

**NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
MARCH 21, 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, and Denise Bacon. Also present were City Manager Pro Tem Stephen Rhodes, City Attorney Truman Stone, City Recorder Sue Ryan, Finance Director Matt Zook, Community Development Director Doug Rux, Library Director Leah Griffith, Police Chief Brian Casey, and Interim Human Resources Director Nancy McDonald.

Planning Commission Chair Allyn Edwards, Library Board Chair Corina Kanen, Citizens Rate Review Committee Chair Rick Rogers, Budget Chair Lon Wall, Affordable Housing Commission Chair Stuart Brown, and Newberg Downtown Revitalization Ad-Hoc Committee Chair Ben Jaquith.

REVIEW OF COUNCIL AGENDA: None

COUNCIL ITEMS: Mayor Andrews said he had three informational items for Council Business.

WORKSHOPS: Committee chairs gave reports on their mission statements and current activities.

Budget Committee Chair Lon Wall said the Budget Committee had seven citizen members and seven Councilors on the Committee. Currently the Committee was not doing anything, but would begin meeting in April. Their first meeting would be on a Saturday to look at City operations.

CRRC Chair Rick Rogers said seven citizen members served on the Committee. They met nine times between October and February and took a facilities tour. The Committee's recommendation to Council had been remanded back to the Committee. They would be meeting two more times to review Council's suggestions to increase the rates. He suggested the rule be looked at that if the Council had wanted to decrease the rates, it would not have to be remanded back to the Committee.

Library Board Chair Corina Kanen said there were five Board members and she explained their duties. They had been working on the Strategic Plan which Council recently adopted and were working on the Long Range Plan for the library. They got some positive feedback on the increase in library hours.

AHC Chair Stuart Brown said there were five Committee members and described the goals of the Committee. One grant had been disbursed, but no one had been interested in the loan option. He explained what the Committee planned to do in 2016 including offering micro loans or grants for manufactured homes and recapitalization efforts.

Newberg Downtown Revitalization Ad-Hoc Committee Vice Chair Ben Jaquith distributed a timeline, process, and schedule for the Committee which was made up of 18 members. They were working on the Newberg Downtown Improvement Plan and held a public visioning meeting. The plan would be presented in upcoming public hearings and one more public visioning meeting. He then summarized the goals and ten desired outcomes of the Plan.

Planning Commission Chair Allyn Edwards summarized the recent activities of the Commission including the resolution to the Newberg-Dundee Bypass issue, discussion of marijuana land use regulations, and review of annexation applications.

The meeting was adjourned at 6:35 p.m. to attend the Fire Department induction ceremony.

CALL MEETING TO ORDER

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

ROLL CALL

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Lesley Woodruff	Denise Bacon	

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Sue Ryan, City Recorder
	Truman Stone, City Attorney	Matt Zook, Finance Director
	Doug Rux, Community Development Director	Leah Griffith, Library Director
	Nancy McDonald, Interim HR Director	Steve Olson, Senior Planner

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

PRESENTATIONS: Library Director Leah Griffith gave the annual report for the Newberg Cultural District. The District was formed as an Intergovernmental Agreement between the City and Chehalem Park and Recreation District in 2013. There was a five member board and she explained the duties of the board. She then discussed the events that were held in 2015 and were also being held in 2016, such as Tunes on Tuesday, Camelia Festival, Public Works Day, Library Summer Reading Program, and Christmas Tree Lighting. The signs for Tunes on Tuesday worked to help with the parking complaints. She then discussed several projects such as wayfinding signage, bollards to close off traffic, festival street designations, District reservations and fee schedule, communicating to the community, options for funding signage, public art, and revising the Parking Plan.

CITY MANAGER PRO TEM’S REPORT: City Manager Pro Tem Stephen Rhodes reported on the progress the Transient Lodging Tax Advisory Committee was making on the Tourism Strategy Plan. He said a firm had been selected to work on the strategy and the contract would be coming to the Council at the next meeting.

PUBLIC COMMENTS: None.

CONSENT CALENDAR:

MOTION: Bacon/Woodruff moved to approve minutes from February 16, 2016 and to approve Resolution 2016-3267, A Resolution authorizing the City Manager Pro Tem to appoint recommended candidate to a position in the Library. Motion carried (5 Yes/ 0 No/1 Absent [Corey]).

PUBLIC HEARING - LEGISLATIVE: Ordinance 2016-2798

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

Community Development Director Doug Rux entered the staff report into the record including its attachments (Exhibit A). He said this was a Development Code amendment related to recreational marijuana producers and processors. The proposal was to identify recreational marijuana producers as a prohibited indoor or outdoor use in residential and commercial districts and subdistricts. Producers would be permitted indoors in industrial districts and conditional use outdoors in the industrial districts. Processors would be permitted in the industrial districts, and prohibited in all residential, commercial, community facility, institutional, and miscellaneous districts and subdistricts. Two definitions would be added for recreational marijuana producers and processors.

