

**CITY COUNCIL MEETING
TABLE OF CONTENTS FOR MINUTES
February 7, 2012**

Call to Order	2
Council and Staff Attendance	2
Public Attendance	2
Agenda Changes:	2
Public Comment:	2
Presentation:	2
USDA Rural Development Loan Program	2
Consent Agenda.....	4
Old Business.....	4
Fire Hall Bond Measure	4
WWTP Construction Project Status	4
Reservoir Coating Project Change Order	5
New Business	6
2011 Intra-County Mutual Aid Agreement	6
Council Concerns and Committee Reports.....	6
Mayor's Report.....	6
City Administrator's Report	6
Public Comment:.....	7
Executive Session:	7

City of Dundee
City Council Meeting Minutes
February 7, 2012

Call to Order

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

Council and Staff Attendance

Present: Mayor Crawford, Councilors Adlong, Miller, Munson (7:27), Nelson, Pugsley, and Reddell. Staff members: Rob Daykin, City Administrator, Jeff Bennett, City Attorney, and Debra Manning, Assistant City Recorder.

Public Attendance

Dave Morgan, News Lincoln County, Preston Van Meter, Kennedy/Jenks, Michael Humm, Kennedy/Jenks, Rachel Reister, USDA, Drew Davis, USDA, Pat Clancy, Western Financial Group, and Bob Youngman, Coastal Parkway LLC.

Agenda Changes:

None.

Public Comment:

Bob Youngman, Coastal Parkway LLC, updated the Council on the status of their project with a map of the proposed route options and a handout comparing the parkway and the bypass. The proposed parkway would be a privately funded four-lane route from I-5 to Highway 18. Youngman noted that he has further information he can forward to the Council and would like to set up a workshop for the Council. The starting point on Highway 18 has been determined and the final traffic study will determine the connection to I-5. They have acquired an estimated 50% of the right-of way in Yamhill County. Councilor Reddell asked for the information to be forwarded.

Presentation:

USDA Rural Development Loan Program

Rachel Reister, USDA, advised that their goal is to establish economy, growth and sustainability in rural areas. The Community Facility program covers government funded infrastructure projects, such as fire stations, hospitals, and police. Public bodies, non-profits, or federally recognized Indian tribes are eligible. Towns of 20,000 or less are eligible. They are currently working on a combined city hall/police department for the city of Madras. The city's loan would have a fixed interest rate and a maximum term of 40 years or the life of the project. A bond from the City is required to secure the loan, at which time the city decides the term of the loan.

Councilor Pugsley inquired if the city could determine the term prior to the bond election. Reister advised the decision can be made ahead of the election. Pat Clancy, Western Financial Group, shared that bond measures specify the maximum length of the loan, which the city is not required to use.

The rates are currently at 3.75% and are fixed whether the term is 25 or 40 years. USDA would prefer the loan be secured by a general obligation bond. A revenue bond could be considered where there is an unobligated and reliable source of revenue, such as franchise fees from an electrical utility.

Mayor Crawford inquired why the Rural Fire District is not eligible for a loan. City Administrator Daykin replied that they do not own the facility. Crawford suggested the possibility of bringing

Rural Fire into a joint ownership. Reister advised that the District is an eligible entity; however, districts are subject to different state rules regarding bonding of debt. She advised it would be too complex to try to process the project as two separate loans and recommended the city be the applicant.

The loan rate is locked after completion of the initial portion of the application: preliminary architectural and on-site environmental work. If the rate floats down prior to replacing the construction financing with the Rural Development loan, you receive the lower rate. Reister will forward a processing checklist. The city will need to seek private credit from a few banks as the city is required to take private credit if it can be found at a reasonable rate and term and is affordable. This is unlikely given the favorable terms of the Rural Development loan program. There are no prepayment penalties on the USDA loan. Clancy advised there is nothing near 3.75% with a 40 year term. He advised that in the public market the rating for the city would be lower with a higher borrowing cost. Reister advised there are no loan fees, only the fees associated with the issuance of a bond to secure the loan. She recommended that the city complete the pre-application process now to facilitate the process to align with our timeline. Daykin noted the intent is to review several facility sites prior to the bond passing. He noted that the application should be completed prior to September 30th, USDA's fiscal year end. Reister advised that they have a plethora of funds for this fiscal year. Government funding of the program's budget will determine what is available after September 30th and those funds would not be available for committing to new loans until 30 to 45 days into the new fiscal year, into November. City Attorney Bennett confirmed that the city needs an approval from USDA prior to the September 30th fiscal year end for the funds from the current funding cycle to be obligated for the project. Reister acknowledged.

C. Reddell questioned if the application would have to be resubmitted if the bond measure fails and has to be brought back before the citizens in November. Reister replied the application will be kept active.

C. A. Daykin advised if the city's bond measure passes and District cannot get their bond passed, the city could augment the voter approved funds with other city funds such as franchise fees as a revenue bond source with the same loan package. Reister added it would be a blended collateral situation, but it would not involve utility fees.

