

**CITY COUNCIL MEETING
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May 15, 2012**

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City of Dundee
City Council Meeting Minutes
May 15, 2012

Call to Order

Mayor Crawford called the meeting to order at 7:01PM.

Council and Staff Attendance

Present: Mayor Crawford, Councilors Adlong, Miller, Munson (7:24 P.M.), Pugsley, and Reddell.
Excused absence: Councilor Nelson. Staff members: Rob Daykin, City Administrator, Jeff Bennett, City Attorney, Dave Monson, City Engineer, and Debra Manning, Assistant City Recorder.

Public Attendance

Preston Van Meter, Kennedy/Jenks.

Agenda Changes:

None.

Public Comment:

None.

Consent Agenda

The motion was made and seconded to approve Consent Agenda items 5.1 City Council Minutes, May 1, 2012 and 5.2 Financial Report Ending April 30, 2012. **The motion** passed unanimously.

Old Business

WWTP Schedule B-Outfall Bid Award

Preston Van Meter, Kennedy/Jenks, referred to his letter of recommendation of bid award included in the packet. Eight bids were received. McClure and Sons Inc. (onsite contractor) was the low bid at \$483,987.00. No bids were received from local contractors. The Engineer's recommendation is to award the contract for Schedule B-Outfall to McClure and Sons Inc.

Councilor Pugsley inquired if the bid included a contingency. Van Meter advised it did not and it did not include the outfall box, which will be inspected when the lagoon is drained. There is an expectation that there will be some additional work to ensure lagoon water will not enter the storm water outfall piping.

The motion was made and seconded to award the Dundee WWTP Project Schedule B-Outfall Improvements to McClure and Sons Inc. for \$483,987.00. **The motion** passed unanimously.

Water Reuse Study

Kennedy/Jenks Consultants Scope of Work

The Council previously approved a scope of work for a study on recycled water from the WWTP. A grant was received from Oregon Water Resources Department (OWRD) which will allow additional work to be completed. The revised scope reflects the additional work.

Van Meter shared the scope is basically the same but reflects a further detail on items such as the feasibility of irrigation for individual homes and winter reuse opportunities.

Councilor Adlong inquired how the study interacts with the Interim Water Source Study. C.A. Daykin relayed that MSA's study will be on the agenda for the June 19th Council meeting. Kennedy/Jenks' study should be completed by the end of the calendar year. Staff's intent is to form a definitive policy on the long-term water supply. C. Pugsley inquired if it would entail a new Water Master Plan. Daykin replied it would require an update to the Master Plan at the very least. City Engineer Monson offered that master plans should be reviewed every five years. Van Meter stated their intent is for this to be the first step in the decision process for the city on recycled water and how it will affect the drinking water demands and the city's water supply. The Mayor shared the hope that the interim study and the reuse study will provide enough water at an affordable capital cost to allow the city to avoid going to the Willamette River and a costly water treatment plant.

C. Pugsley referred to the growing demand in the southwest for recycled water and inquired if the northwest was following in this trend. Van Meter replied it is on a bigger scale, but it could be years before it hits at the individual level as people equate the Oregon rain with a plentiful water supply.

Mayor Crawford asked if there would be a problem if the project is completed before the scheduled grant payments dates. Daykin stated there will not be a problem with cash flow. OWRD would be happy to see the project completed and the grant paid out early.

The motion was made and seconded to approve the scope of work with Kennedy/Jenks for the Recycled Water Feasibility Study, Proposal No. P12026, not to exceed \$57,000. **The Vote:** Mayor Crawford-aye, Adlong-aye, Munson-abstain, Pugsley-aye, and Reddell-aye. **The motion** passed five in favor and one abstention.

OWRD Grant Agreement

Daykin provided an updated Exhibit A to the proposed grant agreement with Oregon Water Resources Department to provide 50% funding up to \$30,000 for the preparation of a recycled water feasibility study report (project). The revised Exhibit A of the agreement included an edit to the last two paragraphs under Proposed Implementation as conditions (a) and (b) that may be required to carry out the purpose of the project. C. Adlong asked who would provide the report noted under condition (c). Daykin interpreted it as the city will provide the report to OWRD of any future actions taken by the City within five years as a result of the project. **The motion** was made and seconded to authorize the City Administrator to sign the grant agreement in the amount of \$30,000.00 between OWRD and the City of Dundee. **The motion** passed unanimously.

New Business

Street Maintenance Program

A Pavement Management Report (PMR) was compiled for the city in 2008, which included a survey of the city streets and recommendations for maintenance. The updated plan is included in the packet. The intent is to introduce the updated plan and to bring it to a future agenda to discuss financing options for the more expensive overlay projects.

