-3266: Councilor Woodruff thanked Councilor Rourke for his service on the Council. Councilor Essin agreed and said they would miss him.

MOTION: Andrews/Rourke moved to approve Resolution 2016-3266, A Resolution accepting the resignation of Councilor Tony Rourke, expressing the City's appreciate for his service, declaring a vacancy, and directing staff to advertise for qualified persons for appointment to fill the vacancy (District No. 4 with a term ending December 31, 2018.) Motion carried (7 Yes/0 No).

Mayor Andrews presented Councilor Rourke with a Certificate of Appreciation for his dedication and service to the City.

Resolution 2016-3254:

Fire Chief Les Hallman gave the staff report. This resolution would authorize an Intergovernmental Agreement with Tualatin Valley Fire and Rescue (TVF&R) district to provide fire and EMS services to the City from July 1, 2016 to June 30, 2018. Current Fire and EMS staffing levels were inadequate for the coverage area, population, and demand for services. The City's General Fund did not have the capacity to pay for the immediate need for more staffing and long term needs as population and demand for services would continue to grow. Consolidation of fire and EMS agencies had been proven to be a successful way to overcome these issues. He said TVF&R was a living model of multiple successful consolidations and its Fire District boundary was adjacent to the Newberg fire and EMS coverage area. Staff from the City and district concluded a merger would be beneficial to both agencies. The IGA would give two years for both parties to decide if a permanent merger made sense. TVF&R would solve immediate staffing needs by boosting the City's fire fighter force with an additional 12 fire fighters and would provide use of an updated ladder truck and two updated ambulances. The City would use the fund already dedicated to Fire and EMS and the general fund amount that would have been used for the current level of service. TVF&R were committed to continuing the Newberg Fire traditions and had a strong volunteer program offering opportunities for Newberg volunteers.

Public Comment:

Michael Sherman, Shop Steward for Newberg Fire, said when this consolidation was first discussed there was fear of losing the small town feel and traditions of the Fire Department. The real tradition was their service and they were at a

point that service was unsustainable. This contract gave them the best opportunity to continue and improve. The Fire Department union members supported consolidation.

Alex Salisbury, fire fighter, said volunteer firefighters were out in the community and people did not know the difference between a volunteer and union member. Volunteers made up a large portion of the staffing model in Newberg; however, there had been a decrease in volunteers during the last few years and it was more difficult to fill shifts. He said TVF&R saw the volunteers as an important part of the staffing plan for Newberg and as partners in the success of the merger. TVF&R wanted volunteers to assist on the first line of fire and other emergencies, community events, and saw them as candidates for potential career opportunities. TVF&R staff seemed genuine in their desire to make this work for the volunteers and he looked forward to helping TVF&R make a successful volunteer program. The Volunteer Association supported the consolidation.

Councilor McKinney said the volunteers and what they thought of the merger were important to the Council. Councilor Essin said one of his concerns was to make sure that the importance of the volunteers was not lost and wanted to make sure they were included and that the consolidation would work for them too.

Carr Biggerstaff, representing the Chehalem Valley Chamber of Commerce, said the Chamber voted unanimously to recommend adoption of the resolution. The Chamber understood the agreement would provide the needed staffing, equipment, expertise, and services that the City could not afford to provide without significant added cost to the City and community. The agreement was a trial period and the Chamber did not see a downside risk but only upside potential to the agreement.

Damon Talbot, Newberg citizen, congratulated TVF&R on their social media and he hoped they would also merge Newberg into that. He asked if they would be switching to Washington County's dispatch system and if so if Newberg would be part of their online CAD system where they showed calls in real time. TVF&R had a Pulse Point app that notified responders who knew CPR that there was a 9-1-1 call within a certain distance from them and they could come and start CPR. He hoped they could be a part of that program. He was in support of the consolidation. FC Hallman said they would be switching to the Washington County's dispatch and would be part of the CAD system.

Sue Lamb, Newberg resident, worked for Yamhill County as the County Emergency Manager, however her comments were being made as a city resident. Prior to living in Newberg she had lived in Tualatin and was a taxpayer to TVF&R. She thought consolidation was a good fit for Newberg through her personal experiences and later as an elected official in Tualatin. They were in the community and worked side by side with the City during emergencies. She did not think Newberg would lose its sense of a local fire department and it would strengthen and enhance the service to the City. She encouraged the Council to support the resolution.

Mayor Andrews asked how the consolidation would affect the City's ISO rating. FC Hallman said it would not hurt the rating in the next two years. If they decided to annex into the district, there would be opportunity to improve it.

Mayor Andrews clarified in the executive summary it talked about suspending the City's current fire and EMS equipment fee charge.

Councilor Woodruff asked about staff rotation and how long people were going to serve in Newberg before going to another station. FC Hallman replied the bulk of the Newberg firefighters would be staying. There would only be about seven new firefighters. The Pulse Point program mentioned earlier was just one of the many items that would be brought to Newberg.

Councilor Essin asked how the finances would be negotiated. Would this increase taxes? CMPT Rhodes said it did not increase taxes now but would if the City annexed to the district. That would be negotiated in a separate agreement. The current agreement contained all of the numbers that were negotiated to cover the contract. It was a good deal for Newberg as it would increase the level of service with a minimal investment. Councilor McKinney said it was a manageable investment into a great agreement. They had been assured the personality of Newberg would not evaporate, it would still be their Fire Department, and it would keep the City safe.

MOTION: Bacon/Woodruff moved to approve Resolution 2016-3254, A Resolution authorizing the City Manager Pro Tem to negotiate and execute an intergovernmental agreement with Tualatin Valley Fire & Rescue for provision of Fire and Emergency Medical Services. Motion carried (7 Yes/0 No).

The Council took a recess from 9:28 – 9:33 p.m.

COUNCIL BUSINESS:

CDD Rux provided information on the manufactured home rehabilitation and repair loan and grant program concept. The Affordable Housing Commission was partnering with Habitat for Humanity to provide funds to the City's trust fund for these repairs. A subcommittee would be formed to discuss the concept further.

Mayor Andrews thanked the marijuana subcommittee for their work. He announced that two parking spots would be dedicated to veterans in the 2nd Street parking lot.

EXECUTIVE SESSION: Pursuant to ORS 192.660 (2) h Consultation with legal counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

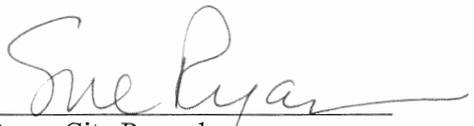
Council entered executive session at 9:45 p.m. and exited executive session at 10:20 p.m.

The Council reconvened the business session at 10:20 p.m.

MOTION: McKinney/Rourke moved for Council to authorize the City to negotiate a settlement with Chief Casey up to \$50,000. Motion carried (7 Yes/0 No).

ADJOURNMENT: The meeting was adjourned at 10:25 p.m.

ADOPTED by the Newberg City Council this 4th day of April, 2016.


Sue Ryan, City Recorder

ATTESTED by the Mayor this 4th day of April, 2016.


Bob Andrews, Mayor