

**CITY COUNCIL MEETING  
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January 5, 2016**

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**City of Dundee  
City Council Meeting Minutes  
January 5, 2016**

**Call to Order**

Mayor Russ called the meeting to order at 7:00 P.M.

**Council and Staff Attendance**

Present: Mayor David Russ, Councilors Ted Crawford, Storr Nelson, Doug Pugsley, Kristen Svicarovich, and Tim Weaver. Excused Absence: Councilor Jeannette Adlong. Staff members: Rob Daykin, City Administrator, Shelby Rihala, City Attorney, and City Engineer Greg Reid.

**Public Attendance**

Jason Rapp, David Heikkinen, Marlena Bertram, Preston Van Meter, Kennedy Jenks, and Michael Humm, Kennedy Jenks.

**Agenda Changes:**

None.

**Public Comment:**

Jason Rapp, 21255 NE Neiderberger Road, advised the Council of flooding on his property caused from Fir Court storm water runoff. This is part of the Charles Street flooding issues. Rapp does not agree with the assessment of the deficiencies. He noted the city improvements on the south Fir Court cul-de-sac have not helped with flooding. He expressed concern that no one from the city contacted him. Mayor Russ clarified the Council would be addressing diversion of water from Eleventh Street which is adding to the downhill issues.

**Presentation:**

**Review of Annual Audit**

Ryan Pasquarella, CPA, Grove Mueller & Swank, P.C., addressed the Annual Financial Report Year Ended June 30, 2015. The auditors completed two audits: the annual financial audit required by the State of Oregon and a single, federal compliance audit related to the fire hall funding. There were no findings/issues in regards to the federal compliance audit. Pasquarella noted the annual audit was clean with no corrections to the financial records. He referred to the loan agreements which require the city to meet generally accepted accounting principles (GAAP), not on the modified cash basis which the city uses primarily because of the lack of accurate historical capital asset records. The audit report cited the loans require GAAP reporting and the city is not reporting that way. Currently, the State of Oregon allows the modified cash basis of accounting, but the expectation is that GAAP reporting will probably be required in about five years. Councilor Nelson inquired when this becomes a requirement, will the records start from that point forward or historical. Pasquarella replied historically, capital assets were required to be shown as of 1984. An equipment schedule can be recreated. Cost of infrastructure is the issue; which would have to be recreated by an appraiser. The auditors have been assured that there will be assistance available to the cities at that time.

The financial analysis is a report of the city's health (distributed to the Council):

1. General Fund increased annually until 2015 when it decreased primarily due to expenses for the Fire Hall; expenditures are exceeding revenues collected but transfers into the fund from other funds are offsetting the deficit.

2. Water Fund and Water Capital Improvement Fund is increasing from previous years, with a good carryover balance and has excess which can be transferred to capital improvement fund for future projects.
3. Sewer Fund fluctuated with the construction of the Waste Water Treatment Plant (WWTP), it is improving; but the debt ratio is low and may mean that the city is not saving enough for future capital improvements.

### **Yamhill County Mediators**

Marlene Bertram, Yamhill County Mediators, distributed a brochure and a letter dated January 5, 2016 reviewing services provided to Dundee residents during the eleven months of 2015. They thanked the Council for their support.

### **Consent Agenda**

**The motion** was made and seconded to approve Consent Agenda items 6.1 City Council Minutes, December 1, 2015, 6.2 Financial Report Ending November 30, 2015, and 6.3 OLCC Liquor License Application, Rizzo Winery. **The motion** passed unanimously.

### **Old Business**

#### **Urban Renewal Feasibility Study**

Jennie Messmer, Mid-Willamette Valley Council of Governments, presented a PowerPoint overview of the feasibility study included in the packet. The study's purpose was to:

- examine local conditions and key elements necessary to create an Urban Renewal District
- consider whether a district in Dundee would be in accordance with the Oregon Statutes
- consider if it would be feasible from a financial and policy standpoint
- identify preliminary boundary; two were identified
- determine if revenues will be adequate to cover improvements under consideration
- determine if Dundee is a good fit for Urban Renewal