The City engineer advised the purpose of the update was to capture the improvements completed and the continued deterioration on streets which were not improved.

The Mayor inquired if gravel streets were included in the "very poor" condition and specifically about the section of Maple Street to Eleventh Street behind 12th & Maple Winery. Monson replied gravel is not included as there is no asphalt to be preserved. C. Pugsley asked if "very poor" could still be improved. Monson stated that a "very poor" is past payment preservation, there may be base rock and asphalt to be ground and incorporated into a new base.

Pavement Management Report:

- Table 1 Street Inventory
- Table 2 Projects recommended for Overlays
- Table 3 is Tire Rubber Modified Slurry Seal (TRMSS) is for use on the upper end of “fair” to “good” condition streets to arrest deterioration. It is being used by the Arizona Department of Transportation, and Marion and Washington Counties. Two trials have been applied in the city on 1) Brier Street (a poor candidate where the seal lifted) and 2) on Fir Court and Arrowhead Place (successful). This type of seal is expected to last five years or longer. The Engineer’s recommendation is to expand use of TRMMS.
- Table 4 Slurry Seal Projects (Fifth Street) costs more than TRMMS and less than an overlay. It seals and will replace wearing surface, but it does not correct rutting and is not suitable for significant alligating. Cracks will reflect through the slurry seal, but the street surface is sealed.

The City Engineer recommends crack sealing prior to any of the treatments.

- Table 5 Chip Seal builds up to two inches of pavement with an aggregate base followed by an asphalt emulsion and an aggregate topcoat. It does have loose rocks, which can enter the storm system and traffic wear alters the final surface look to that of a poured pavement. Red Hills Drive and Viewmont Drive are recommended candidates, where the chip seal could preserve the current pavement cost effectively.

Mayor Crawford expressed concern for possible damage to Ninth Street by the County’s heavy equipment used in the preparation of the bike/pedestrian trail. Staff will review the street to determine if this has created a problem.

The Mayor questioned Dogwood Drive’s priority and its consideration as a Small Cities Allotment (SCA) grant project. Monson clarified that the SCA program gives high points for streets in very poor condition. The PMR’s focus is to preserve the better streets. “Poor” and “very poor” receive low priority points as there is less to save, therefore Dogwood would be a good SCA candidate. Crawford inquired if staff will be able to continue the updates to the PMR in the future. Daykin advised that one of the Public Works staff will take on more responsibilities of street maintenance and receive further training on pavement management. The PMR is a simple model. There are more sophisticated computer software programs available, which includes maintenance recommendations and projected cost. This will be brought back to the Council’s June agenda for further discussion relating to financing street projects.

Water & Sewer Rate Review

Phase III of the Sewer Rate Schedule approved by the Council in 2010 is due for adoption. It appears that the city will meet the loan obligations staying with the original rate phasing schedule. Loan obligations require that revenues exceed expenditures by 105% of the annual debt service. Dundee will have the highest sewer rates in Yamhill County with the implementation of the third increase. The table at the top of page 122 shows the monthly sewer charge using the proposed rate increase at various volumes of winter average water use above the base volume of 550 cubic feet. While the majority of residential households are able to stay within the base amount of \$59.46; every additional 100 cubic feet of water use results in an increase of \$8.24 in sewer charges added to the base. Less than ten percent of the households will see a monthly sewer charge over \$100 with the highest water use (three accounts) having an average monthly charge of \$174.49. Noting that half of the Yamhill County cities use a flat rate for residential sewer, Daykin stated that if the residential sewer charge was based on a flat rate, then the monthly would be \$69.23 per household in Dundee.

Following completion of the 2003 Water System Master Plan, water rates have seen substantial annual increases (21%) from 2004 to 2007. These recommended rate increases from the Water System Master Plan were based on debt financing of specific capital projects, which the City did not pursue. In 2008 the water rate structure was revised based on meter size and a high volume rate was introduced. The water base rate was increased once since the restructure in 2008 by 4% from 2009 to 2010. Water revenues are meeting system obligations, maintaining the water system and providing excess revenue to Water CIP for major projects such as the reservoir and water main improvement projects, as well as replacement of failing water lines. Prior to construction of the new 400,000-gallon reservoir and water main improvement projects, the City previously applied for a loan through the State's Safe Drinking Water Revolving Loan Fund for a larger reservoir project. Since the actual project was reduced in scope and the State's review process of awarding the loans was delayed, the City proceeded with the projects using City resources. Ultimately the City executed loan agreements with the State for the two projects prior to their construction. If Council chooses to use the State loans; the City may be reimbursed for about \$1,179,000. With the city pursuing a different path for water supply such as the springs, Harvey Creek, Aquifer Storage & Recover, and possible use of the test well as a production well, the loan funds could provide assets to invest into the interim water supply strategies. Daykin suggested reducing the water base rate from \$28.86 to \$23.54 to provide relief to the customers with the sewer increase and slight increases to the Volume I and Volume II water rates. This would reduce the excess revenue to the Water CIP fund from the estimated \$200,000 to an estimated \$116,000. Daykin described the charts on page 123 and page 124 comparing Dundee's combined water and sewer rates, with and without the water rate reduction, to the other cities in Yamhill County.