He explained the HB 3400 and Administrative Rules for marijuana. He discussed the work of the Marijuana Subcommittee. Public comments had been submitted by Shari Ralston who raised questions about a medical marijuana dispensary she owned on Springbrook and using a former bank building nearby that had a vault for a processing facility. That property was zoned C2 and it was recommended by both the Subcommittee and Planning Commission not to allow processing in commercial areas. He explained local governments could regulate time, place, and manner for producers and processors and listed the locations that could not be issued a license.

He discussed the rules for producer indoor and outdoor operations. Marijuana was considered an agricultural crop. In all of the Administrative Rules, there were no limits on time since producers grew plants 24 hours a day and processors could process 24 hours a day. There were many manner types of regulations and limitations on grow canopy sizes. Processors could do edibles, topicals, concentrates, and extracts and they required endorsements. Marijuana products had to be tested through the Oregon Health Authority. He discussed many regulations for processing and grow facilities.

The Subcommittee recommended to the Planning Commission to allow processors in the M1, M2, M3, M4, and Springbrook District Employment, and prohibit them in Airport Industrial, Airport Industrial Overlay, all residential, commercial, community facility, institutional, and miscellaneous districts and subdistricts and adding a definition for recreational processor. For producers, the Subcommittee recommended allowing them as conditional use in R1 and R2, and prohibiting them in commercial, community facility, and institutional districts and subdistricts and permitting them indoors in the M1, M2, M3, M4, SDE, M1/SP, and I/I and conditional use outdoors in M1, M2, M3, M4, SDE, M1/SP, and I/I and prohibiting them in the Airport Industrial and Airport Industrial Overlay, historic, stream corridors, and bypass interchange areas and adding a definition.

The Planning Commission modified that to prohibit producers in the R1 and R2 districts due to information from OLCC that they would not issue licenses for primary residences, but keeping the rest of the Subcommittee's recommendations. He read the definitions proposed and discussed the table showing where they were allowed and where they were prohibited. Staff also went through the Code and made sure each section reconciled with the recommendations and some additional language was proposed. The Planning Commission conducted one public hearing and the Council was providing a second public hearing regarding these changes. This also met a goal in the Comprehensive Plan to provide the opportunity for new types of businesses in the community. If any of the marijuana categories was banned, the City would not receive State revenue sharing from marijuana taxes. None of the activities had been prohibited, but there was a limitation on where the activities might occur in the City. Staff recommended adoption of the ordinance.

Councilor Essin asked if anyone could grow marijuana in their residential area? CDD Rux said OLCC would not issue a license for a primary residence. If there was an outbuilding or accessory dwelling on the property, it could be grown there. The Planning Commission recommended not allowing producers in any residential districts. These were regulations for producers related to grow operations and processors involved in manufacturing, but this did not address retail, wholesale, laboratories, or research certificates at this time. It decided where to allow or prohibit these activities. For applications, the City received a Land Use Compatibility form and turned it in to OLCC who would not issue a license if it was prohibited and would continue with the process if it was permitted by the City.

Opponent:

Shari Ralston, owner of a medical marijuana dispensary in Newberg, was opposed to the Ordinance. On the same tax lot as her dispensary there was an additional building about 20 feet from the dispensary that she also owned. It had once been used as a bank and had a vault and was an ideal location for a processing plant. She explained what occurred in a processing facility and how the finished product was more valuable than what a grow site produced. She had done some research on a new door and climate control in the vault, and thought it was an ideal location for a processing plant. There was also a back entrance where product could be transported in and out of the building safely.

She wanted to apply for a license to process extractions and edibles, which would require a commercial kitchen. These did not have any type of smell, could be put in a small location, the traffic impact was low, and it was a quiet, private type of business. Other cities thought these types of facilities should be in a similar location as other marijuana facilities to help with police monitoring and safety instead of located throughout the City. She requested a change of zoning usage to allow this type of situation. When the Council considered recreational retail facilities, she recommended repealing the ban that was currently in place so recreational sales could occur. The taxes not being collected in Newberg were significant.

Mayor Andrews closed the public testimony portion of the public hearing. He asked if Council had questions of staff.

Councilor McKinney asked about the issues raised by Ms. Ralston. CDD Rux referred to a map of the 1,000 foot buffer zones from schools and parks. The property located at the corner of Springbrook and Portland roads appeared to be just outside the 1,000 foot buffer. The property was zoned C2 and if they were to allow it here, it would have to be allowed in all of the C2 districts. The recommendation from the Planning Commission and the Subcommittee was to not allow processors in areas zoned C2. The Council could allow processors in C2 if it met the 1,000 foot buffer. The Planning Commission did not discuss that alternative.

