

CITY OF DUNDEE
CITY COUNCIL MEETING
Fire Hall Community Room

Phone (503) 538-3922 ~ Fax (503) 538-1958

Email: DundeeCity3@comcast.net Website: DundeeCity.org

The Mission of City Government is to provide essential, quality public services in support of the livability, safety and viability of the Dundee community.

DECEMBER 6, 2016 7 - 9 PM.

Times printed are estimates. Actual time may vary.

1. Open Regular City Council Meeting
2. Pledge of Allegiance
3. Amendments to the Agenda, if any
4. Public Comment: Each speaker will be allowed up to 5 minutes to speak after being recognized by the Mayor. Out of courtesy for the speaker, please refrain from talking.
5. Presentations:
 - 5.1 Ryan Pasquarella, CPA – Annual Audit Review FY 2015-16 Audit Report
 - 5.2 Kelly Amador, ODOT – Bypass Project Update
6. Consent Agenda: The following items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Council member (or a citizen through a Council member) so requests, in which case the item will be removed from the Consent Agenda and considered separately. If any item involves a potential conflict of interest, Council members should so note before adoption of the Consent Agenda.
 - 6.1 City Council Minutes, November 15, 2016 Pages 1-12
 - 6.2 Financial Report Ending October 30, 2016 Pages 13-34
 - 6.3 2017 Meeting Calendar Pages 35-36

Action Required: Motion to Accept the Consent Agenda
7. Old Business:
 - 7.1 Resolution No. 2016-23, Repealing Fence Permit Requirement Pages 37-40
Action Required
 - 7.2 Engineer's Report - Locust Street Improvements Pages 41-48
Action Required
 - 7.3 Resolution No. 2016-24, Intent to Initiate LID Proceedings Pages 49-50
Action Required
 - 7.4 Street Names – Parks Drive, Edwards Drive, Dundee Landing Road Pages 51-54
Action Required
 - 7.5 Recreational Vehicle Parking and Use Regulations Pages 55-60
Discussion
 - 7.6 View Preservation and Restoration Pages 61-78
Discussion
8. New Business:
 - 8.1 Resolution No. 2016-25, November 8, 2016 Election Results Pages 79-84
Action Required

- 8.2 Resolution No. 2016-26, Whistle Blower Policy Pages 85-90
Action Required
- 8.3 Ordinance No. 552-2016, Repeals DMC Chapter 3.06 Pages 91-92
Action Required

- 9. Council Concerns & Committee Reports
- 10. Mayor's Report
- 11. City Administrator Report
- 12. Public Comment: Each speaker will be allowed up to 5 minutes to speak after being recognized by the Mayor. Out of courtesy for the speaker, please refrain from talking.
- 13. Executive Session: In accordance with ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.
- 14. Adjourn

Pending Business:

- 1. Public Works
 - 1.1 Highway 99W Sidewalk/Streetscape
 - 1.2 Inflow & Infiltration Program
 - 1.3 Charles Street Storm System
 - 1.4 Locust Street Waterline Replacement
- 2. Planning/Land Use
 - 2.1 Dundee Riverside Master Plan – Future Actions
 - 2.2 Exterior Lighting – Code Update/Street Light Standards
 - 2.3 Helipad Standards
- 3. City Council
 - 3.1 Update SDC Methodologies
 - 3.2 LID 2013-01 Final Assessment Ordinance
 - 3.3 Urban Renewal Plan
- 4. Parks & Trails
 - 4.1 Viewmont Greenway Park Improvement
 - 4.2 Harvey Creek Trail Property Rehabilitation
 - 4.3 WWTP Nature Park Grant Application
- 5. Next Available Ordinance & Resolution No's.
 - 5.1 Ordinance No. 553-2016
 - 5.2 Resolution No. 2016-26

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to the Assistant City Recorder at City Hall (503) 538-3922.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

November 23, 2016

To the City Council
City of Dundee
620 SW 5th Street
Dundee, OR 97352

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Dundee, Oregon (the City) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 13, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The City does not maintain historical cost and depreciation records for capital assets before 2007.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatement detected as a result of result of audit procedures was corrected by management. The City records all permit and SDC revenue in a deposit account until it is determined the City's portion and the portion payable to the City of Newberg. The recognition of revenue from the deposit account to actual revenue accounts usually takes place the following month. Historically the difference between recording the revenue in the month received versus the month after is not a very large number, however in June 2016 a large permit was issued that caused the difference to be of such that required an adjustment.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information, which accompany the financial statements but are not required supplemental information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Dundee and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


CERTIFIED PUBLIC ACCOUNTANTS

*CITY OF DUNDEE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016*

CITY OF DUNDEE, OREGON
CITY OFFICIALS
JUNE 30, 2016

<u>Name</u>	<u>MAYOR</u>	<u>Term</u>
David Russ 1008 SW 7 th Street Dundee, Oregon 97115		December 31, 2016

CITY COUNCIL MEMBERS

Jeannette Adlong 142 SW Red Hills Drive Dundee, Oregon 97115		December 31, 2016
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Kristen Svicarovich 729 SW Graystone Place Dundee, Oregon 97115		December 31, 2016
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Storr Nelson 290 SE Edwards Drive Dundee, Oregon 97115		December 31, 2018
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Doug Pugsley 109 SW Dogwood Drive Dundee, Oregon 97115		December 31, 2018
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Ted Crawford 876 SW View Crest Drive Dundee, Oregon 97115		December 31, 2018
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Tim Weaver P.O. Box 764 Newberg, Oregon 97132		December 31, 2016
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REGISTERED AGENT AND REGISTERED ADDRESS

Rob Daykin, City Administrator
P.O. Box 220
Dundee, Oregon 97115

CITY OF DUNDEE, OREGON
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Dundee
P. O. Box 220
Dundee, Oregon 97115

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Dundee, Oregon (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundee, Oregon, as of June 30, 2016, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes to financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, budgetary comparison information, combining nonmajor fund financial statements, and other schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The budgetary comparison information, combining nonmajor fund financial statements, and other schedules as listed in the table of contents are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 23, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
November 23, 2016

**CITY OF DUNDEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

This discussion and analysis presents the highlights of financial activities and financial position for the City of Dundee, Oregon (the City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

	June 30,	
	2016	2015
Net position	\$ 3,170,278	\$ 3,328,515
Change in net position	(158,237)	190,570
Governmental net position	1,507,420	1,515,610
Proprietary net position	1,662,858	1,812,905
Change in governmental net position	(8,190)	69,212
Change in proprietary net position	(150,047)	121,358

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Dundee's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

The *Statement of Net Position (modified cash basis)* - presents information on all the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities (modified cash basis)* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position.