Councilor Munson questioned the collateral for the loan if both bond measures for the city did not pass. Daykin replied the project would be reviewed and maybe the option would be a significant remodel of the current station. Reister noted they could finance that option also.

Pugsley inquired about USDA grant options. Reister advised that the city would not qualify; as the community's medium household income has to be below USDA's established non-metropolitan medium household income rate of \$41,230.

C.A. Daykin advised the expectation is for the city is to take interim financing during construction and close on the loan after construction is complete. Reister advised that there is no cost to the city to submit the pre-application, even if the city withdraws it at a later date.

The Mayor asked if the Fire Hall assessment (concept plan) prepared by Group Mackenzie could be submitted as the preliminary architectural work. Daykin replied it has to be site specific; the current work could be easily updated to reflect that.

Consent Agenda

The motion was made and seconded to approve Consent Agenda items 6.1 City Council Minutes, January 31, 2012, 6.2 Financial Report Ending December 31, 2011, and 6.3 Yamhill County Parkway Committee Workshop Invitation. **The motion** passed unanimously.

Old Business

Fire Hall Bond Measure

Pat Clancy, Western Financial Group, a municipal advisory firm gave an overview of a General Obligation (GO) bond and interim financing used with the Rural Development loan program. The city will seek voter authorization to levy taxes to pay for a bond. The GO bond levy authorizations will open up funding options. The measure before the voters will authorize a levy of taxes to pay for a bond of specific size for a specific length of time. Most measures inform the voter of the estimated tax rate should the measure pass. Several ways to calculate it include: 1) expectation for the first year's tax rate assuming level debt service and the current assessed value; or 2) use of an average tax rate over the term of the bond. The USDA loan is the only 40 year option. A bank will offer a 10 year term, the public bond sale market will go out typically 20 to 25 years, although 30 years are possible. Rates are at a historic low. Clancy estimated that the City would probably be rated (based on the size of the city and limited tax base) in the A category for a GO bond, an average interest rate of 5 to 5.25% for a public bond sale. Fixed costs and underwriter's fee for the sale of public bonds would be an estimated \$50,000 to \$60,000. Clancy recommended the USDA loan for the city. He stated USDA does not fund construction/interim financing. The city will have to take interim financing until completion of construction, which is not expensive and is a straight forward and quick process. The Mayor suggested approaching West Coast Bank for the interim financing. Clancy suggested approaching a number of institutions with a bid request.

A handout reviewed financing options for the difference in terms. Because of the low interest rates, borrowers are currently tending to select longer term loans. Clancy noted some entities use a shorter loan to allow payoff of the debt and seek authorization of new levies to accommodate other projects when the prior debt is retired. He noted if you received voter authorization to issue bonds with a term up to 40 years, the decision can still be made to issue bonds with a shorter term, such as 20 years if it is deemed to be in the best interest of the issuer. This will likely mean the actual levy rate will be substantially higher than originally anticipated. However, after issuing a 40 year bond you cannot at a later date levy more tax than is necessary to satisfy the annual debt service in order to pay it off sooner.

C. A. Daykin related the development of the needs assessment by Group Mackenzie for a new fire station anticipated the long-term needs of the program. A longer term means more new development during the term of the loan will help pay for the debt to the benefit of the current residents. That is appropriate since new development will also benefit from the fire station during that longer term. C. Munson questioned the agreement with the Rural Fire District. Daykin noted the agreement is to pay a third of the cost of the structure, they are responsible for their funding. Daykin asked the Council if it would be helpful to get feedback on the term of the bond from the constituents. Councilor Adlong suggested there are two things which will sell the bond: a shorter term and the cost of the project. C. Nelson suggested approaching the first bond measure with a 25 year option, that failing; return the 40 year term to the November election. After further discussion the Council would like to advertise in the Newberg Graphic to receive comments from the public on the issue at the February 21 meeting.

WWTP Construction Project Status

Michael Humm, Kennedy/Jenks, addressed questions from the January update: Pay estimate number #6 for \$724,548 was presented last month, but \$578,268 was paid as the generator was

delivered to the site after the close of the billing cycle. The design capacity/ 30 year peak flow for the headworks is 2.75 million gallons per day (MGD) and the pump station capacity will be an estimated 3.13 MGD. Humm noted there are a plethora of options to provide flexibility for future expansion with the pumps. Wastewater Treatment Plant project update:

- Headworks: the interior channels and the front and back walls have been poured; the top slab and block on top of the concrete walls will come next
- Operations building: work is progressing on the water barrier preparation for the siding, concrete wainscot and stucco finish on the outside walls, inside work is focusing on the completion of everything inside the walls and the suspended ceiling; insulation and drywall will be installed
- MBR structure: all exterior walls have been completed, work will move forward on the return channel for the basins, the grade over top, installation of the handrails and the mechanical equipment

The 35,000 pound backup generator arrived two weeks ago and was placed into position with a 500,000 ton crane. The diesel generator will be activated once a month for emergency exercises. Pay estimate number #7 for \$757,584.45 is under review; includes the generator, MBR walls, submersible pumps, electrical conduit installation and mechanical piping. The project is 42% complete.

