

**CITY COUNCIL MEETING  
TABLE OF CONTENTS FOR MINUTES  
November 18, 2014**

Call to Order .....	2
Council and Staff Attendance .....	2
Public Attendance .....	2
Agenda Changes: .....	2
Public Comment: .....	2
Presentation: .....	2
Review of Annual Audit .....	2
Consent Agenda .....	3
Old Business .....	3
WWTP Performance Evaluation Report .....	3
Kennedy/Jenks Scope of Work – Well 11 Improvements .....	5
Inflow & Infiltration Investigation Report .....	5
Second Reading Ordinance No. 536-2014, Transient Room Tax .....	5
New Business .....	6
Audit Services Contract Extension .....	6
Revised Construction Deferral Agreement .....	6
Construction Claim .....	6
Council Seat .....	6
Council Concerns and Committee Reports .....	7
Mayor’s Report .....	7
None. ....	7
City Administrator’s Report .....	7
Public Comment: .....	7
Executive Session: .....	7

**City of Dundee**  
**City Council Meeting Minutes**  
**November 18, 2014**

**Call to Order**

Mayor Crawford called the meeting to order at 7:03 P.M.

**Council and Staff Attendance**

Present: Mayor Ted Crawford, Councilors Jennifer Munson, Storr Nelson, David Russ (7:23 P.M.), and Tim Weaver. Excused absence: Councilors Jeannette Adlong and Doug Pugsley. Staff members: Rob Daykin, City Administrator, Peter Watts, City Attorney, and Debra Manning, Assistant City Recorder.

**Public Attendance**

Tom Glogau, CPA, Grove Mueller & Swank, P.C., Ryan Pasquarella, CPA, Grove Mueller & Swank, P.C., Michael Humm, Kennedy/Jenks, Preston Van Meter, Kennedy/Jenks, Ryan Carney, Kennedy/Jenks, Marlena Bertram, Your Community Mediators of Yamhill County, Tom Edwards and Kay Edwards.

**Agenda Changes:**

Added Item 8.2 Revised Construction Deferral Agreement, 8.3 Proposal Construction Claim Analysis, and 8.4 Pending Open Council Seat.

**Public Comment:**

Marlena Bertram, Your Community Mediators of Yamhill County (YCM), thanked the City for past financial support. YCM has just completed basic mediation training for fifteen new mediators for the County. Year-to-date case statistics for Dundee include: 1 community case, 1 family mediation, 2 small claim mediations and 2 truancy mediations. They are seeing a growing number of truancy mediations.

**Presentation:**

**Review of Annual Audit**

Ryan Pasquarella, CPA, Grove Mueller & Swank, P.C. introduced his associate Tom Glogau CPA. He addressed the Annual Financial Report Year Ended June 30, 2014. The City was well prepared for the audit and the auditors did not find any errors. He noted the continuing minimum standard comment that the city does not have any capital asset records and they commented on the over expenditure in the Fire Station Construction Fund where the appropriation in the Materials and Services category was exceeded. The Council and the auditors had already been notified of this issue; but there wasn't time after receipt of the costs to convene a special meeting of the City Council to take action prior to the end of the fiscal year. The auditor's report of the financial statements was a clean opinion in accordance with the modified cash basis of accounting.

Glogau addressed the report with an informative handout noting:

- Net assets (rainy day funds): the benchmark is greater than 50% with the city at 52%
- Amount of debt: going into debt: the benchmark is less than 100% and the city had less debt this past year
- Government change in net assets (who paid for city services current or prior year recipients): the benchmark is 95% to 105% with the City at 70% and the three year average at 94%

- Change in net assets (overall financial condition): the benchmark is +/- 5% with the City at -14.45% and the three year average is within parameters.

City Administrator Daykin referred to the End of Year (June 30) Financial Position handout noting the five year trend. The General Fund is fairly healthy. The Equipment Reserve Fund is accumulating funds for future replacement of expensive fire apparatus. Glogau stated setting money aside for a future use means you are not expending funds in this fiscal year and the fund looks like you have collected more money than needed, but not in reality. He cited the Sewer CIP Fund which had large amounts in 2010 and 2011 to finance the Wastewater Treatment Plant construction. Currently the fund reflects the amount needed to cover the annual debt service. The Water CIP Fund reflects the State loan, a reimbursement for a prior project, which will be used for improvements in the next two years. The staff recommendation is to accept the proposal for the extension of auditing services. The proposed fee will remain at the current level for next year; future year fees will be escalated with a CPI inflator not to exceed 5%.

