

**CITY COUNCIL MEETING  
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March 3, 2015**

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**City of Dundee**  
**City Council Meeting Minutes**  
**March 3, 2015**

**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: Jeannette Adlong. Staff members: Rob Daykin, City Administrator, Peter Watts, City Attorney, John Stock, Fire Chief, and Debra Manning, Assistant City Recorder.

**Public Attendance**

Fred Miller, Wave/Astound, Patrick Kelly, Deborah Scott, and Nathan Hillis.

**Agenda Changes**

None.

**Public Comment**

None.

**Consent Agenda**

**The motion** was made and seconded to approve Consent Agenda items 5.1 City Council Minutes, February 17, 2015. **The motion** passed unanimously.

**Old Business**

**Budget Committee Appointments**

There are four vacancies on the committee: three with expired terms as of December 31, 2014 (new term expiration date will be December 31, 2017) and one vacant seat (new term expiration date will be December 31, 2016). Art Matheny and Lea Borgaes have applied for reappointment. Applications were also received from Robert Negele and Patrick Kelly. Councilor Crawford inquired why the application did not request the length of residency; the majority Council consensus was to add the question to the application. Patrick Kelly was present and advised that he moved to Dundee in December. **The motion** was made and seconded to appoint Art Matheny, Lea Borgaes, and Patrick Kelly to the Budget Committee for terms expiring December 31, 2017; and to appoint Robert Negele to the Budget Committee to complete the unexpired term ending December 31, 2016. **The motion** passed unanimously

**CWSRF Loan Application Projects**

This returns to the Council for further consideration for application for a loan from the Clean Water State Revolving Fund loan program to address infiltration issues from major storm events affecting the Waste Water Treatment Plant (WWTP). The loan would also allow eligible storm water system improvements at a combined 1% preferred interest rate.

City Engineer Humm, Kennedy Jenks, recommended repurposing the north Facultative Sludge Lagoon (FSL) into an equalization basin by extending the existing influent forcemain into the basin. This would utilize the existing plant assets to maximize the funds and the collection system. There are two FSLs at the plant. They have an estimated five year capacity. Once a basin is full it sits for a year to allow the sludge to degrade to a Class B bio solid which can be land

applied. During this period that sludge is being wasted to the second FSL until such time it reaches its limit and the process starts over with the first FSL.

Daykin advised it is unknown what reduction will be seen in the peak flows as a result of the sewer line repair program. The system could be experiencing a substantial amount of the flow from the private laterals; they also need to be repaired. He noted as you complete repairs on one part of the basin; water finds other weak entry points into the system requiring ongoing improvements. Staff wants to complete video inspections of the lines and some of the laterals to determine a project to address in the first phase, complete the project before the next winter events, and evaluate the results. Conversion of the FSL to an equalization basin will allow about 2.5 years for determining if the corrections to reduce infiltration into the sewer system are sufficient in reducing the spike in sewer flows. Another option could be to add additional membrane units. Humm shared that both adding larger equalization basins and additional membrane capacity are more costly improvements.

Mayor Russ inquired the cost of a storage tank. Humm advised they considered both open and closed tankage, but their costs go over the \$600,000 target quickly.

Councilor Pugsley asked if the adaption of FSL was in the \$15,000 to \$20,000 range. Humm confirmed and it includes the extension to the pipeline and repairs to the liner.

The cost for CCTV work is estimated at \$2 a foot. There is a rental option with a weekly cost of \$3,950 and \$11,950 for a month. You could also purchase your own equipment. Staff would provide the labor with either option which is a problem with their current work load. Humm estimated it would take about a month to complete the work. Daykin advised that the City of Newberg owns this type of equipment; which Dundee used in 2009. However, in the following year it was difficult to coordinate Newberg's crew at the times the city needed the work done.

Councilor Nelson questioned the storage in the FSL. Humm replied 2.5 million gallons. There are two issues with the peak flows: the volume and the depletion of the biology and the permeability of the membranes. The flow needs to be intercepted before it enters the processing basins, otherwise the biology is depleted which decreases the efficiency of the membranes during sustained storm events. Humm also noted that if the converted FSL is not brought back into use for sludge storage, then the removal of the accumulated sludge doesn't sit long enough to meet Class B bio solids and has to go through additional more expensive processing.

Mayor Russ questioned if the city could purchase a video system in the \$40,000 range. Humm responded there are cameras in that range. They vary in quality and include hand reels with limited run lengths. Russ cautioned correcting infiltration in the sewer system will probably be an ongoing problem and owning the equipment would allow the City more flexibility to conduct the inspections at the appropriate times.

