

**CITY COUNCIL MEETING  
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January 4, 2011**

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**City of Dundee**  
**City Council Meeting Minutes**  
**January 4, 2011**

**Call to Order**

Mayor Sundeen called the meeting to order at 7:00 PM.

**Oath of Offices**

City Administrator Daykin administered the oath of office to Councilors-elect Jennifer Munson, Storr Nelson, and Doug Pugsley and Mayor-elect Ted Crawford. Daykin advised that Ted Crawford resigned from Council effective earlier today in order to be seated as Mayor.

**Passing of the Gavel**

Mayor Don Sundeen passed the gavel to Mayor Ted Crawford. Mayor Crawford announced the Community Service Recognition Award to Don Sundeen for his service to the people of Dundee as Planning Commissioner, 1997-2000, as City Councilor, 2001-2004, and as Mayor of the City of Dundee, 2007-2010. Craig Roggers was not present to receive his Community Service Recognition Award for his service as City Councilor, 2005-2010.

**Council President Election**

Councilor Adlong suggested that the position of Council President be rotated to equitably among the Councilors. She nominated Councilor Pugsley to be Council President. The vote was unanimous.

**Council and Staff Attendance**

Present: Mayor Sundeen, Councilors Adlong, Miller, Councilor-elect Munson, Nelson, Pugsley, and Mayor-elect Crawford. Staff members: Rob Daykin, City Administrator, Cindy Phillips, City Attorney, Alan Mustain, Public Works Supervisor, Todd Miller, Public Works, Chuck Simpson, Public Works, and Debra Manning, Assistant City Recorder.

**Public Attendance**

Preston Van Meter, Kennedy/Jenks, Matt Hastie, Angelo Group, Michael Humm, Kennedy/Jenks, Tammie Crawford, Bob Munson, Gary Allen, Newberg Graphic, Gary Manning, Mike Ragsdale, Diane Ragsdale, Al Perry, Diane Perry, Cameron Munson, Cadence Munson, Rick Jones, and Debbie Jones.

**Agenda Changes:**

None.

**Public Comment:**

None.

**Presentation:**

**Riverside Master Plan**

Matt Hastie, Angelo Planning Group, stated the Draft Land Use Alternatives report has been completed from the Design Charrette information and the proposed land uses have been evaluated in regards to: transportation impacts, the facilities needed to serve the proposed land uses, and the associated cost. Input was received from the Technical and Citizen Advisory Committees in December. The current focus is completion of the draft Master Plan expected by the week of January 10th and completion of the draft Implementing Policies and Ordinances by the following week. After review of the documents by staff/committees and State agencies, a Public Open

house will be held for the draft Master Plan about the third or fourth week of February. The draft Master Plan describes: how it fits with the City's planning and policy documents, natural resource protection policies, the costs for service provision and the responsibility for payment of the costs, and phasing the development and the infrastructure to support the Master Plan. Implementing Policies and Ordinances are: the recommended changes to current policies, new policies to the Comprehensive Plan, or changes to the Development Code to implement the Master Plan. Angelo Planning Group will recommend the types of code revision needed to implement the plan and identify alternatives. Types of amendments needed to make the Transportation System Plan (TSP) consistent with the Master Plan will also be identified.

Councilor Pugsley asked how the natural resource protection strategies would be added to the Development Code. Hastie replied there would be proposed amendments to the Code and requirements and suggestions for property owners to implement.

The Mayor inquired ODOT's timelines for amendments to the Development Code, TSP, etc. Hastie advised proposed amendments to the Comprehensive Plan or the Code are assumed to be completed by the end of June as part of their process. Standards identified for future development in the study area, which could be implemented city wide, can be accomplished on the City's timelines. Crawford expressed concern with the update to the TSP. Hastie advised that TSP amendments are not part of the scope of work. He suggested the addition of language in the Comprehensive Plan addressing how the Master Plan relates to the TSP, to cover interim timeline until the TSP is updated. He will review this with ODOT.

C. Pugsley stated his understanding that the Newberg/Dundee Bypass would not require a full update of the TSP. C. A. Daykin relayed the understanding that once the Environmental Impact Study is completed on the Bypass, ODOT will provide technical assistance for the TSP update.