Councilor Weaver praised the staff for being well prepared for the audit.

Mayor Crawford inquired if the auditors could see a complexity in the finances with the increase in the debt incurred. Glogau confirmed an increase in complexity; but noted it is not a significant increase. The debt has been incurred for reasonable purposes in amounts that will not affect other operations in order to make the debt payments. Crawford inquired if it appeared that the city is adequately staffed with financial staff. Glogau affirmed it is.

## **Consent Agenda**

**The motion** was made and seconded to approve Consent Agenda items, 6.1 Special City Council Minutes, October 28, 2014, 6.2 City Council Minutes, November 4, 2014, and 6.3 Financial Report Ending October 31, 2014. **The motion** passed unanimously.

## **Old Business**

### **WWTP Performance Evaluation Report**

Engineer Van Meter, Kennedy/Jenks, advised that the performance review for the highly mechanized wastewater facility is good.

Engineer Humm stated the performance evaluation report is a stipulation of the Clean Water State Revolving Fund Loan. The report verifies the plant is meeting the design criteria, meeting the effluent quality required by the permit, and meeting the Performance Evaluation Standards (PES) developed through construction. The Inflow and Infiltration (I & I) reduction plan was included in the PES. Operations are performing well and are within the permit limits. The unit processes were reviewed and showed that the firm capacity is exceeding the peak flows; both now and projected through the future. It was determined that the installed basins are providing the process capacity to meet the permit requirements; both now and projected through the future. Humm quoted from the report: "Without exception the installed equipment and unit processes currently in place provides the firm capacity in excess of the revised flow projection".

Two issues to continue to monitor are: 1) the peak flow with recommended continued I & I flow reduction and 2) the higher than expected significant loading during the winery crush (4 to 6 weeks). The flows impact the Facultative Sludge Lagoon (FSL) where the processed solids are discharged. Continued high loadings could affect the frequency that the lagoons need to be dredged; possibly every third year. Van Meter shared the critical design period was during crush. They recommend that new wineries be required to have pretreatment systems as too much rapid discharge stops the biology building process.

Mayor Crawford inquired if the 12th & Maple Winery pretreats. C. A. Daykin replied that they do not have the capacity to pretreat with their expansion and will have to pay a large SDC charge. Wine By Joe also doesn't pretreat. The City doesn't have protocols in place to monitor what the wineries are doing. Staff will work with Kennedy/Jenks to develop monitoring protocols and will look at actions for those who do not pretreat; as they may need to pay more of the WWTP cost.

Van Meter stressed concern that the effect of the crush on the WWTP facility places the wastewater process in jeopardy and could violate the plant's permit. Councilor Nelson questioned if the issue is a loss of biology from removing the nutrients. Van Meter replied the process requires a certain number of bacteria ("bugs") to address the solids. The plant recycles return activated sludge; returning the bugs to address the inflow of solids. Too little bugs cannot handle the solids, which throws the plant process off and sends biological oxygen (BOD) demand downstream. Nelson asked if too much rain in October was an issue. Humm responded that the flows were low during crush which started before the October rain. He advised the production capacity of the membranes is decreased with the large solids loading.

C. A. Daykin asked if advance notification from the wineries would allow the plant to prepare to receive the load in a better way. Van Meter noted that leveling the load to the plant could be beneficial. He supported communication and education with the wineries to determine what made the difference between past year's loadings and this year's and a review of the rate structure. Crawford relayed that this year's crush had a huge production of grapes. Daykin updated that Wine by Joe was notified by staff that they had screens which were not properly maintained. Van Meter stated storage could potentially help on the upstream side of the process; but pretreatment is the key. Daykin questioned if additional membranes would help address the biology issue. Van Meter replied that future growth in the city will bring the addition of more membranes and could mitigate some of the current challenges.

Mayor Crawford asked if the sewage could be artificially diluted with ground water. Van Meter noted you could; but suggested it is a bad option for use of the city's ground water. C. Nelson suggested use of the recycled water for a temporary time period. Van Meter will review that idea, noting that would fall within the plant's permit. Daykin stressed the need for additional review of winery operations in terms of are they paying a fair rate and are there procedural ways to ensure they are properly disposing of the waste.

The engineers and OVIVO reviewed the membrane performance and the warranty. They confirmed the performance is good and the warranty is intact. During peak flows the system operates within the recommended limits. The suggestions were to continue to utilize the equalization volume by using the unpopulated basins to hold flow to mitigate peak events and routine cleaning with the addition of a cleaning prior to the wet season.

