

October 10, 2013  
3:00 P.M.  
Newport, Oregon

The Infrastructure Task Force of the City of Newport met on the above date in the Conference Room A of the Newport City Hall. In attendance were Mark McConnell, Ralph Busby, Fred Springsteen, David Allen, and Patricia Patrick-Joling.

Staff present was Interim City Manager Smith, City Recorder Hawker, Community Development Director Tokos, Interim Finance Director Gazewood, Public Works Director Gross, and Fire Chief Paige.

Others in attendance were Tia Cavender with Chase Park Grant Consultants, Dennis Anstine of the Newport News-Times, Carla Perry, Nyla Jebousek; Ellen Bristow, and others.

### **CALL TO ORDER**

Chair Allen called the meeting to order at 3:00 P.M., and introductions were made.

### **APPROVAL OF MINUTES - SEPTEMBER 19, 2013**

MOTION was made by McConnell, seconded by Springsteen, to approve the minutes of the September 19, 2013 meeting. The motion carried unanimously in a voice vote.

### **UPDATE ON GRANTS AND LOANS BY TIA CAVENDER FROM CHASE PARK GRANT CONSULTANTS**

Cavender made a PowerPoint presentation that included: aging infrastructure and the need for alternate funding; general services; strategic grants; planning; and technical assistance. She reported that her firm had created a grants database for the city and that prospect reports are generated. Cavender reported on the city's ability, and history, in leveraging revenues, and specifically funding from the Clean Water State Revolving Fund (CWSRF). She noted that this \$10 million can be used for five years, and that there is no repayment due until one year after the project is completed. She added that the interest rate is .89%; there is no interest charged during the first five years; and no prepayment penalty. She reported that there was 1.5 million dollars in CWSRF funding for the Moore Road intersection. She added that the city received a grant from the Oregon Infrastructure Finance Authority (OIFA), in the amount of \$216,702, for Big Creed Road landslide repairs. This is the amount of the city's required match to a FEMA grant. The FEMA grant covers 75% of the cost of repairs and the OIFA grant covers the remaining 25% of the cost of the repairs. Allen asked whether there is another grant that the city would be eligible for in the near future. Gross reported that \$340,000 would be available for the repair of a sinkhole.

Cavender reported that there is a WRD Water Conversation Reuse and Storage grant available, and the target request amount is \$250,000 which would be used for the dam feasibility study. It was noted that the grant application is due on November 1, 2013, and the city should find out whether the request has been successful by February of 2014, with the funds available in April or May of 2014. Gross noted that the city cannot be reimbursed for what is already spent, and he specifically noted the geotechnical work. Gross noted that the grant application process is long, and he did not expect the process to yield a return on investment so quickly. Gross reported that there is a Non-Point Source Pollution Reduction Grant, from the DEQ, in the amount of \$50,000 that could be used to fund the remainder of the smoke testing assessment.

Cavender's PowerPoint reviewed Newport's fundable features, including water quality demonstration; fish and wildlife protection; energy efficiency; corporate sponsorships; and stormwater management. She reported that her firm evaluates all projects and opportunities to see where they intersect, and of the capital improvement projects, which are most fundable. She specifically addressed a bioretention installation at Sam Moore Park and Parkway; and sponsorship opportunities with named spaces. Gross reported that he had met with the Lincoln County Water and Soil Conservation District and Surfriders so that there is stakeholder involvement and engagement on the bioretention installation. He noted that the project will develop over the next year. Cavender reported that she has begun collecting a list of potential prospects.

McConnell reported that the governor has established regional solutions teams, and asked whether anyone was attending meetings of this group. Tokos reported that he has had discussions with DLCD, but the focus is primarily on other areas. It was noted that the city is ready to meet with the regional solutions team. Tokos added that this group is looking for regionally significant projects. Allen noted that the governor's office is the point of contact.

Paige asked Cavender whether she had looked at public safety grant opportunities. She stated that she has information in the database, and it would be easy to produce a report for particular needs.

Cavender noted that the city's total combined loans and grants, that her firm has coordinated, will be close to \$12 million. It was noted that the cost to Chase Park Grants has been \$115,000 for the year. Gross noted that grant work is charged to particular projects when possible.