The government-wide financial statements are divided into two categories. The Governmental activities include most of the City's basic services such as police, fire, municipal court, street maintenance and improvements, community planning and governance. The Business-type activities include the operation of the City's water, sewer, and storm water utilities.

Fund financial statements - The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on compliance with finance-related legal requirements, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

The *proprietary funds* are used to account for charges to customers for the services it provides – whether to outside customers or to other units of the City. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position (modified cash basis)* and the *Statement of Activities (modified cash basis)*. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information.

Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information* related to the combining statements for non-major funds and the schedules of revenues, expenditures / expenses and changes in fund balance-budget and actual.

Independent Auditor's Report Required by Oregon State Regulations - These are supplemental communications on the City's compliance and internal controls as required by Oregon statutes.

FINANCIAL SUMMARY AND ANALYSIS

Statement of Net Position - The *Statement of Net Position* is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$3,170,278 at the close of the most recent fiscal year.

Current liabilities consist of customer deposits.

Net position - restricted represents sources that are subject to external restrictions on their use, such as debt service payments or construction.

Net position - unrestricted are available for general operations of the City.

Statements of Net Position (Modified Cash Basis)
June 30,

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,564,654	\$ 1,674,234	\$ 3,238,888	\$ 1,555,930	\$ 1,826,324	\$ 3,382,254
Deposits	57,234	11,376	68,610	40,320	13,419	53,739
Net Position						
Restricted	305,388	327,307	632,695	279,528	327,051	606,579
Unrestricted	1,202,032	1,335,551	2,537,583	1,236,082	1,485,854	2,721,936
Total Net Position	\$ 1,507,420	\$ 1,662,858	\$ 3,170,278	\$ 1,515,610	\$ 1,812,905	\$ 3,328,515

Statement of Activities - As of June 30, 2016, there was a decrease of \$8,190 in the net position of the governmental activities and a decrease of \$150,047 in the net position of the business-type activities.

City of Dundee
Statements of Activities (Modified Cash Basis)
June 30,

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program Revenues						
Fines, fees, and charges for service	\$ 143,946	\$ 1,960,641	\$ 2,104,587	\$ 142,836	\$ 1,856,401	\$ 1,999,237
Operating grants and contributions	326,929	-	326,929	314,782	-	314,782
Capital grants and contributions	296,939	56,961	353,900	131,600	836,076	967,676
General Revenues						
Taxes and assessments	869,988	-	869,988	634,830	-	634,830
Franchise taxes	187,686	-	187,686	165,409	-	165,409
Intergovernmental	68,888	-	68,888	70,652	-	70,652
Unrestricted investment earnings	9,544	9,429	18,973	7,367	8,857	16,224
Miscellaneous	11,583	125,030	136,613	38,652	275	38,927
Total Revenues	1,915,503	2,152,061	4,067,564	1,506,128	2,701,609	4,207,737
Expenses						
General government	495,906	-	495,906	716,128	-	716,128
Streets	429,453	-	429,453	305,175	-	305,175
Courts	18,066	-	18,066	18,985	-	18,985
Police service	468,979	-	468,979	458,764	-	458,764
Fire service and fire station construction	578,067	-	578,067	3,765,390	-	3,765,390
Community development	153,584	-	153,584	177,095	-	177,095
Interest on long-term debt	101,444	-	101,444	16,606	-	16,606
Water	-	1,586,617	1,586,617	-	1,041,331	1,041,331
Sewer	-	1,271,411	1,271,411	-	1,115,277	1,115,277
Storm water	-	79,774	79,774	-	107,708	107,708
Total Expenses	2,245,499	2,937,802	5,183,301	5,458,143	2,264,316	7,722,459
Issuance of debt	-	970,000	970,000	3,711,692	-	3,711,692
Loan fees	-	(12,500)	(12,500)	(6,400)	-	(6,400)
Transfers	321,806	(321,806)	-	315,935	(315,935)	-
Change in Net Position	(8,190)	(150,047)	(158,237)	69,212	121,358	190,570
Net Position, beginning of year	1,515,610	1,812,905	3,328,515	1,446,398	1,691,547	3,137,945
Net Position, end of year	\$ 1,507,420	\$ 1,662,858	\$ 3,170,278	\$ 1,515,610	\$ 1,812,905	\$ 3,328,515

Governmental Activities – Net position decreased by \$8,190 during the fiscal year. There was \$321,806 transferred from the business-type activities to the governmental activities, which represents payment to the Equipment Reserve Fund for future equipment replacement and payment in lieu of a franchise fee to the General Fund.

The General Fund is the largest governmental fund and accounts for all of the financial resources of the City, which are not accounted for in any other fund. Principal sources of revenues are property taxes, franchise taxes, building permits, intergovernmental revenues and court fines. Expenditures are made for general governmental activities (administration, finance, court, planning and building), police and fire protection.

The Street Fund receives the City of Dundee’s share of State Highway Fund revenues distributed on a per capita basis and local gas tax revenue. Excess revenues not expended on street maintenance activities are transferred to the Street Capital Improvement Fund.

The Street CIP Fund is used to account for transfers from the Street fund and grants to be used for street improvement projects, including sidewalks, street overlays and street reconstruction.

The Equipment Reserve Fund is used to accumulate funds via transfers from the General Fund, Street Fund, Water Fund, Sewer Fund, and Storm Water Fund for the purpose of purchasing vehicles and equipment in accordance with a planned equipment replacement schedule.

Business-type Activities - The decrease in the net position of the business-type activities is primarily due to major system improvements financed with both current revenues and accumulated resources.

The three business-type activities in Dundee are the water, sewer and stormwater utilities. Each utility is self-sufficient with the primary source of revenues from service charges. System development charges are collected from new development and deposited in the respective CIP funds to help finance capital improvements.

FINANCIAL ANALYSIS OF FUNDS

The City's governmental funds reported a combined fund balance of \$1,507,420 as of June 30, 2016, which is a decrease of \$8,190 from June 30, 2015.

The General Fund is the primary operating fund of the City. The General Fund balance was \$483,727 on June 30, 2016, which is an increase of \$78,317 over June 30, 2015. This increase is mainly due to marijuana tax revenue.

The Street Fund is used to account for the state and local gas tax revenues and street related expenditures. The Street fund balance was \$63,585 on June 30, 2016 which is an increase of \$14,081 over June 30, 2015. The increase is primarily due to deferment of significant street surface maintenance activities pending review and update of the street capital maintenance program.