C. Adlong questioned how the City ensures the proposed roads and trails in the bypass vicinity will be completed without interference from ODOT. Hastie advised that ODOT has no jurisdiction on items outside the bypass; unless it connects, goes over, or goes under the bypass. He recommended further discussions through the process coordinating with ODOT and maybe an intergovernmental agreement.

Hastie advised that he will be out of the country for several months beginning in early February. Mary Dorman will be the project manager in his absence. He will be present for the Advisory Committee meeting scheduled for February 1st.

## **Consent Agenda**

The motion was made and seconded to approve Consent Agenda items 9.1 City Council Minutes, December 7, 2010, 9.2 Financial Report Ending November 30, 2010, and 9.3 Special City Council Minutes, December 28, 2010. The motion passed unanimously.

## **Old Business**

### **Wastewater Facility Improvement Project**

#### **Final Design Update/OVIVO Procurement Agreement**

Preston Van Meter, Kennedy/Jenks, updated:

- MBR System Equipment Procurement Contract: the scope of work was reduced including the head works (equipment & screens) at the front end of the project, the instruments, and the programming scope. Equipment from the process basin was removed. The final scope is based on the minimum equipment to maintain the five year membrane warranty. Elements were removed which could be subcontracted locally and more economically. The final negotiated cost for the reduced scope is \$1,872,069, with

the addition of: three years of Equip Tech Support (Silver-level), and the retention of pricing for eight months for additional submerged membrane units (SMU) at \$107,647. C.A. Daykin clarified that the procurement agreements and proposal from Ovivo were reviewed by the City Attorney.

Mayor Crawford inquired if two additional SMUs would fill the plant capacity. Van Meter replied there would still be two unfilled.

C. Pugsley asked if their recommendation would be to purchase the two additional SMUs at this time if the bidding environment remains good. Van Meter advised the plan is to advise the cost of the SMUs and the installation to allow the City to determine whether to move forward now or later.

- The final design should be reviewed by DEQ next week. The intent is to place the project out to bid after approval of the final design.
- Outfall and Swale Design: C. Adlong asked when the logs for the lagoon habitat would be installed and expressed concern that they should be in place by early spring for the animals to adapt to them. C.A. Daykin asked if the task could be delegated to City crews. Van Meter replied it could and suggested nearby logs could be utilized. Lagoon 4 will be drained to allow examination of the outfall structure to determine needed repairs. Adlong questioned how long it would be drained. Van Meter estimated a month or so. The lagoon bed needs to dry out enough to accommodate access.

C. Pugsley questioned the reason for the concern with leaks. Van Meter advised leaks from the lagoon mixing with the storm water conveyed under the lagoon would allow it to be determined waters of the U.S. for permitting and the City would lose the ability to discharge water from the lagoon as planned.

C. Nelson questioned the velocity dissipater. Van Meter advised they are erosion check dams.

- Bidding & Construction Schedule: Advertisement for bids is expected to start January 31st. The bid will include a prequalification step. Bid opening is scheduled for March 17th, with the City Council awarding the bid on April 5th, and construction in early May. DEQ permitting could delay the schedule. Construction schedule timelines: A (treatment plant) sixteen months with completion the end of summer 2012, B (lagoon and outfall) summer of 2012, C (reclamation and dredging of lagoons 1 and 2) the following summer. One of the recommendations from the Value Engineering was to take the liquids off the top of the lagoons through the treatment plant and allow the solids on bottom to dry over the summer before hauling off the remains.

Public Works Supervisor Mustain questioned when the issue of lengthening discharge time would be addressed with DEQ. Van Meter expects it to be under consideration with DEQ's review in the next couple of weeks. The request for mass load increase has been submitted. Bob Dicksa, DEQ, is working on the draft NPDES permit, which should be out to the City for review in a couple of weeks.

Michael Humm, Kennedy/Jenks, updated the Technical Analysis Study on energy efficiency incentives with the Energy Trust of Oregon (ETO). The study looks for ways to save energy above and beyond the standards of practice. ETO will provide financial incentives to municipalities who include these measures in their project. The evaluation submitted include seven efficiency measures with an incentive number estimated between \$25,000 and \$35,000,

which is paid after completion of the project and verification of the measures. A response from ETO is expected in three to four weeks.