The boundaries identified meet the requirements in ORS 457, the needs of Dundee are consistent with Urban Renewal and there appears to be sufficient revenues to be used to leverage other revenue sources. The recommended Concept Area is #2; it includes: multiple undeveloped properties including significant Highway 99W frontage properties, vacant store fronts and vacant and underused parcels which meet the blight conditions, the absence of a city center, obsolete and deteriorating buildings, residential dwellings in use on commercially zoned lots, small commercial property lots, and substandard streets. Improvements which may be considered include: street and sidewalks, water lines, storm water lines, sewer lines, expanding the façade grant program, undergrounding overhead utilities, a community plaza, public parking, walking trails, and consolidating undersized/underdeveloped properties. Messmer noted, for Area #2, you could raise \$3.7 million in twenty years if you did not factor in any new development; you could raise \$8.3 million if you factored in a 3% annual increase in assessed value derived from new development starting in 2017. A list of possible projects and their total cost is included in the report. Messmer referred to the letter from City Attorney Watts recommending addressing the Charter issues prior to setting up an Urban Renewal Agency. An Urban Renewal District would have to be referred to the voters for approval per the current Charter. The Council will determine whether to proceed with development of an Urban Renewal District and how to address the Charter issues prior to moving forward with a district. An Urban Renewal Agency would be a separate entity from the city and would develop the plan. The board would be the Council members and five additional directors per the current Charter. Plan components include: description of the projects to be undertaken, an outline of the major project activities planned for the area, map and legal description, an explanation of how the plan relates to local objectives, discussion of the relevant objectives of the local comprehensive plan and other council adopted related plans, indication of proposed land uses, maximum densities and building requirements for

the area, reference to the Comprehensive Plan and implementing ordinances, description of relocation methods, a description of property to be acquired, and the maximum amount of indebtedness if using tax increment financing. Minimum public involvement requirements: two opportunities for the public to review the plan and give input, the plan must be sent to the governing bodies of the affected taxing jurisdictions, and notice of the plan adoption must be published within four days. Messmer recommended getting the public involved with a public hearing for information on Urban Renewal, open houses, website information, an advisory committee for development of the plan, etc.

C. Nelson inquired why the school and Billick Park were included in the areas. City Administrator Daykin replied for crosswalk and undergrounding improvements. He stressed the feasibility study was to determine if this is right for Dundee, with a focus on the Highway 99W corridor. The area boundaries will likely change when an actual plan is developed using a more extensive public input process. Councilor Crawford questioned the exclusion of Argyle Winery and Wine by Joe. Messmer stated the fully developed properties were excluded to allow the city and the other taxing districts to realize the taxes on those properties. If they were included the properties would be frozen at their current value. They can be added to the plan. Mayor Russ expressed support for a storm water retention area at the end of Fourth Street.

C. A. Daykin asked if the Council wants to move forward to form an Urban Renewal Agency. The first step would be to consider a Charter amendment. Councilor Pugsley expressed concern to address the issue with the other taxing districts. Mayor Russ noted the amounts that the taxing districts will not receive is based on a 3% increase in values over the twenty year period; they will be reimbursed in a short amount of time due to the significant increase in value with development in the district. C. Nelson inquired if the districts would be penalized more if things do not go well with a district. Russ confirmed it could happen; but noted the city is looking at significant future growth for the entire City that will offset the frozen base in the smaller urban renewal area. Nelson asked City Engineer Van Meter's opinion on the City of Keizer's Urban Renewal District. Van Meter expressed concern for the taxing districts affected by the Urban Renewal District. He noted that Keizer's Urban Renewal District was essential in transforming the River Road corridor and facilitating economic development, but went on forever; heavily impacting the Keizer Fire District. The majority consensus was to move forward.

C. A. Daykin referred to the options to amend the Charter (packet page 42):

1. Repeal Chapter XI; most cities do not have charter provisions limiting the authority provided by ORS 457 or require a separate vote.
2. Impose limitations not in conflict with the State statutes.
3. One public vote on the plan; could be a harder route since the City has not previously implemented urban renewal.

The work must be completed in February for a Charter revision on the May ballot.

C. Crawford asked the Council if the city needed custom provisions or was good following State statutes. He supported aligning with the State statutes. Councilor Svicarovich expressed concern that the key will be informing and educating the public. Going back to the State standard is clear compared to repealing part of the Charter.