C. A. Daykin stated the problem with building equalization basins is the city has to meet more environmental permitting requirements before getting the signed loan agreement. The intent is to sign loan agreements in late August. The environmental permitting review would not allow work to be completed before winter. He questioned if the Council wants to include funds to add additional MBRs to populate the empty slots in the WWTP. This could be an option if the Phase 1 I & I improvements do not show the needed results. Once the application is approved; you can't add new projects. The city doesn't have to use the full loan amount if the improvements are not effective. The city can apply for a new loan for MBRs or for another option. The city will need to complete enough storm water system projects to match the loan for the sewer collection system to get the 1% interest rate. For example, a \$600,000 loan at 2.12% interest for the sewer work would

need \$67,000 in storm water projects to get the combined 1% interest rate. A \$600,000 loan at 2.65% interest would need \$100,000 in storm water projects to get the 1% interest rate.

Councilor Pugsley inquired if the 1% interest rate would apply if we used less than \$600,000. Daykin replied the lesser amount of WWTP projects done the lesser obligation for storm water projects to receive the 1% interest rate. Also, if we have more than the minimum amount of eligible storm water projects the rate will remain at 1% for the combined projects.

C. Nelson asked where the water is coming from. Humm responded from the hills down through town raising the ground water table in the lower basin and probably infiltrating cracks where the laterals hit the mainline. Daykin noted a significant earthquake occurred in 1993 which could have damaged the underground lateral connections. It was noted there are portions of the town with active water flows. Nelson expressed concern that the ground water is not fluctuating as fast as the peak flows during storm events. The leaks should be more consistent. The engineers believe it is infiltration that mimics the character of inflow; but can't confirm.

Mayor Russ inquired if staff was still using the flowmeters. Humm replied there are five flow meters in use. Two fixed meters are placed to capture 1) the lower basin and 2) Highway 99W and above.

C. Nelson questioned the cost to install another membrane. Humm estimated \$150,000 to \$175,000. Nelson questioned future loan opportunities if we don't combine the MBRs with this project. Daykin replied CWSRF takes applications three times a year for this program; an application would need to be submitted at the next application date.

Staff has recommended four storm water projects (packet page 19 and the Storm Water Project cost estimates handout). The highest priority and a continuation of authorized work for the streetscape/sidewalk project is the Seventh Street basin. C. Weaver expressed concern for Engineer Eaton's workload. Daykin relayed it would not involve a lot of extra work as Eaton has already been involved with several related projects. Also, these projects may be completed at a later date. Councilor Crawford questioned if developers would pay for the Seventh and Ninth street storm water system improvements. Daykin responded potentially but they are not identified in the Storm Water Master Plan and need to be added as capital projects. Eaton will be present at the March 17th meeting to address further questions.

C. Pugsley asked for conformation that a principal amount of \$300,000 for improvements to Seventh and Ninth streets storm water systems would require a \$1.07 rate increase (21.5%) to cover the debt service. Daykin confirmed.

Mayor Russ asked if a Storm Water Master Plan could be financed under this program. Daykin advised it would be a separate application; a five year loan at an interest rate under 1% with no administration fee. It would be an additional cost to the storm water system whose rates have never been increased. Daykin noted that the \$600,000 loan for WWTP improvements was based on the assumption that the debt service would match the estimated annual investment in correcting infiltration problems. Another issue is the need to set aside funds (\$30,000 per year estimated) for future transportation costs to remove the bio solids from the FSL at the next five year cycle. Staff suggested a loan application for \$600,000 for infiltration correction work and \$427,000 for storm water work with the intent not to spend all of it.

Crawford questioned the cost for storm water improvements to develop the Seventh and Ninth street properties. Daykin stated there is the expectation that new development would be responsible for some cost in developing the storm water piping. If the developer actually builds

the planned infrastructure, then the developer would receive credit against their project System Development Charges (SDC) for storm water. The SDCs can be used to pay off capital projects or to pay off the loan that financed the capital projects.