C. Pugsley asked if the proposal to reduce water rates is subject to Council accepting the loan funds. Daykin noted the loan will provide cash assets to finance the intermediate water supply projects. Other options could include a new loan or postpone the project until the reserves can finance the projects. Pugsley suggested it could be premature to discuss water rates until the MSA study is brought to the Council in June. C. Adlong relayed that Dundee's citizens attribute the high water bills the bill to water, not sewer. The Mayor suggested it would instill a sense of goodwill to the citizens and provide funds for interim projects.

Councilor Reddell questioned the timeline for the decision on the state loan. Staff will follow up.

Daykin inquired the Council's support for the sewer rate increase. The majority consensus supports the scheduled sewer rate increase. Staff will return with resolutions to adopt sewer and water rates effective August 1st following review of the MSA intermediate water supply study.

Council Concerns and Committee Reports

The Tourism Committee held a branding workshop with the stakeholders on May 7th. Ideas from the workshop are being developing for the committee's consideration. They will select two, refine them, and put them to a public vote. An electronic survey has been circulated to gather response for the website.

C. Adlong advised of further issues at the riverfront regarding youth and firearms and the need for signage and regulations. C. Pugsley shared that Chehalem Parks and Recreation District (CPRD) had considered use of the satellite internet for the Paddle Launch reservation system to provide a link to the Newberg/Dundee Police Department. City Attorney Bennett advised the area is subject to ordinances regarding carrying and use of firearms. Adlong will present the concerns to the CPRD board and inquire the status of the Fortune Park. Daykin shared that CPRD requested a modification to one of the conditions of approval for Fortune Park. Bennett advised the request is a significant change requiring a reopening of the public hearing process. Daykin stated the issue is a request for the addition of a reversionary clause for the land dedication to

return back to the property owner if Maple Street is not designated as a through street as it is currently designated in the Transportation System Plan.

C. Pugsley suggested preparation of note cards with the Dundee logo for use by the council for congratulations and/or welcome. The majority consensus was in agreement.

Mayor's Report

There was a Bypass Local Match meeting on May 14th. Newberg and McMinnville have not approved the formula; it is on the agenda for both of their councils. The IGA agreement should arrive in early June. The interest rate could be about 4% with payments starting in 2016. Language was added to the IGA to allow Dundee to use a long-term loan from the water fund to pay our match upfront.

Yamhill County will complete an overlay on Ninth Street from Alder Street to the Falcon Crest subdivision and possibly expand the lane opposite the bike/pedestrian trail by another foot. The trail will be delineated by an eight inch stripe. C. Pugsley suggested the addition of reflectors. There are issues at the top of Ninth Street with the slope grade, which could be addressed with the city paying for a drainage pipe to be installed by the County to City specifications. A crosswalk will be installed near the Falcon Crest subdivision.

City Administrator's Report

Nancy McDonald, retired Human Resource Manager for the City of Tualatin, will help review staff's job descriptions in two to three weeks. Dana Bennett, Local Government Personnel Institute (LGPI) is compiling bid proposals to assist the city with wage comparisons.

Public Works staff is preparing to install new water service lines on Red Hills Drive, with placement of the cross sections in the roadbed.

The well house is out to bid. There is a pole at the well house building which currently brings the electrical fed to the building and holds a street light. The electricity will be undergrounded and the pole removed. Staff will meet with Tracy Aguilar, PGE, to review options for replacement of the street light.

Public Comment:

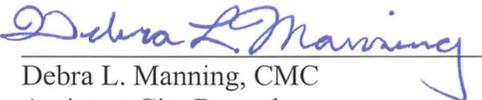
None.

The meeting was adjourned at 8:54 P.M.



Ted Crawford
Mayor

Attest:



Debra L. Manning, CMC
Assistant City Recorder