Council President Bacon asked about making it conditional use. CDD Rux said conditional use was required to go before the Planning Commission for a public hearing and he discussed the criteria for conditional use including compatibility with the area.

Councilor McKinney liked the idea of consolidating these purposes to the same location. Was there anything prohibiting the property owner from utilizing the property as proposed? CDD Rux replied if the Council adopted the ordinance as proposed, it would not be allowed in C2. The options available were an individual property owner could come in to request an amendment to the Development Code or the Council could direct staff to initiate another Development Code amendment to look at the issue of processors in C2.

Councilor Essin asked about the reasoning of the recommendation to not put such facilities in C2 areas. CDD Rux answered the Subcommittee and Planning Commission viewed processing as an industrial operation rather than a commercial service or retail operation and recommended putting them in industrial districts where it was similar and more compatible.

Council President Bacon agreed this was a perfect location. If the Council made it conditional use tonight, it would still give them an opportunity to show if it was compatible or not. CDD Rux said they could amend the table on Page 70, C2 column, by changing the box to C for Conditional for recreational processor.

Councilor McKinney asked about how many more properties would be affected. CDD Rux detailed the properties in the Portland Road corridor that would be affected as well as properties on the west end of town.

Council President Bacon said since it was Conditional Use, the Planning Commission would review these applications to see if they were compatible or not. CDD Rux reminded Council that with Conditional Use that it was what conditions you could impose that were reasonable to make that use compatible with the surrounding area.

Councilor McKinney asked for a recess before making a motion.

Mayor Andrews asked when and where conditions would be imposed. CDD Rux said at the Planning Commission level.

The Council recessed at 8:10 p.m. and reconvened at 8:25 p.m.

CDD Rux said given the discussion about the conditional use in C2 for a processing facility and the 1,000 foot buffer from schools and parks, he suggested the Council continue the hearing to a date certain of April 4, 2016, to give staff time to come up with suggested language and bring back an alternate proposal. He said OLCC was looking to start issuing licenses on April 1, but he did not think there was harm in the ordinance taking effect on April 5 instead. He said this would provide clear information so that Council could make a decision.

Mayor Andrews asked if that would leave the record open. City Attorney Truman Stone explained the record could be left open for additional testimony or it could be closed.

MOTION: McKinney/Bacon moved to continue the hearing on Ordinance 2016-2798 until April 4, 2016, and to close the public record. Motion carried (5 Yes/0 No/1 Absent [Corey])

NEW BUSINESS: Resolution 2016-3262:

Senior Planner Steve Olson said the Relay for Life of Newberg leadership team requested the Council designate two days of the event as Festival Days in order to install flags in the City's right-of-way to advertise the event. There was a clause in the Code for events that allowed an unlimited number of flags for certain days, such as holidays and festival days. This event was not on a fixed day, but occurred on a weekend near the end of June. This year it would be held on June 25 and 26.

MOTION: McKinney/Woodruff moved to approve Resolution 2016-3262, A Resolution designating the two days of the Relay for Life for Newberg event as festival days in order to permit the installation of flags in the City Right-of-Way (5 Yes/0 No/1 Absent [Corey]).

Sportsmans Airpark: CDD Rux said this was an ongoing discussion between the City and Sportsmans Airpark about an FAA program for a purchase of development rights. In 2005 a new program was created that allowed the City to become a sponsor in an application to the FAA to purchase development rights on an airport. This federal grant program had a 10% local match requirement. He reviewed the FAA's Airport Improvement Handbook, Section 8, which stated the requirements for the grant. The Council adopted a master plan for Sportsmans Airpark in 2005 and it identified this purchase of development rights program as a way to continue the airport's operations. In 2007, the City Manager sent a letter of inquiry to FAA, but nothing happened after that.

Sportsmans Airpark was requesting the City be a sponsor for the program. He explained the area that would be included. The funds would be used to extend the runway to be 3,000 feet as well as provide lighting upgrades. It would also help set up a maintenance operating account. A sponsor's responsibilities would include maintenance. He questioned who would pay for the appraisal and where the matching funds would come from. The City could purchase the development rights even though the airport was outside of the City limits. The first step was bringing this information to the Council and see if staff should continue the discussion.

Council President Bacon clarified the City would not have to pay for the maintenance for the airpark unless the owners walked away. CDD Rux said it would depend upon how the agreement was structured. The intent would be the property owners would do the maintenance into perpetuity. Council President Bacon thought the City already had staff that could do the maintenance. CDD Rux said they did not know if there would be enough funds to repair the runway to excellent condition through the development rights process and there were annual maintenance costs, special costs for paint, and so on.