The Street CIP Fund is used to account for transfers from the Street fund and grants to be used for street improvement projects, including sidewalks, street overlays and street reconstruction. The Street CIP Fund balance was \$602,792 on June 30 2016, which is an increase of \$48,918 over June 30, 2015. The City received a payment of \$268,000 from ODOT as reimbursement of future repairs to local streets used for the Newberg-Dundee Bypass project construction haul route. A small segment of the Highway 99W Sidewalk/Streetscape project was completed in the Tenth Street area. The full project will be along the length of Highway 99W through Dundee and is funded with a \$1.5 million Transportation Enhancement grant, ODOT highway preservation funds, City funds and local improvement district assessments.

The Equipment Reserve Fund is used to accumulate resources to purchase equipment by transfers from other funds. The Equipment Reserve Fund balance was \$602,792 on June 30, 2016, which is a decrease of \$134,955 over June 30, 2015. The decrease is primarily due to the acquisition of a mini-excavator and fire truck.

Proprietary funds provide water, sanitary sewer and stormwater services to customers. As with the governmental funds, fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year. The proprietary funds net position was \$1,662,858 as of June 30, 2016, which is a decrease of \$150,047 from the prior year. The decrease in net position results primarily from major system improvements financed with both current revenues and accumulated resources.

The Water Fund is used to account for the City's water operations. The Water Fund balance was \$137,744 as of June 30, 2016, which is an increase of \$25,977 over June 30, 2015. The volume of water sales was substantially higher over the prior year.

The Sewer Fund is used to account for the City's sewer operations. The Sewer Fund balance was \$121,031 as of June 30, 2016, which is an increase of \$103,373 over June 30, 2015. The primary reason for the increase is from increased service revenue and reductions in operating transfers to the Sewer Capital Improvement Fund to set aside for the future removal of accumulated sludge stored in the facultative sewer lagoons.

The Water Capital Improvement Fund is used to account for transfers from the Water Fund and Water SDC charges to be used for future water system related construction projects. Projects include replacement of an undersized and failing water line located along Highway 99W as part of the Sidewalk/Streetscape project and construction of new Well No. 13. The 4.04% Oregon Infrastructure Financing Authority loan used for funding the construction of the 400,000 gallon reservoir in 2010 was paid off with a loan from US Bank at a rate of 2.6%. The Water Capital Improvement Fund balance was \$649,722 as of June 30, 2016, which is a decrease of \$354,022 over June 30, 2015. The primary reason for the decrease is due to the cost of major system improvements exceeding current revenues.

The Sewer Capital Improvement Fund is used to account for transfers from the Sewer Fund and Sewer SDC charges to be used for future sewer related construction projects. The 20-year term \$9.7 million loan issued by Oregon Department of Environmental Quality used to finance the construction of new wastewater treatment facilities had an annual debt service of \$684,790. The Sewer Capital Improvement Fund balance was \$523,823 as of June 30, 2016, which is a decrease of \$78,304 over June 30, 2015. The primary reason for the decrease is due to collection system repairs to reduce storm water from entering the sewer system.

BUDGET AMENDMENTS

A supplemental budget was adopted to recognize additional unexpended funds carried over from the prior fiscal year in the Fire Station Construction Fund that was expended on the project; loan proceeds in the Water Construction Fund used to pay off the IFA loan; and insurance recovery fees in the Sewer Fund for costs associated with repairs to flood damaged equipment at the wastewater treatment plant. Budget transfers were approved to use General Fund contingency for the fire station construction project. Other intrafund budget transfers were approved to various categories in the Water Fund and Sewer Fund to ensure compliance with Local Budget Law.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total of \$12,709,006 in debt outstanding, as shown below.

State statutes limit the amount of general obligation debt a government entity may issue up to 3 percent of its total real market value. The City's 3% limit is about \$9.8 million. The only general obligation debt (voter approved) issued by the City is for the fire station construction project in the amount of \$2,578,000.

City of Dundee
Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Loans	\$ 719,005	\$ 566,200	\$ 9,481,802	\$ 9,666,608	\$ 10,200,807	\$ 10,232,808
General obligation bonds	2,508,199	2,578,000	-	-	2,508,199	2,578,000
Total outstanding debt	<u>\$ 3,227,204</u>	<u>\$ 3,144,200</u>	<u>\$ 9,481,802</u>	<u>\$ 9,666,608</u>	<u>\$ 12,709,006</u>	<u>\$ 12,810,808</u>

Additional information on long-term obligations of the City may be found in the notes to the basic financial statements.

ECONOMIC FACTORS

The Riverside District Master Plan was adopted as an ancillary document to the Dundee Comprehensive Plan in 2011. The Plan provides guidance to the development of residential, commercial and light industrial uses for approximately 263 acres of undeveloped property within the Urban Growth Boundary located between the developed part of the City and the Willamette River. The Plan will accommodate about 970 residential units. Implementation of the Plan is dependent upon future actions, including development of water supply and adoption of design standards for the Riverside District zone. Construction of Well No. 13 in 2015 is estimated to provide additional water supply for ten years of new development.

Construction of Phase 1 of the Newberg-Dundee Bypass was started in 2013 and is expected to be completed in 2017. The Bypass will provide significant relief to the traffic congestion on Highway 99W in Dundee. In anticipation of the new Bypass facility, the City adopted an updated Transportation System Plan in June 2015.

While future residential development will take place primarily in the Riverside District, the City expects the continuation of new and expanded commercial and industrial development in the Highway 99W corridor. Recent updates to the Dundee Development Code and Construction Design Standards will facilitate this development while improving the livability of the community. Property tax revenue from new commercial and industrial development will also improve the City's funding of services to residents and visitors. In 2015 a study was conducted on the feasibility of an urban renewal plan to address potential barriers to new development primarily located in the commercial zones. As a result of the study, an urban renewal agency was activated in 2016 and work was started on the preparation of an urban renewal plan.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the report or need additional financial information, please contact the City Administrator at P.O. Box 220, Dundee, Oregon 97115.