Mayor Crawford asked if the extra capacity is expected to handle winery waste. Van Meter advised it was a design consideration, but the four basins will be available as demand increases over the next twenty years. Crawford inquired if pretreatment should be considered for the wineries. Van Meter recommended pretreatment to residential standards; overtreatment can make issues for the treatment plant.

C. Nelson asked Van Meter to address the issue of having the NPDES permit before going out to bid. Van Meter advised in the unlikely event that the planned outfall from lagoon 4 is not supported by the new NPDES permit then the City has two fall back measures: 1) the original plan of keeping storage on site and not discharging to the river or 2) building a more expensive out fall in the middle of the river. In any case the MBR wastewater treatment facility would still be constructed as designed.

**The motion** was made and seconded to accept Kennedy/Jenks recommendation to approve the December 17, 2010 Ovivo proposal and authorize the City Administrator to sign the agreements prepared by the City Attorney. **Question:** C. Adlong asked for clarification if the motion included the additional conditions A-D recommended by the engineers. **The motion** was amended and seconded to accept Kennedy/Jenks recommendation with the additional conditions A-D to approve the December 17, 2010 Ovivo proposal and authorize the City Administrator to sign the agreements prepared by the City Attorney. **The motion** passed unanimously.

### **Financial Advisor Presentation**

Pat Clancy, Western Financial Group, was in attendance to assist with interim financing issues until the City can apply and receive additional loan funds from the Clean Water State Revolving Fund (SRF) program for the wastewater facility.

Pat Clancy advised they have been retained to help the City through the process of getting interim financing to augment the first DEQ loan and to proceed with the project in anticipation of the receipt of a second loan from DEQ. The short-term loan would be backed by the general credit of the city with the intent of pay off with the long-term DEQ financing. Clancy expressed the concern that not having the DEQ permit at the time of application could be an impediment to the process. Lenders will want to know there is a plan to get out of the interim loan before lending funds. The final RFP in the form included in packet will be directed to four local banks active in tax-exempt loans: Key Bank, Wells Fargo, US Bank, and B of A. Western Financial Group has worked with all these firms. The process would be mailing of the RFP around January 10th with receipt of responses in a couple of weeks, review with the City Administrator, return of the results to the Council's February 1st meeting, with loan documents ready for signing prior to the bid award. The financing is a draw down facility/ line of credit, where the interest is based on the amount drawn down. The anticipation is the expenditure of the DEQ funding first and then the line of credit, but the expenditure could be reversed.

Councilor Munson asked the recommended criteria for evaluating the responses to the RFQ. Clancy advised lowest rate and fees. They will provide a review schedule for the Council.

C.A. Daykin added that DEQ indicated the City could apply for additional loan funds at the start of the next fiscal period. He will research the process for the additional funds with Rick Watters, DEQ. Daykin acknowledged the need to prepare for the possibility that the City might not receive sufficient funds. Clancy stated the need is proof of capacity and the ability to show the way to pay for the project with water payment increases. Daykin stated that the City anticipates \$8.9 million

for the project with the rates to be increased to match the debt service. We have had rate a series of increases and have two more projected prior to the completion of the new facility. Van Meter clarified that the City has a discharge permit and is requesting year round discharge. Daykin added that the City is waiting on approval from DEQ for the final engineering, which would then allow us to move forward on construction.

C. Nelson inquired how common are bridge loans. Clancy replied they are very common. Nelson questioned if the SRF rates are better than bridge loan rates. Clancy replied the rates will be close with the difference in the terms, the bridge loan term is eighteen months and the SRF loan term is twenty years. Nelson questioned if the eighteen month term was sufficient and suggested extending the term on the bridge loan to cover to two SRF budget cycles. Clancy advised the City chooses the maturity date. The cost to extend the term would not be expensive. Nelson recommended an extension past the estimated project completion date of December 31, 2012. Clancy advised that an extension would be handled between the bank and the City Attorney. Daykin reminded that the City has the option to look at other funding types. C. Pugsley questioned the cost difference between the loan term differences. Clancy replied it could be included in the RFP.

Daykin stated that staff wanted interim financing in place prior to going out to bid. He questioned the importance of having the interim financing in place or waiting until a later date. Clancy recommended having secured funds prior to signing contracts. Language can be added to the RFP that a draw is not anticipated till fall.