Jason Dale, representing Sportsmans Airpark, discussed the assessed value of the airport versus using it as industrial land, which was a difference of \$5 or \$6 million, and he thought resurfacing and extending the runway could be done for far less than that. He was there to answer any questions the Council had.

Councilor Essin asked how this would be useful for the City. Mr. Dale said the City would gain a transportation hub that would be useful for emergency services. The funds for the program would be used to extend the runway and increase their business. By the City purchasing the development rights, the City was giving the community certainty that this property would remain an airport. By asking the City to purchase the rights, it was limiting his ability to do something else with the property. He thought it was a minimal risk to the City. There was discussion with Mr. Dale about what type of planes could use the airport, the helipad at one end of the property, compatibility issues, the costs the City could be liable for if the airpark did not continue as a business, how development rights would work, possible airport residential area, and use of the property as an airport only.

Mayor Andrews asked staff if the City was absorbing the costs associated with the application and the 10% match. CDD Rux said those had not yet been negotiated. There was discussion on funding and how it would not apply to activities related to noise or environmental abatement.

Mayor Andrews asked about the risk associated with this proposal. CDD Rux replied in a worst case scenario, the sponsor was the grant recipient who would pass it to the airpark and the risk was that the sponsor had to operate the airport in perpetuity unless the FAA allowed them to transfer the development rights. If the owner walked away, the sponsor would be responsible for the maintenance until they could find someone else to operate the airport. There was a risk in having a governmental agency and its financial resources take on a responsibility that might or might not occur.

CA Stone said the City would be obligated to operate and maintain the airport if it was closed or the owner discontinued safe airport operation and maintenance. It was not only maintenance, but operations that the City would be required to do. Currently the property owners could sell the property and close the airport down and build whatever zoning allowed. They would give up those development rights and narrow their ownership interest to own the property solely for an airport. It would create a restriction on the land to only be used for that purpose.

Councilor Essin saw this as an opportunity to guarantee they had an airport in Newberg. He thought it was worth the minimal risk. CA Stone said cities could own a municipal airport outside of the City limits. He said there was nothing in the City Code regarding the easement or development rights. There was discussion on the City's annexation of the property and what effect that would have on this agreement.

CMPT Rhodes thought it was a good opportunity as long as they could address the concerns of what would happen if it did not work out and the benefits the City would gain were sufficient to take on the risk. A lot of the maintenance work was what the City already did and the annual costs were minimal. The biggest cost would be the slurry seals and larger maintenance items. He explained possible funding sources to support the costs. He felt comfortable that there were sufficient resources that would fit with taking this on, particularly with the benefits of the airport to the City.

MOTION: Andrews/Bacon moved to direct staff to continue discussions with Sportsmans Airpark for the City to be a sponsor for the Federal Aviation Administration Airport Development Rights Pilot Program (5 Yes/0 No/1 Absent [Corey]).

Council Priorities Timelines: CMPT Rhodes said the timelines were discussed in January when Council adopted their priorities. The timeframe was for one to three years for the projects. Two priorities were not on the work plan because they were awaiting the arrival of a new City Manager. They were the visioning and communications priorities. With approval, staff would continue to move the priorities forward.

MOTION: Woodruff/Bacon moved to adopt the work plan timelines for implementation of the City Council Strategic Priorities (5 Yes/0 No/1 Absent [Corey]).

COUNCIL BUSINESS: SP Olson presented on the Yamhill County Block Grant application. He said the Yamhill County Affordable Housing Corporation provided no interest or low interest loans to local home owners for home repairs on land they owned. The State had recently allowed jurisdictions to apply for Block Grant funds to give the money out as grants instead of loans. The money could be given to people living in manufactured homes who did not own the land for urgent repairs. It would allow people to remain in their homes when they might not otherwise be able to. Staff had taken this possibility to the Affordable Housing Commission and the Commission thought it fit well with their goals. Staff would bring this back to Council for approval to apply for the grant. This was a population that the loans did not serve and the service was not available at the County or City level currently.

Mayor Andrews announced the Newberg High School cheerleaders won a third national title. He gave an update on the Newberg/Dundee Bypass Agreement which had been approved by the Oregon Transportation Commission and stated two more veterans only parking signs would be installed on March 22 in the Second Street parking lot.

CA Stone said the State had recently passed a bill removing elections for local annexations. This would change the City's Charter, which required voter approved annexations. Annexations that met the statutory criteria would now go to the Council for approval. There were four pending annexation applications which would be affected, and the Code would have to be changed.

ADJOURNMENT: The meeting was adjourned at 9:50 p.m.

ADOPTED by the Newberg City Council this 18th day of April, 2016.


Sue Ryan, City Recorder

ATTESTED by the Mayor this 21st day of April, 2016.


Bob Andrews, Mayor