BASIC FINANCIAL STATEMENTS

CITY OF DUNDEE, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2016

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and cash equivalents	\$ 1,564,654	\$ 1,674,234	\$ 3,238,888
LIABILITIES			
Deposits	57,234	11,376	68,610
NET POSITION			
Restricted for:			
Debt service	12,014	315,244	327,258
Construction	19,765	12,063	31,828
Streets	273,609	-	273,609
Unrestricted	1,202,032	1,335,551	2,537,583
<i>Total Net Position</i>	<u>\$ 1,507,420</u>	<u>\$ 1,662,858</u>	<u>\$ 3,170,278</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DUNDEE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2016

<i>FUNCTIONS/PROGRAMS</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<i>Governmental activities:</i>				
General government	\$ 495,906	\$ 25	\$ -	\$ 3,153
Streets	429,453	-	228,849	268,000
Courts	18,066	60,680	-	-
Police service	468,979	-	15,344	-
Fire service	462,242	23,334	76,361	-
Fire station construction	115,825	-	-	-
Community development	153,584	59,907	6,375	25,786
Interest on long-term debt	101,444	-	-	-
<i>Total Governmental activities</i>	<i>2,245,499</i>	<i>143,946</i>	<i>326,929</i>	<i>296,939</i>
<i>Business-type activities:</i>				
Water	1,586,617	644,478	-	22,855
Sewer	1,271,411	1,222,077	-	17,593
Storm water	79,774	94,086	-	16,513
<i>Total Business-type activities</i>	<i>2,937,802</i>	<i>1,960,641</i>	<i>-</i>	<i>56,961</i>
<i>Total Activities</i>	<i>\$ 5,183,301</i>	<i>\$ 2,104,587</i>	<i>\$ 326,929</i>	<i>\$ 353,900</i>
<i>General Revenues:</i>				
Property and other taxes				
Franchise taxes				
Intergovernmental				
Investment earnings				
Miscellaneous				
<i>Total General Revenues</i>				
<i>Proceeds from issuance of debt</i>				
<i>Loan fees</i>				
<i>Transfers</i>				
<i>Change in Net Position</i>				
<i>Net Position - beginning of year</i>				
<i>Net Position - end of year</i>				

*Net (Expenses) Revenues
and Changes in Net Position*

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (492,728)	\$ -	\$ (492,728)
67,396	-	67,396
42,614	-	42,614
(453,635)	-	(453,635)
(362,547)	-	(362,547)
(115,825)	-	(115,825)
(61,516)	-	(61,516)
(101,444)	-	(101,444)
(1,477,685)	-	(1,477,685)
-	(919,284)	(919,284)
-	(31,741)	(31,741)
-	30,825	30,825
-	(920,200)	(920,200)
(1,477,685)	(920,200)	(2,397,885)
869,988	-	869,988
187,686	-	187,686
68,888	-	68,888
9,544	9,429	18,973
11,583	125,030	136,613
1,147,689	134,459	1,282,148
-	970,000	970,000
-	(12,500)	(12,500)
321,806	(321,806)	-
(8,190)	(150,047)	(158,237)
1,515,610	1,812,905	3,328,515
\$ 1,507,420	\$ 1,662,858	\$ 3,170,278

The accompanying notes are an integral part of the financial statements.

CITY OF DUNDEE, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>Special Revenue</u>		<u>Capital</u>
	<u>General</u>	<u>Street</u>	<u>Equipment Reserve Fund</u>
ASSETS			
Cash and cash equivalents	\$ 540,961	\$ 63,585	\$ 602,792
LIABILITIES AND FUND BALANCE			
Liabilities:			
Deposits	\$ 57,234	\$ -	\$ -
Fund Balance:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Streets	-	63,585	-
Committed to:			
Community development	-	-	-
Construction	-	-	602,792
Unassigned	483,727	-	-
Total Fund Balance	<u>483,727</u>	<u>63,585</u>	<u>602,792</u>
Total Liabilities and Fund Balance	<u>\$ 540,961</u>	<u>\$ 63,585</u>	<u>\$ 602,792</u>

<u>Projects</u>	<u>Other</u>	
<u>Street Capital</u>	<u>Governmental</u>	<u>Total</u>
<u>Improvement</u>	<u>Funds</u>	
\$ 210,024	\$ 147,292	\$ 1,564,654
-	-	57,234
-	12,014	12,014
-	19,765	19,765
210,024	-	273,609
-	72,784	72,784
-	42,729	645,521
-	-	483,727
210,024	147,292	1,507,420
\$ 210,024	\$ 147,292	\$ 1,564,654

The accompanying notes are an integral part of the financial statements.

CITY OF DUNDEE, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2016**

		<u>Special Revenue</u>	<u>Capital</u>
	<u>General Fund</u>	<u>Street</u>	<u>Equipment Reserve Fund</u>
REVENUES			
Taxes and assessments	\$ 694,265	\$ 40,168	\$ -
Fines and forfeitures	60,680	-	-
Licenses and permits	195,230	-	-
Charges for services	32,142	-	-
Intergovernmental	147,645	188,681	-
Miscellaneous	9,845	563	11,939
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	1,139,807	229,412	11,939
EXPENDITURES			
Current			
General government	321,259	-	-
Streets	-	104,309	-
Courts	18,066	-	-
Police service	468,979	-	-
Fire service	344,258	-	-
Community development	86,182	-	-
Debt payments			
Principal	-	-	45,990
Interest	-	-	12,638
Capital acquisitions	7,474	-	169,366
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	1,246,218	104,309	227,994
REVENUES OVER (UNDER) EXPENDITURES			
	(106,411)	125,103	(216,055)
OTHER FINANCING SOURCES (USES)			
Transfers in	281,728	-	81,100
Transfers out	(97,000)	(111,022)	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	184,728	(111,022)	81,100
NET CHANGE IN FUND BALANCE			
	78,317	14,081	(134,955)
FUND BALANCE, beginning of year			
	405,410	49,504	737,747
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year			
	\$ 483,727	\$ 63,585	\$ 602,792
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Projects</i>		
<i>Street Capital Improvement</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ 175,723	\$ 910,156
-	-	60,680
43,807	-	239,037
-	-	32,142
268,000	45,003	649,329
719	1,093	24,159
<hr/>	<hr/>	<hr/>
312,526	221,819	1,915,503
-	-	321,259
-	-	104,309
-	-	18,066
-	-	468,979
-	103,071	447,329
-	34,975	121,157
-	69,801	115,791
8,464	80,342	101,444
325,144	45,181	547,165
<hr/>	<hr/>	<hr/>
333,608	333,370	2,245,499
<hr/>	<hr/>	<hr/>
(21,082)	(111,551)	(329,996)
70,000	102,000	534,828
-	(5,000)	(213,022)
<hr/>	<hr/>	<hr/>
70,000	97,000	321,806
<hr/>	<hr/>	<hr/>
48,918	(14,551)	(8,190)
161,106	161,843	1,515,610
<hr/>	<hr/>	<hr/>
\$ 210,024	\$ 147,292	\$ 1,507,420
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The accompanying notes are an integral part of the financial statements.