C.A. Daykin stated the question if a public vote is desired; then what should the public vote be on. A plan could take a year to create at an estimated cost of \$14,000 and then be voted down. The question was asked if a vote to form an agency could be placed on the ballot. Messmer replied creating the agency could be voted on. She expressed concern with use of the study as basis to form the agency; significant changes from the study to a plan would be a problem for the city. Mayor Russ suggested a vote could be if the public wants to create an Urban Renewal

Agency; not based on any studies. Daykin suggested if the Council wants to go one vote; then vote for a plan so the public understands clearly what they are voting for. Under State statute the adoption of an ordinance is required to setup the agency; and the ordinance would be subject to the referendum process.

C. Pugsley inquired if there are other areas of the Charter which need to be amended. Daykin replied that would be a larger project and would take more time to complete. A full charter update could address past problems with indebtedness revisions, special meeting wording, and possibly other items to update.

C. Nelson questioned why this couldn't be placed on the November ballot. Daykin replied nothing can be done to start Urban Renewal until the Charter is amended. It is a question of timing in regards to forming the agency and collecting the taxes to fund the improvements needed to support private development in the area. He estimated a July deadline for adoption of a plan in order to start the collection of tax revenues in the ensuing November tax levy. Mayor Russ confirmed that moving an amendment to the November election could put the plan out more than a year. Daykin relayed the desire for a Charter amendment in May 2016, moving forward with the plan by hiring a consultant and proceeding through the public input process with the possibility for a vote, if required, on the plan in May 2017, if approved you would be ready for the November 2017 tax levy. He suggested a Charter revision eliminating a mandatory public vote; but requiring a public vote if it exceeds certain limitations such as a ten year time limit for debt. After further discussion the majority consensus was to move ahead with a Charter amendment to remove conflicts with State law, establish a limitation on the maximum amount of debt that can be issued, and a threshold for the plan which requires a public vote when exceeded. Daykin stated he will draft a short version that describes the limitations in one section and a long version that encompasses edits to all sections of Chapter XI for review at the February 2nd meeting.

### **Basin 3 Storm Water Improvements**

Engineer Reid advised that surcharged flow from Myrtle Street is backing water into Charles Street. Water flows in the culvert under Eleventh Street, across the orchard, to the back of Fir Court, across the Rapp property to the back of Charles Street, (Current Deficiencies map packet page 95). After discussion with homeowners on Charles Street and Michael Humm, Kennedy Jenks, Engineer Reid advised that the recommendation to redirect the Eleventh Street flow (\$38,260) will not solve the problem. The issue is the flow from Eleventh to Charles is twice what the fifteen inch pipe on Myrtle Street can handle. We need to get the water off of Charles Street across Neiderberger Road. The engineer's recommendation is to pipe the water across Charles Street, place an inlet and ditch to collect the water flow from the county, and improve the ditch along the south side of Neiderberger Road to the outlet by Highway 99W at an estimated cost of \$51,425.

Mayor Russ inquired the capacity of the thirty inch pipe which runs down Eleventh Street. Reid advised it has a lot of capacity, with an overflow basin. Russ asked if the flow could be directed into that pipe. Reid advised that was the original plan; but it doesn't remove enough water to correct the Charles Street flooding issues.

C. Crawford inquired if this would address the flooding on Fir Court. Reid responded it would not address that problem, but addressing the Eleventh Street flow would help. Reid added that the flooding on Fir Court takes place in the cul-de-sac bulb, acting as a detention facility, and there is no apparent private property damage. The water entering the Rapp property is coming from properties located outside of the City to the west and uphill of the Fir Court subdivision.

The majority consensus was to address the Charles Street issue. Daykin noted there are no funds available for the project. He asked the Council if they want to increase the \$90,000 loan the city is taking out associated with the Highway 99W improvements or to consider the issues through the budget process for a 2016-2017 project. The majority consensus was to find a way to complete the Charles Street improvements in the short term. Daykin noted that the engineer's time is also a problem with his current workload; which could delay this project to late summer. Reid noted that Kennedy/Jenks could do the design work since they have worked on the project. Staff will return a financing plan.

### **Ordinance No. 544-2016, Sign Code Amendments**

The ordinance includes the amendments from the close of the hearing at the December 1st meeting. **The motion** was made and seconded to adopt Ordinance No. 544-2016, an ordinance amending the City's sign regulations, related regulations and the Dundee Development Code (LURA 15-12). **The motion** passed unanimously.