Preston Van Meter, Kennedy/Jenks, advised:

- the headworks change (no additional cost) RFQ from reuse of the existing foundation for the electrical building to a new electrical building which will sit further back off of the road, have room for future panel expansion and be surrounded by sidewalks.
- RFQ11 for conduit/wire modifications has simplified the design and should result in a credit.
- RFQ15 is for the installation of two additional SMUs for future expansion at a cost \$107,000. The engineer does not recommend approval of this RFQ, but the information will be used in the determination of future capacity improvement cost for SDC calculations.
- Claim #1 was filed for \$20,000 regarding Deficiency #2 Harmonic filters. A study to determine the need for harmonic filters for the electrical equipment was not completed by the contractor. The blower manufacturer supplied oversized filters, which the engineer determined was not necessary. A credit has been requested and the claim has been closed.
- DEQ is ready to sign off on the outfall design. Kennedy/Jenks would like to go out to bid by the end of the month to start on the outfall in May or June. C. Nelson asked the construction period for the outfall. Van Meter replied 90 to 120 days, by the end of summer.

Reservoir Coating Project Change Order

This returns from the January 31st meeting. C.A. Daykin referred to the cost breakdown in the packet. MSI, the contractor at the WWTP has offered the use of their equipment to load the material next Tuesday, without charge. Murray Smith and Associates have advised that DEQ is requiring two reports on the removal of the material: one for the year 2011 at a cost of \$2,100 and one for 2012 at a cost of \$1,800. The Council concurred with plan for the City to arrange for the transportation and disposal of contaminated sand blast material directly with Univar USA, and to not accept the change order with Coatings Unlimited for their work.

New Business

2011 Intra-County Mutual Aid Agreement

C.A. Daykin referred to the memo in packet from Chief Stock explaining the need for the new Mutual Aid agreement and asked the Council to give the Fire Chief authorization to sign the agreement. Mayor Crawford asked the ramifications if Rural Fire District does not continue partnership with the City. Daykin advised that the agreement could be amended. **The motion** was made and seconded to authorize Fire Chief John Stock to sign the Yamhill Fire Defense Board 2011 Intra-County Mutual Aid Agreement. **The motion** passed unanimously.

Council Concerns and Committee Reports

Councilor Miller advised that Yamhill County Transit Committee has lost their providers for the transit system. YCAP doesn't want to continue participation with Dial-a-Ride and the director for the Chehalem Valley Seniors has resigned. The County Commissioners have placed a request for proposal (RFP) for a provider to run the transit system.

C. Nelson asked if there would be an opportunity to refinance our current debt. Daykin replied he WWTP is our only debt at 3.15%. The Mayor asked about the pending reservoir loan. Daykin advised it is about 4%. The Mayor also suggested consideration for the public works building project.

C. Munson advised that the Tourism Committee will meet Monday with a presentation from a local expert on branding.

C. Munson shared with the Council that she is currently riding the bus, which will necessitate an approximate twenty minute late arrival to the Council meetings.

C. Pugsley advised that he will work with Michelle Bechtold, Rural Fire District, to organize the volunteers for the fire hall bond campaign.

Mayor's Report

Councilor Pugsley will work with Chehalem Park and Recreation District and the Trust for Public Lands on the bond initiative for the Chehalem Heritage Trail

Representative Bonamici will meet with local government representatives in Newberg at the Public Safety Building on February 22nd at 7:00 P.M.

The Parkway Committee will meet with ODOT on February 16th at the Newberg Public Safety Building at 7:30 A.M. to discuss the appearance of the Bypass, bridges and landscaping along the corridor.

ODOT has the final Environmental Impact Study (EIS), with the expectation of the release of the Record of Decision (ROD) by the end of March.

C. Miller reminded the Councilors of the Yamhill County Parkway Committee Workshop at the McMinnville City Civic Hall on February 29th at 7:00 P.M. C. Pugsley inquired if the estimates on the gas tax revenues would be presented at the workshop. The Mayor replied they would.

City Administrator's Report

The City Administrator is working with ODOT on a special services contract with consultant, Dana Beckwith, DKS Associates, to help address lighting options under the Transportation

Enhancement grant. The expectation is to bring three options back for the Council's consideration in March.

C.A. Daykin met with Planner Nunley, Paula Radich, and members of the Newberg Facilities Committee to discuss future planning issues for the city, including the Riverside District Plan, the Bypass, the visioning process for the Highway 99W corridor, and the Transportation System Plan update.

Public Comment:

None.

Executive Session:

The City Council entered Executive Session at 9:39 P.M. in accordance with ORS 192.660 (2) (e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions. Executive Session ended at 9:50 P.M. and the Council did not reconvene.



Ted Crawford
Mayor

Attest:



Debra L. Manning, CMC
Assistant City Recorder