CITY OF DUNDEE, OREGON

STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS

JUNE 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Water Capital Improvement</u>
ASSETS			
Cash and cash equivalents	\$ 149,120	\$ 121,031	\$ 649,722
LIABILITIES			
Deposits	11,376	-	-
NET POSITION:			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Unrestricted	137,744	121,031	649,722
	<u>137,744</u>	<u>121,031</u>	<u>649,722</u>
<i>Total Net Position</i>	<u>\$ 137,744</u>	<u>\$ 121,031</u>	<u>\$ 649,722</u>

<i>Sewer Capital Improvement</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ 532,823	\$ 221,538	\$ 1,674,234
-	-	11,376
315,244	-	315,244
12,063	-	12,063
205,516	221,538	1,335,551
<u>\$ 532,823</u>	<u>\$ 221,538</u>	<u>\$ 1,662,858</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DUNDEE, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2016**

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES		
Charges for services	\$ 644,478	\$ 1,222,077
Miscellaneous	1,176	123,854
<i>Total Operating Revenues</i>	645,654	1,345,931
OPERATING EXPENSES		
Personal services	159,274	151,894
Materials and services	137,004	303,179
<i>Total Operating Expenses</i>	296,278	455,073
OPERATING INCOME	349,376	890,858
NONOPERATING ITEMS		
Issuance of debt	-	-
Loan fees	-	-
Interest revenue	1,325	277
Capital acquisitions	(10,922)	(2,174)
Debt payments		
Principal	-	-
Interest	-	-
<i>Total Nonoperating Revenues (Expenses)</i>	(9,597)	(1,897)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	339,779	888,961
Capital contributions	-	-
Transfers in	-	-
Transfers out	(313,802)	(785,588)
CHANGE IN NET POSITION	25,977	103,373
NET POSITION, beginning of year	111,767	17,658
NET POSITION, end of year	\$ 137,744	\$ 121,031

<i>Water Capital Improvement</i>	<i>Sewer Capital Improvement</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ -	\$ -	\$ 94,086	\$ 1,960,641
-	-	-	125,030
-	-	94,086	2,085,671
-	-	34,878	346,046
-	-	10,573	450,756
-	-	45,451	796,802
-	-	48,635	1,288,869
745,000	75,000	150,000	970,000
(12,500)	-	-	(12,500)
4,040	3,267	520	9,429
(487,241)	(129,374)	(34,323)	(664,034)
(748,268)	(406,538)	-	(1,154,806)
(43,908)	(278,252)	-	(322,160)
(542,877)	(735,897)	116,197	(1,174,071)
(542,877)	(735,897)	164,832	114,798
22,855	17,593	16,513	56,961
166,000	640,000	15,000	821,000
-	-	(43,416)	(1,142,806)
(354,022)	(78,304)	152,929	(150,047)
1,003,744	611,127	68,609	1,812,905
\$ 649,722	\$ 532,823	\$ 221,538	\$ 1,662,858

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dundee, Oregon (the City) is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of the City Administrator. All significant activities and organizations for which the City is financially accountable are included in the basic financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents information on the assets and liabilities of the City of Dundee as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Net position is shown subject to net position - restricted and net position - unrestricted. When expenses are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental funds (general, special revenue, capital projects, and debt service) and proprietary type funds (enterprise). Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures / expenses. The various funds are reported by generic classification within the financial statements.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures / expenses of either fund category or the government and enterprise combined) for the determination of major funds. The City reports the following governmental funds as major:

General Fund

This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise taxes and State shared revenues. Primary expenditures are for administration, police and fire protection, planning, and municipal court.

Street Fund

Gas tax apportionments received from the State are recorded in this fund. Expenditures are for road maintenance activities, including street lighting.

Equipment Reserve Fund

This fund is used to accumulate resources to purchase equipment by transfers from other funds.

Street CIP Fund

This fund accounts for transfers from the Street fund and grants to be used for street improvement projects, including sidewalks, street overlays and street reconstruction.

The City reports the following proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers.

Water Fund

Financial activities of the City's water utility are recorded in this fund. Revenues consist primarily of user charges. Expenditures are primarily for operation of the utility and for acquisition of property, plant, and equipment.

Sewer Fund

Financial activities of the City's sewer utility are recorded in this fund. Revenues consist primarily of user charges. Expenditures are primarily for operation of the utility and for acquisition of property, plant, and equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Water CIP Fund

This fund was established to account for revenues received from water system development charges and to provide for future improvements to the water system.

Sewer CIP Fund

This fund was established to account for revenues received from sewer system development charges and to provide for future improvements to the sewer system.

The City reports the following nonmajor governmental funds:

State Revenue Sharing Fund

This fund accounts for the City's share of State liquor revenue received from the State pursuant to ORS 221.770.

Tourism Fund

This fund accounts for revenues received from room taxes and is used for promotion of tourism.

Street Reserve

This fund accounts for funds set aside for future improvements to Third Street. Revenues are from interest earned.

Fire Station Construction Fund

This fund was created to pay for the construction of the new fire station. Revenues are primarily from the fire district and loan proceeds.

Parks Fund

This fund accounts for funds received from the State Revenue Sharing Fund and state grants for use in the maintenance and improvement of the parks.

Bonded Debt Fund

This fund accounts for taxes levied to pay principal and interest on the fire station debt.

The City reports the following nonmajor proprietary funds:

Stormwater Fund

This fund accounts for user maintenance of the City's stormwater system. Revenues consist primarily of user charges.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Stormwater CIP Fund

This fund was established to account for revenues received from stormwater system development charges and to account for capital outlay and debt service payments related to the stormwater system.

Fund Balance

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Administrator uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are used to accumulate resources to pay debt principal and interest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment and infrastructure are not reported. Long-term liabilities such as debt are reported only in the notes to the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating items.

Cash and Cash Equivalents

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among others.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are stated at cost, which approximates fair value.

Budget and Budgetary Accounting

The City adopts the budget on a department basis in the general fund and on an object basis in all other funds; therefore, cash expenditures of a specific department or object within a fund may not legally exceed that object's appropriations for cash expenditures. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

CITY OF DUNDEE, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and investment balances.