C. A. Daykin inquired if the submerged membrane units (SMU) are becoming more efficient as the technology advances. Van Meter advised that by the time the city expands there should be additional options to OVIVO that will make the units more competitive.

Mayor Crawford referred to the concern that the membrane warranty could be lost from treating rainwater and questioned if excessive flow is a concern and the priority of continuing to address I & I issues. Van Meter confirmed we need to continue to address I & I. The report relays the information from the membrane suppliers; but in the end we are subject to DEQ's response. The engineers are concerned with maintaining the membrane warranty and the peak flows. I & I work completed by the city is cited in the report. The intent is to address I & I to avoid a corrective action plan connected to a MAO where the city has to take a loan to complete sewer improvements. The engineers will forward the draft PES to DEQ for their comments along with

the engineering report recommending 1) certification of the plant, 2) no corrective action plan, 3) continuation of the I & I plan, and 4) the discussion to resolve the high solids load during crush.

### **Kennedy/Jenks Scope of Work – Well 11 Improvements**

The preliminary design for well #11 has been completed. Based on the step and constant pump tests a ninety day draw down is predicted at 250 gpm. This will require a six-inch pump with an eight-inch casing, a six-inch liner, and a 20 hp motor. Water from the production well will be piped an estimated 1800 feet to the Clear Well booster pump station; which handles four existing wells (1, 2, 7 and 8), that pumps to the Vineyard Reservoir. The scope includes a new well building, a well pump, pumps controls and telemetry to feed information to the Clear Well station and then on to the SCADA system at the WWTP. The production from the test well into the Clear Well will produce more water than the Clear Well can pump into the reservoir. Kennedy/Jenks recommends installation of a third booster pump, new controls for the existing booster pumps, and a new telemetry control panel. The telemetry will be expanded at both the Uplands and Cemetery reservoirs to relay the signals to the WWTP; as it is not a direct line of sight. The existing pressure transducer at the Cemetery Reservoir will be replaced and a new antenna will be added to the Upland Reservoir.

Mayor Crawford questioned the need for a new antennae. Humm replied that the existing omnidirectional antenna at the Upland Reservoir will be relocated to the Cemetery Reservoir and a new one directional antennae will be installed at the Upland Reservoir.

The Council was asked for authorization to accept the proposal. Humm advised the project will go out to bid in March. The revised estimated construction cost is \$400,000 to \$450,000. **The motion** was made and seconded to accept the proposal for engineering services from Kennedy/Jenks for Well #11 final design, bid period services, and construction services not to exceed \$96,487. **The motion** passed unanimously.

### **Inflow & Infiltration Investigation Report**

Smoke testing has been completed in Basins 1 and 2 encompassing both sides of Highway 99W. Nineteen fairly minor areas of concern were found including clean-out caps, downspouts, a foundation drain, a driveway drain, and a sewer lateral. The trailer park on Alder Street has its fair share of issues. The engineers do not recommend any further smoke testing. It appears that the I & I is infiltration is being influenced by ground water. Owners of the property with incidents will be notified to allow them to correct the issue. The engineers recommend CCTV inspections to further define problem areas and the use of slip line repairs next summer. Van Meter believes that the ground water infiltrates the system during the winter. C. Nelson questioned if CIPP (cure in place pipe) lining is the preferred method of repair or if the line should be elevated out of the ground water table. Van Meter supported CIPP line repairs for the whole area over time from an investment perspective. A big part of the problem is the property owner's laterals. The issue to be considered is how to handle the problem between the city and the homeowner. Humm noted pressure grouting was completed prior to installation of the slip liner on the work completed.

### **Second Reading Ordinance No. 536-2014, Transient Room Tax**

The City Council passed the first reading of the ordinance at the November 4th meeting. C. A. Daykin shared that Joe Buck, The West End, shared concerns over the increase to the Transient Room Tax with the Tourism Committee. He noted 10% is in excess of the other local taxes and it could negatively impact his business. The Tourism Committee recommends increasing the tax from 7% to 9%.

The Mayor cited Portland's transient room tax is 14.5% and the City of Bend is at 18.4%. Yamhill County does not have a transient room tax. Travel Oregon's transient tax studies placed

the tax rate from 9% to 12% with the current trend for Oregon cities to increase the rate. He supports the increase to 10%. C. Russ noted discussion with the Tourism Committee that the City has not completed the downtown improvements. He suggested it would be more appropriate to increase the tax after completion of the improvements which will help draw tourists. After further discussion **the motion** was made and seconded to adopt Ordinance No. 536-2014, an ordinance relating to Transient Room Tax and amending Chapter 3.04 of the Dundee Municipal Code. The Mayor read the ordinance by title. **The motion** passed unanimously.