C. Nelson requested a RFP be extended to West Coast Bank. Clancy will add the question in the RFP: what would the difference in rates be to extend the maturity date to 12-31-2013. This will return for Council's consideration on February 1st.

## **New Business**

### **Bond Counsel Services Agreement**

C.A. Daykin relayed he has experience working with Orrick. Clancy has worked with all three and advised any of the firms has the expertise to accomplish the job.

Daykin informed the Council that K & L Gates did not do an analysis on the debt limit in the City Charter and the fee is based on the assumption that the interim financing would be a year or less. If it exceeds a year there could be additional fees from them. Clancy responded the determination of the length of the note would come from the maturity date of the note. Cindy Phillips, City Attorney noted that the recent Counsel interpretation on the City's debt limit in the Charter was done in conjunction with Harvey Rogers, K & L Gates.

C. Pugsley asked if the long-term DEQ financing did not happen on the needed timeline, then the bond counsel would look at long term bonds at a new negotiated fee. Daykin affirmed that was correct.

**The motion** was made and seconded to approve the contract with K & L Gates for bond counsel services for the wastewater treatment facility and authorize the City Administrator to execute an agreement subject to review and approval by the City Attorney. **The motion** passed unanimously.

## **Council Concerns and Committee Reports**

C. Nelson inquired the status of the appointment to the vacant Council seat. C.A. Daykin advised that when a vacancy occurs, City Code requires thirty day notice of the position prior to Council making an appointment. The vacancy will be advertised in the Newberg Graphic, the City newsletter, the City website, and posted at City Hall and the Post Office. The first regular council

meeting following the thirty day notice period is February 15. This will return to a future meeting for input from the Council on the process.

C. Adlong advised there is a Parks Advisory Committee meeting on February 2nd. She asked the status on an update from Don Clements, CPRD, on the plans for the purchased Fortune property. Councilor Miller suggested Mike Ragsdale, CPRD Board Chair, could address the issue if Clements is unavailable.

### **Mayor's Report**

Mayor Crawford met with Don Clements and Mike Ragsdale, Chehalem Park and Recreation District (CPRD), regarding the Kayak Shack through the Ford Leadership program. This would bring a proposed kayak rental to the Edwards property in Dundee. Edwards are in support, but a conditional use permit is required through the Planning Commission with a \$350 application fee and a \$1,500 deposit. The Newberg City Council has agreed to waive planning fees associated with the project. This should be before the Planning Commission in February with CPRD the applicant. The Mayor relayed the concern for a riverside park sooner than later to the CPRD representatives. They are in agreement and are looking to negotiate a land swap close to the Fortune property with the intent to place a park in the near future.

Crawford advised the EPA has completed a two year study on chromium-6 (hexavalent) and is reviewing drinking water standards.

### **City Administrator's Report**

The City Administrator advised that the property owner at Thirteenth and Myrtle streets must repair their sidewalks or lose their homeowner's insurance. The damage has been caused by the planting of the wrong type of trees in the planting strip. The planter strip has a cast iron water line underneath it. Staff has approved removal of the trees by the property owners. Myrtle Street could be considered as the next project for the Small City Allotment (SCA) grant. Staff recommended removal of all the trees on Myrtle Street planter strip this year. C. Adlong expressed concern at not replacing them. Daykin expressed concerns for the planting area size (3 feet) and the waterline. Councilors Pugsley and Adlong will work with staff to determine if there is an appropriate street tree which could be placed in the strip. C. Nelson suggested considering other sidewalk treatment options. Daykin suggested repositioning replacement sidewalk in the damaged areas on the east side to allow a wider planting strip.

C.A. Daykin advised that Hal Medici is requesting a response of his concerns regarding his planning application and inquired Council's direction. The majority Council consensus was to thank him for his presentation, the Council has heard his concerns, these issues will be under further consideration and discussion, but there is no action that City Council can take at this time to waive the requirements for him to precede immediately. Daykin will include an invitation to attend with the opportunity for further input at the upcoming workshop and budget meetings where the Council will be prioritizing water projects.

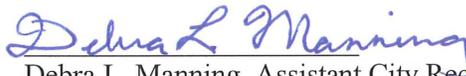
### **Public Comment:**

None.

The meeting was adjourned at 9:40 PM.

  
Ted Crawford, Mayor

Attest:

  
Debra L. Manning, Assistant City Recorder