The City's deposits and investments at June 30, 2016 are as follows:

Cash	
Cash on hand	\$ 50
Deposits with financial institutions	286,395
Deposits with xpress pay	168,206
Investments	
Local Government Investment Pool	2,784,237
	<hr/>
	\$ 3,238,888
	<hr/> <hr/>

Deposits

The City's deposits with various financial institutions had a bank balance of \$346,813 and a book balance of \$286,395 at June 30, 2016. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Risk – Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2016, \$96,813 of the City's bank balances were covered by the PFCP.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

CASH AND CASH EQUIVALENTS (Continued)

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2016, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

Deposits with xpress pay

The City contracts with xpress pay to facilitate online payments for water and sewer customers. The amounts in this account are those payments received by xpress.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2016</u>	<u>Next Year Requirements</u>
<i>Governmental Activities</i>					
Key Bank Loan for Public Works Building issued in 2015, \$361,200 with an interest rate of 3.41%.	\$ 361,200	\$ -	\$ (45,990)	\$ 315,210	\$ 48,116
USDA Loan for construction of Fire Station, issued in 2015 backed by a General Obligation bond of \$2,578,000 with an interest rate of 3.125%.	2,578,000	-	(69,801)	2,508,199	71,547
Oregon Transportation Infrastructure Bank Loan #0046 for the Newberg-Dundee Bypass Phase 1, total available loan is \$315,200 of which \$76,073 and \$119,882 was drawn down in 2015 and 2016 respectively. Interest rate is estimated at 2.58%.	76,073	119,882	-	195,955	8,132
Oregon Transportation Infrastructure Bank Loan #0047 for Dundee overlays and related work, total available loan is \$284,000 of which \$207,840 was drawn down in 2015. Interest rate is estimated at 2.58%.	207,840	-	-	207,840	11,029
	<u>\$ 3,223,113</u>	<u>\$ 119,882</u>	<u>\$ (115,791)</u>	<u>\$ 3,227,204</u>	<u>\$ 138,824</u>

During the June 30, 2015 fiscal year, the City entered into a loan agreement with the Oregon Transportation Infrastructure Bank (loan #0046) for their portion of the Newberg-Dundee Bypass project. The total loan proceeds available are \$315,200 with an annual interest rate of 2.58%. Currently, all project costs are being paid by the Oregon Department of Transportation (ODOT). The City will begin repaying their portion of the loan upon completion of the project. As of June 30, 2016, the City's share of the project and related loan balance is \$195,955.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT (Continued)

	<u>Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2016</u>	<u>Next Year Requirements</u>
<i>Business-type Activities</i>					
Wastewater loan issued during 2012, original loan of \$9,700,000 with an interest rate of 2.65%.	\$ 8,918,340	\$ -	\$ (406,538)	\$ 8,511,802	\$ 417,383
Business Oregon IFA Note, Water reservoir loan issued during 2013, original loan of \$833,458 with an interest rate of 4.04%.	748,268	-	(748,268)	-	-
US Bank loan issued May 2016, original loan of \$970,000, with an interest rate of 2.6%.	-	970,000	-	970,000	127,931
	<u>\$ 9,666,608</u>	<u>\$ 970,000</u>	<u>\$ (1,154,806)</u>	<u>\$ 9,481,802</u>	<u>\$ 545,314</u>

The Wastewater Loan requires a reserve in the amount of \$315,244. The City was in compliance with this requirement at June 30, 2016.

Future debt service requirements are as follows and assumed that the ODOT loans will be fully drawn down in 2017 and payments will begin the same year:

Governmental Activities

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 142,932	\$ 104,567	\$ 247,498
2018	147,691	99,807	247,498
2019	152,356	95,142	247,498
2020	157,466	90,131	247,597
2021	161,944	85,553	247,497
2022-2026	641,732	361,250	1,002,982
2027-2031	677,582	265,474	943,056
2032-2036	785,421	158,835	944,256
2037-2040	555,485	44,056	599,541
	<u>\$ 3,422,609</u>	<u>\$ 1,304,815</u>	<u>\$ 4,727,425</u>

CITY OF DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT (Continued)

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 545,314	\$ 247,550	\$ 792,865
2018	559,842	233,023	792,865
2019	574,758	218,107	792,865
2020	590,034	202,831	792,865
2021	605,791	187,074	792,865
2022-2026	2,806,469	699,854	3,506,324
2027-2031	2,864,202	336,788	3,200,990
2032-2036	935,391	24,897	960,288
	<u>\$ 9,481,802</u>	<u>\$ 2,150,124</u>	<u>\$ 11,631,926</u>

PENSION PLAN

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of the City are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238) while employees hired after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided under Chapter 238-Tier One / Tier Two

Pension Benefits: The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

CITY OF DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Death Benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: the member was employed by a OPERS employer at the time of death, the member died within 120 days after termination of OPERS-covered employment, the member died as a result of injury sustained while employed in a OPERS-covered job, or member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits: A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement: Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB)

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits: Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits: A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The City's contribution rates in effect for the fiscal year ended June 30, 2016 were 15.50% for Tier One/Tier Two members, 9.29% for OPSRP general service members, and 13.40% for OPSRP uniformed members. The City's contributions for the year ended June 30, 2016 were \$107,741, excluding amounts to fund employer specific liabilities, and including employees' 6% contribution.

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.10 %
Short-Term Bonds	8.00	3.65
Bank/Leveraged Loans	3.00	5.69
High Yield Bonds	1.00	6.67
Large/Mid Cap US Equities	15.75	7.96
Small Cap US Equities	1.31	8.93
Micro Cap US Equities	1.31	9.37
Developed Foreign Equities	13.13	8.34
Emerging Market Equities	4.13	10.56
Non-US Small Cap Equities	1.88	9.01
Private Equity	17.50	11.60
Real Estate (Property)	10.00	6.48
Real Estate (REITS)	2.50	8.74
Hedge Fund of Funds - Diversified	2.50	4.94
Hedge Fund - Event-driven	0.63	7.07
Timber	1.88	6.60
Farmland	1.88	7.11
Infrastructure	3.75	8.31
Commodities	1.88	6.07
Assumed Inflation - Mean		2.50

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75 percent) or 1% higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 897,822	\$ 372,006	\$ (71,119)

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2016

INTERFUND TRANSACTIONS

The City charges an internal administration charge to the Street, Water, Sewer, and Storm Water Funds for charges associated with general government operations recorded in the General Fund. These charges are recorded as revenue and expenditures in the budgetary statements and transfers in the financial statements. The charges recorded for the year ended June 30, 2016 were as follows:

	<i>Internal Administration Charge</i>
Street	\$ 27,822
Water	74,964
Sewer	71,489
Storm Water	16,416
	\$ 190,691

	<i>Budgetary</i>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 91,037	\$ 97,000
Equipment Reserve	81,100	-
Fire	97,000	-
Street	-	83,200
State Revenue Sharing	-	5,000
Street CIP	70,000	-
Parks	5,000	-
Water	-	238,838
Sewer	-	714,099
Water CIP	166,000	-
Sewer CIP	640,000	-
Storm Water	-	27,000
Storm Water CIP	15,000	-
	\$ 1,165,137	\$ 1,165,137

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) for interfund charges.