Patrick-Joling asked whether the September 5 list of "next steps" was being followed. McConnell asked whether there is a rule of thumb to follow regarding what funding the city might expect to receive from grants. Cavender noted that she should be made aware of all projects, as far ahead as possible, and that the more money invested will equal a greater yield. Gross reinforced that by noting that the city has to fund to a certain level to acquire other funding, and this would allow budgeted resources to be reallocated. McConnell noted that the City Council will need to develop a policy for the reallocation of budgeted funds when grants are received. McConnell asked whether the pursuit of grant monies was to be used to offset utility rate increases. Patrick-Joling asked Cavender

whether her firm had assisted municipalities in funding large projects. Jebousek stated that she would like to be sure that the grant money is not used to pay for non-infrastructure items. Cavender reported that the city would not have received the \$10 million loan without the utility increases.

### **UPDATE ON STANDARD AND POORS BOND RADING BY BOB GAZEWOOD**

Gazewood distributed a handout regarding the city's bond rating and debt report. He summarized the bond rating and the three debt issues that affected the rating. He reported that the four attached schedules explain the basis of the AAA rating. Gazewood noted that the city obtained a LOCAP loan in 2009 that runs through 2018/2019. He noted that this loan pledges the full faith and credit of the General Fund which supports its debt service. He explained the change from the AAA bond rating to the AA- bond rating. McConnell asked whether the rating would impact new revenue bonds, and Gazewood noted that it would not likely impact new revenue bonds. Gazewood distributed debt schedules along with schedules outlining the cost for debt service exclusive of property tax supported debt. He also distributed a copy of the statute that governs the statutory limitation of General Obligation bonds, and noted that most debt is excluded from the three percent limitation.

### **IDEAS FOR FUTURE FUNDING STRUCTURE BY DERRICK TOKOS, BOB GAZEWOOD, AND TIM GROSS**

Tokos distributed a handout containing potential future funding sources, including: budget efficiency and management (franchise fees, street lighting district, unappropriated beginning fund balance); utility rates; General Obligation bonds; revenue bonds; certificates of participation (full faith and credit); LOCAP loans; Infrastructure Financing Authority (Safe Drinking Water Revolving Loan Fund; Drinking Water Source Protection Fund; Special Public Works Fund; Water/Wastewater Financing Program; Community Development Block Grants); Local Improvement Districts; Urban Renewal districts; annexation; transient room tax rates; real property assets; System Development Charges; exaction; grants; accelerated closure of the Agate Beach Landfill; and metered parking.

Patrick-Joling asked whether there is a possibility of including something in the budget that would offset the need for the 15% utility fee increase. Gazewood talked about the City Council policy regarding reserves and unappropriated ending fund balances. Gazewood discussed the five percent in lieu of franchise fee. He noted that if a reduction is considered, the City Council will need to look at what happens to the General Fund when these dollars are removed. Gazewood reported that if the pool bond passes, it will increase the General Fund subsidy. He suggested testing the historical use of monies by departments in the General Fund, noting that there are potentially departments that are over-budgeted in the General Fund.

Gazewood noted that there needs to be a better presentation of data by the Finance Department. Paige reported that he had given Smith and Gazewood an equipment replacement schedule. Gross also addressed the purchase of rolling stock. Gazewood suggested a five-year local option levy to fund the purchase of rolling stock. He noted that

the operational monies in the General Fund cannot afford a large rolling stock purchase. It was noted that the Police Department was in the same position. Allen suggested that department heads go through the rolling stock issue and come back to Council. McConnell noted that the reserve policy is not being followed and suggested that Council needs to look at the issue. Busby noted that the information needs to be available for the Budget Committee by the end of December. Jebousek noted that this discussion is pertinent. She stated that her utility bill will be \$159 monthly in three years, and she suggested looking at bonds or something to change the equation.

### **ESTABLISH NEXT AGENDA**

It was suggested that the next agenda include:

1. Options for Restructuring the Approach to Services

and that the following agenda should include:

3. Options for Restructuring the Approach to Funding

It was noted that the next meeting would be held on Thursday, October 31, 2013.

### **ADJOURNMENT**

Having no further business, the meeting adjourned at 5:25 P.M.

Respectfully submitted,

Margaret M. Hawker  
City Recorder