## **New Business**

### **Audit Services Contract Extension**

**The motion** was made and seconded to accept the proposal from Grove, Mueller & Swank for auditing services through the fiscal year ending June 30, 2019. **The motion** passed unanimously.

### **Revised Construction Deferral Agreement**

The construction deferral agreement was distributed to the Council with the old agreement attached. The agreement was prepared by City Attorney Watts. The old agreement requires specific improvements prior to the issuance of a building permit. The improvements included: 12th Street improvements (not needed now), installation of a ten-inch waterline along the property frontage, a fire hydrant and an ADA ramp (will be paid for by ODOT). The property has been partitioned. The owners have agreed to share the waterline improvement cost equally. The agreement provides different methods for the waterline installation:

- The city will bid the improvements, inform the property owners of the project's cost with a limited timeframe for them to accept or decline, and a five year installment repayment to the city.
- The property owners do the work in conformance with the City's regulations.
- The property owner agrees not to remonstrate against a Local Improvement District specifically related to water related infrastructure or improvements.

The property owners are ready to sign the revised agreement. Typically construction deferral agreements are not brought to the Council, the process is laid out in the Development Code. This was brought to the Council for consideration as a prior City Administrator entered into this agreement through the land use process and now there are substantial revisions to the agreement. The majority consensus was in favor of the revised agreement.

### **Proposal Construction Claim Analysis**

The City will go to mediation this Thursday with Baldwin General Contracting on the Fire Station construction claim. It appears that Baldwin will move for arbitration if there is no agreement for a settlement. The city wants to prepare for that by locking in services with Pinnel Busch, Inc., who was recommended by City Attorney Hickey. City Attorney Watts stressed the need for an expert witness who will, independently, verify the city's claims. Jordan Ramis PC has worked with them in the past, they have an excellent reputation, and Baldwin is familiar with them. C.A. Daykin noted that the Council will have the final authorization prior to the use of their services. **The motion** was made and seconded to authorize the City Administrator to enter the Dundee Fire Station letter agreement with Pinnel Busch, Inc. **The motion** passed unanimously.

### **Pending Open Council Seat DEB to finish review from here**

An opening on the Council will occur when C. Russ becomes Mayor in January. C.A. Daykin inquired Council's direction on the process to fill the opening. C. Nelson suggested advertising the opening with Council selection. The Mayor suggested reaching out to the people who received write-in votes in the general election. The newsletter is published too late; but notice can be placed on the city's website and Facebook. C. Nelson will submit a letter to the editor of the Graphic. Applications are ready now. This will be on the agenda for the January 6th meeting.

## **Council Concerns and Committee Reports**

C. Russ advised that the Tourism Committee is working on placing new banners. A contractor, who takes 360 degree views, approached the Committee and wants to place some of his work on the tourism website at no charge to the city.

C. Weaver submitted a request to the Newberg Thrift Shop for funds for the new Fire Station Training/Community Room and they donated \$5,000.

## **Mayor's Report**

None.

## **City Administrator's Report**

The landscaping at the "Welcome to Dundee" sign has been completed with help from Bryan Stewart, CPRD and student volunteers. The cost for the landscaping was \$3,000 versus the estimate from Bu-Kai Design of \$6,700.

The 2014 population estimate is 3180. The annualized rate of growth is 0.15% per year since the 2010 decennial census.

The Employee Recognition Event will be held on Friday December 19th in the Fire Station meeting room. There will be a dessert contest, a white elephant exchange and catering by La Sierra Mexican Restaurant.

There will be a regular City Council meeting on December 16th. The Public Hearing on Vacation Rentals will be on the agenda.

Comcast will have a cable 101 class in the Newberg Council Chambers on February 2nd at 6:00 P.M. The Dundee City Council is invited to attend.

## **Public Comment:**

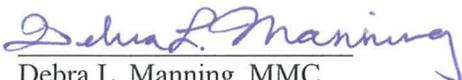
None.

## **Executive Session:**

The City Council entered Executive Session at 9:08 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 or litigation likely to be filed. Executive Session ended at 9:35 P.M. and the Council did not reconvene.

  
Ted Crawford  
Mayor

Attest:

  
Debra L. Manning, MMC  
Assistant City Recorder