CITY OF DUNDEE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 23, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

CITY OF DUNDEE, OREGON

COMBINING BALANCE SHEET (MODIFIED CASH BASIS) – NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

	<i>Special Revenue</i>		<i>Capital</i>
	<i>State Revenue Sharing</i>	<i>Tourism</i>	<i>Street Reserve</i>
ASSETS			
Cash and cash equivalents	\$ 1,582	\$ 56,987	\$ 42,729
LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>	\$ -	\$ -	\$ -
<i>Fund Balance:</i>			
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Committed to:			
Community development	1,582	56,987	-
Construction	-	-	42,729
<i>Total Fund Balance</i>	<u>1,582</u>	<u>56,987</u>	<u>42,729</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,582</u>	<u>\$ 56,987</u>	<u>\$ 42,729</u>

<i>Projects</i>		<i>Debt Service</i>	
<i>Fire Station Construction</i>	<i>Parks</i>	<i>Bonded Debt</i>	<i>Total</i>
\$ 19,765	\$ 14,215	\$ 12,014	\$ 147,292
\$ -	\$ -	\$ -	\$ -
-	-	12,014	12,014
19,765	-	-	19,765
-	14,215	-	72,784
-	-	-	42,729
19,765	14,215	12,014	147,292
\$ 19,765	\$ 14,215	\$ 12,014	\$ 147,292

CITY OF DUNDEE, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	<i>Special Revenue</i>		<i>Capital</i>
	<i>State Revenue Sharing</i>	<i>Tourism</i>	<i>Street Reserve</i>
REVENUES			
Taxes and assessments	\$ -	\$ 44,461	\$ -
Intergovernmental	19,217	-	-
Miscellaneous	40	183	271
<i>Total Revenues</i>	19,257	44,644	271
EXPENDITURES			
Current			
Fire service	-	-	-
Community development	25,053	9,902	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital acquisitions	-	-	-
<i>Total Expenditures</i>	25,053	9,902	-
REVENUES OVER (UNDER) EXPENDITURES	(5,796)	34,742	271
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(5,000)	-	-
<i>Total Other Financing Sources (Uses)</i>	(5,000)	-	-
NET CHANGE IN FUND BALANCE	(10,796)	34,742	271
FUND BALANCE, beginning of year	12,378	22,245	42,458
FUND BALANCE, end of year	\$ 1,582	\$ 56,987	\$ 42,729

<i>Projects</i>		<i>Debt Service</i>	
<i>Fire Station Construction</i>	<i>Parks</i>	<i>Bonded Debt</i>	<i>Total</i>
\$ -	\$ -	\$ 131,262	\$ 175,723
-	25,786	-	45,003
184	32	383	1,093
184	25,818	131,645	221,819
103,071	-	-	103,071
-	20	-	34,975
-	-	69,801	69,801
-	-	80,342	80,342
12,754	32,427	-	45,181
115,825	32,447	150,143	333,370
(115,641)	(6,629)	(18,498)	(111,551)
97,000	5,000	-	102,000
-	-	-	(5,000)
97,000	5,000	-	97,000
(18,641)	(1,629)	(18,498)	(14,551)
38,406	15,844	30,512	161,843
\$ 19,765	\$ 14,215	\$ 12,014	\$ 147,292

CITY OF DUNDEE, OREGON

COMBINING STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) –

NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2016

	<u>Storm Water</u>	<u>Storm Water Capital Improvement</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 10,417	\$ 211,121	\$ 221,538
LIABILITIES	-	-	-
NET POSITION:			
Unrestricted	10,417	211,121	221,538
	<u>10,417</u>	<u>211,121</u>	<u>221,538</u>
<i>Total Net Position</i>	<u>\$ 10,417</u>	<u>\$ 211,121</u>	<u>\$ 221,538</u>

CITY OF DUNDEE, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>Storm Water</u>	<u>Storm Water Capital Improvement</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 94,086	\$ -	\$ 94,086
OPERATING EXPENSES			
Personal services	34,878	-	34,878
Materials and services	10,573	-	10,573
<i>Total Operating Expenses</i>	<u>45,451</u>	<u>-</u>	<u>45,451</u>
OPERATING INCOME	48,635	-	48,635
NONOPERATING ITEMS			
Proceeds from issuance of debt	-	150,000	150,000
Interest revenue	98	422	520
Capital acquisitions	(452)	(33,871)	(34,323)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(354)</u>	<u>116,551</u>	<u>116,197</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	48,281	116,551	164,832
Capital contributions	-	16,513	16,513
Transfers in	-	15,000	15,000
Transfers out	(43,416)	-	(43,416)
CHANGE IN NET POSITION	4,865	148,064	152,929
NET POSITION, beginning of year	<u>5,552</u>	<u>63,057</u>	<u>68,609</u>
NET POSITION, end of year	<u>\$ 10,417</u>	<u>\$ 211,121</u>	<u>\$ 221,538</u>

CITY OF DUNDEE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 592,900	\$ 592,900	\$ 694,265	\$ 101,365
Fines and forfeitures	52,000	52,000	60,680	8,680
Licenses and permits	202,200	202,200	195,230	(6,970)
Charges for services	210,500	210,500	222,833	12,333
Intergovernmental	157,600	157,600	147,645	(9,955)
Miscellaneous	5,300	5,300	9,845	4,545
<i>Total Revenues</i>	<u>1,220,500</u>	<u>1,220,500</u>	<u>1,330,498</u>	<u>109,998</u>
EXPENDITURES				
Administration/Finance	330,700	330,700	321,259	9,441
Courts	20,700	20,700	18,066	2,634
Police service	473,300	473,300	468,979	4,321
Fire service	372,700	372,700	351,732	20,968
Community development	122,200	122,200	86,182	36,018
Contingency	40,000	-	-	-
<i>Total Expenditures</i>	<u>1,359,600</u>	<u>1,319,600</u>	<u>1,246,218</u>	<u>73,382</u>
REVENUES OVER (UNDER) EXPENDITURES	(139,100)	(99,100)	84,280	183,380
OTHER FINANCING SOURCES (USES)				
Transfers in	88,300	88,300	91,037	2,737
Transfers out	(57,000)	(97,000)	(97,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>31,300</u>	<u>(8,700)</u>	<u>(5,963)</u>	<u>2,737</u>
NET CHANGE IN FUND BALANCE	(107,800)	(107,800)	78,317	186,117
FUND BALANCE, beginning of year	<u>410,200</u>	<u>410,200</u>	<u>405,410</u>	<u>(4,790)</u>
FUND BALANCE, end of year	<u>\$ 302,400</u>	<u>\$ 302,400</u>	<u>\$ 483,727</u>	<u>\$ 181,327</u>