## **New Business**

### **WWTP Overflow Event**

Michael Humm, Kennedy/Jenks, presented a PowerPoint update on the Monday, December 7th overflow event. Equalization flow was routed to the north Facultative Sludge Lagoon (FSL), using the new bypass pipeline installed last summer. It was not utilized soon enough to accommodate the extremely rapid peak flow from the storm. The flows rose in the basins and found their way into two uncapped conduits placed to carry future power and signal wires; two additional conduits held and were not flooded. The conduits connect the wiring to the control panel. Waste water hit the control panel initiating a system shut down and shutting the permeate valves closing the flow out of the plant and allowing the treatment basin to overflow. There wasn't any recourse. Mayor Russ asked for confirmation that flow from the plant to the FSL would have continued if the control panel had not shorted out. Van Meter replied the basin would still have overflowed; but they would have been able to get the plant back online. Russ questioned if a manual override could be installed. Van Meter cautioned with the system down the air scour for the membranes would not be working; which could plug up the membranes. Humm advised pumps were rented to temporarily divert flow out of the basin into the north FSL and out of the headworks into Lagoon 1. The focus was to get water out of the control panel. Losing the panel resulted in a five day shutdown period to get the plant back online. Van Meter clarified that the water flowed into the most important, expensive parts of the control panel. The north FSL and Lagoon 4 were full and Lagoon 1 was filling up; a temporary chlorine contact tank was setup from Lagoon 1 to Lagoon 4 to chlorinate the raw waste water before it ran into lagoon 4. This is a permit violation, but DEQ instructed this was minimum treatment. They had an estimated four to five day storage capacity at Lagoon 1; but the elevated flows eventually exceeded the process storage capacity as the plant was brought back online. The pump and chlorine system was relocated to the headworks to divert excess flow into the Lagoon 4 for another week. The timeline was about three weeks before the plant was able to keep up with flow. Van Meter stated: 1) their specifications do not allow conduits to be placed into the sides of walls with hydraulic structures and 2) any conduit should have been sealed. The conduits on the bottom side have now been sealed. He expressed concern for the moisture in the system from the event. There is no way to remove the water, which will probably cause early corrosion in the panel and additional problems. He recommended planning to rewire and/or replace parts of the panel in the near future and including this in the insurance claim. The Mayor directed staff to request a full control panel replacement from the insurance coverage. C. A. Daykin requested backup documentation from the engineers. It was noted that the cities of Newberg, McMinnville, and Portland all had overflow issues.

Engineer Humm went back through the charted peak flows in prior years for the Inflow and Infiltration (I & I) rehabilitation targeting 120 gpm/175,000 gallons per day. He reviewed the estimated WWTP flow over the five days of the rain event in December 2015, when the plant was offline (estimated from flow meters on Highway 99W and Parks Drive and Parks and Edwards Drives). Van Meter noted that the flows never backed off over the five day period. We more than doubled the maximum limit you should see at the plant over a twenty-four hour period; we exceeded that limit for days, staying in that range for about three weeks. In prior years the peak flow would decline substantially within the twenty-four hour period. The engineers decided that something had changed and went in search of the I & I problem with staff and a CCTV crew. Manholes were inspected with the finding that a lot of clean ground water (60 gpm estimate at one manhole) was entering the system because the seals between the concrete and the pipes have failed. Seventh Street and Linden Lane has a damaged lateral; which could have occurred when the street was widened and the storm drain system added. An injection grout, which reacts with water, will seal the manholes. The engineers have prepared a bid package for manhole repairs.

The CCTV work is 75% complete. Some private lateral defects have been identified along with the manhole infiltration issues. Humm noted a Verizon cable drilled through a city sewer pipe at the upper end of Charles Street. The engineers explored the Parks Drive sewer line, after hearing the issues the neighbors were experiencing from the Bypass pile driving. They relocated two of the movable flow meters and found 200 to 500 gpm, inflow from the creek. The CCTV crew videoed the pipe without noting any issues; the flow meters were reset and either the measures were off or the level of the creek could have caused spiked readings. DEQ wants the I & I issues addressed. The engineers recommend the manhole repairs and are prepared to release the bid packets on a unit price basis upon Council's direction. The flows at Alder Terrace are under continued monitoring and show a slight reduction after the summer repairs. There is potential for the Council to review a private lateral replacement program. The engineers are recommending installation of additional membranes in the unused basins. The north FSL will continue as an equalization basin; Lagoon 1 was recommended as an additional option.