The expectation is that not all of the projects listed on the loan application will be completed; but they will be included to provide the flexibility to decide which projects to complete. Staff's intent is for the City Engineer to update the Storm Water Master plan in house at an estimated cost of \$40,000. **The motion** was made and seconded to authorize the preparation of applications to the SRF loan program for a construction loan in the amount of \$950,000 to fund improvements to the sewer collection and storm water systems, and a planning loan in the amount of \$40,000 for updating the Storm Water Master Plan. **The motion** passed unanimously. The pipeline extension to the FSL will be included in next year's budget. Daykin inquired if staff should proceed with the video inspection. Mayor Russ asked for purchase options for the video equipment. He asked if it is important to video the laterals. Humm replied they will look for trouble areas as the mains are videoed. Russ suggested it would be a good investment to purchase the equipment for use throughout the city and to have it available when it is needed. Humm will bring back information.

#### **Astound Franchise Fee**

C. A. Daykin advised that Fred Miller, Astound, was present to discuss franchise fee options for use of the public rights of way (ROW) for installation of their fiber optic line. Currently the city's fee for a transmission line is \$1 per foot. The transmission line fee is applicable when service revenue is not generated from customers in Dundee. Since this is the first test of this fee that was first adopted in 2009, Daykin suggested another approach using a \$1 per foot fee for a base length with a lower increment for footage in excess of the base length. Astound has offered to exchange services with the city. Staff along with Dave Carlson, Blackpoint IT Services, the city's IT contractor, has reviewed Astound's information and does not see a large benefit to the city in terms of services that Astound would provide at this time.

Fred Miller, Astound, advised they do not want to be a transmission line; they want to provide fiber service to the city. To place fiber lines between City Hall and the Fire Hall is too expensive. Astound proposed a \$15,000 up front fee for a ten-year term. He noted that they will not be subject to Newberg's transmission line fees as they will be doing business laying lines for Providence and George Fox University. Miller reviewed examples of other franchise fee arrangement with other cities, noting that they are on a percentage of revenue basis with half of them setting a minimum annual fee. He noted that Tigard decreased their minimum fee on their own in recognition of the potential this service could provide to the community. Miller advised they do not want to build around Dundee; adding it is not a feasible option to build around Dundee. Astound will convert from aerial to underground with the Transportation Enhancement (TE) project and participate in the cost.

C. Crawford questioned how many Wi-Fi users could be served by the "switch". Miller responded that they do not provide Wi-Fi service, but would allow a third party to use their infrastructure. Online NW, McMinnville, is interested in providing a local civic Wi-Fi network. Astound would ask for a provision to keep a small number of people from using all the bandwidth. There would be a radius around the towers where the bandwidth would be received; there would be an additional cost to extend the radius. Crawford asked the cost for the switch. Miller estimated \$1,200. A dedicated service guarantees the level of bandwidth and voice quality.

Mayor Russ asked if they intend to use part of the underground conduit when it is installed. Miller relayed the probability is they will place a sleeve into the conduit. Russ noted there is a limited amount of conduit space/right-of-way and we would be limiting our future possibilities for the conduit by filling the pipe with lines that are not providing service today. City Attorney

Watts counseled that the utility ROW is an asset of city. The utilities using the ROW provide service to customers in Dundee which benefits both the customers and the provider. The League of Oregon Cities (LOC) suggested the \$1 fee to address the city's loss of conduit space (a finite amount), installation, and time costs. The city made a policy decision of a \$1 a foot. Watts stated no matter what formula is used, the Council should be consistent in applying the fees for similar uses. He suggested setting a non-negotiable cost of doing business; for those not providing services in the city. The attorneys have been working with Astound and other Oregon cities for over a year on the issues. It was noted that when the conduit is full; it could be a barrier to additional franchises in the city if they will be required to install piping.

Miller stated that cities have the right to ask for their conduit to be added to Astound's trench; when they become aware of an Astound construction project. Astound will lease fiber usage to other providers.

Mayor Russ inquired the footage along Highway 99W in Dundee. Miller estimated 5,300 feet. C. Pugsley stated he saw no benefit to the city for trading ROW cost for services and would like to focus on the ROW fee starting with a \$1 for the first thousand feet. The Mayor suggested a minimum annual fee of \$3,500. Daykin noted the possibility that Astound would provide services sometime within the franchise agreement was considered with an alternate formula for a percentage based on gross revenue with a minimum amount to be collected. A gross revenue fee could be set at 5% with a minimum amount of \$3,500 per year. Highway 99W is not the only place where transmission lines can be placed; you may have two private properties in Dundee wanting a line between them. Daykin suggested a percentage based on revenue with a minimum; knowing there won't be customers today but there will probably be in the future. The majority consensus was for a \$1 a foot until the amount of services Astound provides to the city at the 5% fee exceeds the dollar a foot amount; capped at \$5,300 (5,300 feet at a \$1 per foot).

C. Svicarovich asked for confirmation that the line needs to be undergrounded. Daykin replied the City's goal is to underground utilities along Highway 99W. Utilities may attach lines to any of the existing poles in the city away from the Highway 99W corridor. It could be late winter before the conduit is available in Phase 1 of the Sidewalk/Streetscape project. Daykin asked if it would be permissible for Astound to place aerial attachments until the city's underground conduit is available; if Astound is ready to start now. Miller advised that they would like to start building within thirty days. The Mayor asked for the contract's language to limit the time Astound has to underground their lines once the conduit is available. Daykin confirmed that the contract can specify that Astound will have a set amount of time to utilize the conduit or find their own means to underground their line from the time we notify them that the conduit is available. Miller stated that they would need further discussion with their attorneys if they are allowed to be an aerial carrier for a set amount of time and then be the only utility required to underground their line. It would not be fair to them. The City Attorneys will review the issue.

C. A. Daykin noted that the city is expending funds to place the conduit and asked if we would charge a fee, separate from the franchise fee, to offset some of the conduit installation cost or will the franchise fee be sufficient to cover the use of the conduit. The City cannot force the undergrounding of lines with the incumbent providers, Comcast and Frontier; we have to pay to have it completed. The consensus was to not require Astound to pay for an additional fee for use of the conduit that the City installs.

### **Water Service Outside the City Limits**

In 2009 the Council adopted, by ordinance, a prohibition to new water services outside of the city. The Council was asked if they want to reconsider the prohibition now considering the new Water Master Plan will soon be ready for adoption which will help guide future water decisions

and bids will go out soon for the test well which should be in production by the end of this summer increasing the water supply capacity.

Mayor Russ cautioned moving forward carefully as the water capacity will still be limited. City Attorney Watts stated the prohibition is not unusual; the question is do we have extra capacity. C. Svicarovich questioned if the test well will produce the anticipated gpm expected. Daykin referred to the flow test completed by GSI Water Solutions Inc. The intent is to extend services to the Dayton Waterline system to address opportunities to fill in service areas. It would help to have a few more customers on the line if the city is to maintain the line. He suggested a policy with a demonstrated need, an executed agreement with the water user, and the restriction that they can't protest any future annexation to the Urban Growth Boundary (UGB).

Mayor Russ suggested adding the property to the City's water if the property is within a set footage of an existing waterline and need is shown. Nelson asked for language that the water is for domestic use not for irrigation. Daykin suggested excluding additional attachments; such as subdividing a property and adding an additional service. The City Attorney counseled this could be decided on a case by case basis. He suggested firm criteria such as capacity, hardship and a non-remonstrance agreement on annexation. Daykin advised that the Dayton Water System is limited by the amount of connections it can supply with its two-inch line. The original customers of the rural line paid for the system and turned it over to the city. Daykin inquired if the city should collect additional fees from new customers to help pay for improvements such as the extension of the eight-inch line under the railroad to provide for a fire hydrant flow. The Mayor questioned if the city could request an additional fee from customers outside of the city. Watts replied they are not city customers, the city makes the offer of service at a set rate with set fees then the applicant decides to receive city water or not.

Deborah Scott asked for water service, even if it is just until the hardship no longer exists. Nathan Hillis advised that their shallow well has affected their water capacity and quality.

The consensus was to consider properties adjoining to the waterline or another served property. Staff will bring an ordinance to the Council. Daykin estimated the water SDC fee at \$5,000 and a meter at \$500 and inquired if there should be a surcharge for improvements to the system. Staff will determine needed improvements to the system to bring back information to a future Council meeting. Scott and Hillis notified the Council that it will be less expensive for them to work with the Hiland Water Corporation for their water. An ordinance to address new water services outside of the City limits will be brought back to the Council.

## **New Business**

### **Fire Department Vehicles Bids**

The 2003 Command Vehicle and the 1997 Brush Rig are scheduled for replacement this year and were included in the Equipment Reserve Fund. There are concerns regarding a water tender included in the equipment reserve fund without its scheduled replacement; should it be added to the schedule and do we need a second brush rig as we have the one that Rural Fire provided. In 2007 City Administrator Dolan's memo to the Council noted an agreement that the Rural Fire District would be responsible for replacement of the rescue vehicle and the city responsible for replacement of the water tender. It is assumed that this arrangement would allow the District more time to set funds aside for the replacement of the rescue vehicle that was purchased in 2003. However, the City has a need for the rescue vehicle and the District has a need for a water tender. In 2008 the City Council affirmed that the City should replace equipment needed by the City and the District should be responsible for equipment that is needed for them. Since then, the available District funds for equipment replacement have been reduced with 85% of their taxes going to the City as part of the new agreement for fire protection services. Also, the District issued bonds to

help fund the new fire station. Of the 15% retained by the District, most is used for auditing and administrative expenses that are new due to the bond levy. If they are unable to save sufficient funds for equipment, then one option would be a local levy for equipment replacement.