The Mayor inquired what DEQ is looking for on I & I reduction. Humm replied that the city has not been placed on a corrective action plan. Twenty manholes have been identified for repairs; representing about 25% of the manholes inspected to date. Van Meter expressed concern that the I & I problem will not be easily solved. He believes DEQ will require additional membranes installed at the WWTP to handle peak flows noted in the current history. The recommendation is to add membranes to one of the unused basins at an estimated cost of \$600,000. The membranes have an estimated lifespan of ten years. The original plan had been to add additional membranes at ten years out financed by system development charges (SDCs) from new development. This means that I & I will use up the expansion basins designated for future growth.

C. A. Daykin questioned when quotes for the manhole project could be returned to the Council. Humm replied by the next Council meeting; work can be completed at the pace of two manholes a day at an estimated cost of \$1,500 to \$2,000 per manhole. The Mayor inquired if we will have comparative data after the manholes are repaired to show the change to the I & I. The engineers confirmed.

C.A. Daykin referred to the invoice from The Automation Group (TAG), handed out to the Council, in the amount of \$49,889 for the emergency work at the WWTP. The second handout is a quote from TAG, in the amount of \$8,610, for work to be performed to the touch screen for the damaged panel which needs to be replaced. The invoice from GPEC (the electrician) is outstanding. C. Nelson questioned the pay rates. Daykin noted the cost will be paid by insurance and the claim has been filed. **The motion** was made and seconded to approve the payments to the

Automation Group (TAG) in the amount of \$58,499.76. Nelson asked for confirmation of the pay rates prior to authorizing payment. Humm noted that TAG used the same hourly rate on the water system improvements project. **The Vote:** Mayor Russ – aye, C. Crawford – aye, C. Nelson – nay, C. Pugsley – aye, C. Svicarovich – aye, and C. Weaver – aye. **The motion** passed six in favor. Nelson inquired if the city was eligible for FEMA funds from the storm event. Staff filed an incident report on the WWTP with the County Emergency Services. Staff will follow up to see if there would be any FEMA reimbursement available for repairs to the manholes.

### **Riverside District Zone**

The Riverside District zone needs to be established, including design standards, prior to development of the area. Once the Riverside District zone is established, then the property owners may initiate a zone change along with a corresponding master plan for the subarea. After approval of the subarea master plan, then the owner may then initiate an application for subdivision and development. Stu Lindquist agreed to hire a consultant to help with the process to develop a Riverside District zone and the city agreed to not charge a permit review charge. A motion from the Council will initiate the amendment to the Dundee Development Code. **The motion** was made and seconded to initiate a proposed amendment to the Dundee Development Code for the new Riverside District zone. **The motion** passed unanimously.

### **Planning Commission Appointment**

**The motion** was made and seconded to reappoint Michelle Kropf to the Planning Commission with a term expiring December 31, 2019. C. Nelson relayed conversation with Jody Kropf that Michelle had considered not reapplying due to concerns that the commission is stagnant and in need of new ideas. **The motion** passed unanimously.

### **Tourism Committee Appointments**

The terms for Sheryl Kelsh, Joseph Buck, Myrna Miller, and Valerie Cutz expired December 31, 2015. All wish to continue on the Committee. One application was received from Robin Sikkens. Mayor Russ recommends re-appointment of Kelsh, Buck, Miller and Cutz and appointment of Robin Sikkens. **The motion** was made and seconded to accept the Mayor's re-appointments to the Tourism Committee. **The motion** passed unanimously.

### **Council Concerns and Committee Reports**

None.

### **Mayor's Report**

None.

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

The Strategic Valley Planning Group is surveying various agencies (the City of Newberg, Newberg School District, Chehalem Park and Recreation District, Yamhill County and the City of Dundee) to set a date for an April dinner meeting to receive input for an update to the Strategic Valley Plan. Daykin asked for the Council members to complete the survey.

Nancy Boyer, Mid-Willamette Valley Council of Governments, will host a goal setting workshop starting at 6:00 P.M. on January 19th in lieu of the regular Council meeting. Dinner will be provided from La Sierra Mexican Restaurant.

### **Public Comment:**

None.

**Executive Session:**

The City Council entered Executive Session at 11:13 P.M. in accordance with ORS 192.660 (2) (h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation likely to be filed. Executive Session ended at 11:33 P.M. and the Council did not reconvene.



David Russ  
Mayor

Attest:



Debra L. Manning, MMC  
Assistant City Recorder