Chief Stock noted the volunteers built the 1997 Brush Rig. The City's Brush Rig is smaller and used for daily staff transportation, power line calls, tree calls, hazmat incident response and miscellaneous calls. Staff's intent is to try to replace equipment while there is still resale value in the equipment to help offset the replacement cost. The 2007 Brush Rig was provided by the District. Two brush rigs allow for quick response to wild fires followed by the water tender. They are the best vehicle for hard to access areas.

C. A. Daykin stated that there are not enough funds in the Equipment Reserve Fund to place the water tender on the replacement schedule at an estimated \$20,000 annually. He suggested working with Rural Fire to help finance the vehicle. The city might have to give up an engine leaving three engines; one of them being the combined water tender engine.

Mayor Russ shared that Herb Kuhn, Rural Fire District President, had contacted him with concerns on the water tender. Russ asked the life expectancy of the tender. Chief replied it is unknown; the transmission and rear end have been replaced.

C. A. Daykin relayed one of the concerns is meeting the Insurance Service Office (ISO) standards to avoid degradation in the fire protection class assigned to Dundee. Watts stated the ISO ratings affect the insurance rates. The ratings take into consideration: proximity to stations, response time and the adequacy of equipment. It is important to keep the fleet updated and maintained and to have units which can be manned by two staff members for early response. Russ questioned the value of the water tender for response on rural calls. Stock replied the department would be dependent on neighboring stations for help; the issue is their availability to respond at the moment of need as they are usually kept busy in their areas. Four water tenders were used in the recent rural fire.

**The motion** was made and seconded to award the purchase of a 2015 Ford Expedition for \$31,177 and a 2015 Ford F-350 Chassis SD Super Cab for \$26,659 from Newberg Ford. **The motion** passed unanimously.

### **Water Leak Adjustment Appeal**

The water service line for 400 SW Third Street had a substantial leak, but repairs were delayed due to the Thanksgiving holiday weekend last November. The owner completed the repairs, filed the leak adjustment application, and was provided 100% credit in sewer charges and 50% credit in water charges due to the exceptional amount of water pursuant to City policy. The owner requested consideration for 100% credit of the water charges. **The motion** was made and seconded to deny additional credit to the water and sewer charges other than what is authorized under DMC 13.04.150. **The motion** passed unanimously.

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

Councilor Weaver attended the Traffic Engineering for Nonprofessionals class in Newberg.

### **Mayor's Report**

Mayor Russ attended City Day at the Capital, where the LOC presented updates on pending legislation. He discussed Bypass issues with Senator Boquist who shared that he is willing to work in support of legislation to address the fishhook.

A letter was received from a resident on Fir Court who had to shovel mud from the street after the recent rainfall. The Mayor asked for city crews to check Fir Court's status after major rain events. Daykin confirmed that they will. It was noted that the street sweeper doesn't have access to sweep the area since residents have been parking vehicles in the street near the catch basins.

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

C. A. Daykin asked Council's direction whether to hold the upcoming budget meetings at the Fire Hall or the City Hall. It was noted that it is convenient having computer access at City Hall and the new recording equipment will not be ready for the meetings. The Mayor supported having the meetings at the Fire Hall if the recordings from the joint workshop were good.

The recommendation for the audio system for the Fire Hall will be brought to the next meeting. The bids came in over budget and Chief is looking for additional funding. Daykin inquired if part of the funds for the Feasibility Study for the Urban Renewal District, which will not be expended in this fiscal year, could be applied to the audio system. The Council will review that at a later date.

### **Public Comment**

None.

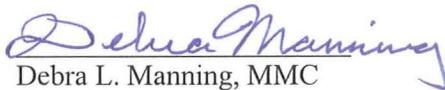
### **Executive Session:**

The City Council entered Executive Session at 10:13 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 10:35 P.M. and the Council did not reconvene.



David Russ  
Mayor

Attest:



Debra L. Manning, MMC  
Assistant City Recorder