CITY OF DUNDEE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 38,000	\$ 38,000	\$ 40,168	\$ 2,168
Intergovernmental	183,300	183,300	188,681	5,381
Miscellaneous	100	100	563	463
<i>Total Revenues</i>	221,400	221,400	229,412	8,012
EXPENDITURES				
Personal services	62,400	62,400	59,110	3,290
Materials and services	103,600	103,600	73,021	30,579
Contingency	5,000	5,000	-	5,000
<i>Total Expenditures</i>	171,000	171,000	132,131	38,869
REVENUES OVER (UNDER) EXPENDITURES	50,400	50,400	97,281	46,881
OTHER FINANCING SOURCES (USES)				
Transfers out	(83,200)	(83,200)	(83,200)	-
NET CHANGE IN FUND BALANCE	(32,800)	(32,800)	14,081	46,881
FUND BALANCE, beginning of year	41,500	41,500	49,504	8,004
FUND BALANCE, end of year	\$ 8,700	\$ 8,700	\$ 63,585	\$ 54,885

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - EQUIPMENT RESERVE FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 3,500	\$ 3,500	\$ 11,939	\$ 8,439
EXPENDITURES				
Debt service				
Principal	46,000	46,000	45,990	10
Interest	12,700	12,700	12,638	62
Capital outlay	755,600	755,600	169,366	586,234
<i>Total Expenditures</i>	<u>814,300</u>	<u>814,300</u>	<u>227,994</u>	<u>586,306</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(810,800)</u>	<u>(810,800)</u>	<u>(216,055)</u>	<u>594,745</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>133,100</u>	<u>133,100</u>	<u>81,100</u>	<u>(52,000)</u>
NET CHANGE IN FUND BALANCE	<u>(677,700)</u>	<u>(677,700)</u>	<u>(134,955)</u>	<u>542,745</u>
FUND BALANCE, beginning of year	<u>677,700</u>	<u>677,700</u>	<u>737,747</u>	<u>60,047</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,792</u>	<u>\$ 602,792</u>

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET CIP FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 44,700	\$ 44,700	\$ 43,807	\$ (893)
Intergovernmental	1,265,500	1,265,500	268,000	(997,500)
Miscellaneous	200,800	200,800	719	(200,081)
<i>Total Revenues</i>	1,511,000	1,511,000	312,526	(1,198,474)
EXPENDITURES				
Debt service				
Interest	10,000	10,000	8,464	1,536
Capital outlay	1,869,700	1,869,700	325,144	1,544,556
<i>Total Expenditures</i>	1,879,700	1,879,700	333,608	1,546,092
REVENUES OVER (UNDER) EXPENDITURES	(368,700)	(368,700)	(21,082)	347,618
OTHER FINANCING SOURCES (USES)				
Transfers in	470,000	470,000	70,000	(400,000)
Transfers out	(200,000)	(200,000)	-	200,000
Proceeds from issuance of debt	76,000	76,000	-	(76,000)
<i>Total Other Financing Sources (Uses)</i>	346,000	346,000	70,000	(276,000)
NET CHANGE IN FUND BALANCE	(22,700)	(22,700)	48,918	71,618
FUND BALANCE, beginning of year	177,700	177,700	161,106	(16,594)
FUND BALANCE, end of year	\$ 155,000	\$ 155,000	\$ 210,024	\$ 55,024

CITY OF DUNDEE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STATE REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 19,217	\$ (6,783)
Miscellaneous	100	100	40	(60)
<i>Total Revenues</i>	26,100	26,100	19,257	(6,843)
EXPENDITURES				
Materials and services	28,300	28,300	25,053	3,247
REVENUES OVER (UNDER) EXPENDITURES	(2,200)	(2,200)	(5,796)	(3,596)
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000)	(10,000)	(5,000)	5,000
NET CHANGE IN FUND BALANCE	(12,200)	(12,200)	(10,796)	1,404
FUND BALANCE, beginning of year	12,200	12,200	12,378	178
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,582	\$ 1,582

CITY OF DUNDEE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - TOURISM FUND

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 32,900	\$ 32,900	\$ 44,461	\$ 11,561
Intergovernmental	10,000	10,000	-	(10,000)
Miscellaneous	100	100	183	83
<i>Total Revenues</i>	43,000	43,000	44,644	1,644
EXPENDITURES				
Materials and services	40,500	40,500	9,902	30,598
NET CHANGE IN FUND BALANCE	2,500	2,500	34,742	32,242
FUND BALANCE, beginning of year	16,600	16,600	22,245	5,645
FUND BALANCE, end of year	\$ 19,100	\$ 19,100	\$ 56,987	\$ 37,887

CITY OF DUNDEE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET RESERVE FUND

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 200	\$ 200	\$ 271	\$ 71
EXPENDITURES				
Capital outlay	42,600	42,600	-	42,600
NET CHANGE IN FUND BALANCE	(42,400)	(42,400)	271	42,671
FUND BALANCE, beginning of year	42,400	42,400	42,458	58
FUND BALANCE, end of year	\$ -	\$ -	\$ 42,729	\$ 42,729

CITY OF DUNDEE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - FIRE STATION CONSTRUCTION FUND

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 184	\$ 184
EXPENDITURES				
Materials and services	5,000	110,900	103,071	7,829
Capital outlay	17,300	24,500	12,754	11,746
<i>Total Expenditures</i>	<u>22,300</u>	<u>135,400</u>	<u>115,825</u>	<u>19,575</u>
REVENUES OVER (UNDER) EXPENDITURES	(22,300)	(135,400)	(115,641)	19,759
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>97,000</u>	<u>97,000</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>97,000</u>	<u>97,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(17,300)	(38,400)	(18,641)	19,759
FUND BALANCE, beginning of year	<u>17,300</u>	<u>38,400</u>	<u>38,406</u>	<u>6</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,765</u>	<u>\$ 19,765</u>

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARKS FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 31,500	\$ 31,500	\$ 25,786	\$ (5,714)
Miscellaneous	4,100	4,100	32	(4,068)
<i>Total Revenues</i>	<u>35,600</u>	<u>35,600</u>	<u>25,818</u>	<u>(9,782)</u>
EXPENDITURES				
Materials and services	3,500	3,500	20	3,480
Capital outlay	54,500	54,500	32,427	22,073
<i>Total Expenditures</i>	<u>58,000</u>	<u>58,000</u>	<u>32,447</u>	<u>25,553</u>
REVENUES OVER (UNDER) EXPENDITURES	(22,400)	(22,400)	(6,629)	15,771
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	5,000	(5,000)
NET CHANGE IN FUND BALANCE	(12,400)	(12,400)	(1,629)	10,771
FUND BALANCE, beginning of year	13,200	13,200	15,844	2,644
FUND BALANCE, end of year	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 14,215</u>	<u>\$ 13,415</u>

CITY OF DUNDEE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - BONDED DEBT FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 130,500	\$ 130,500	\$ 131,262	\$ 762
Miscellaneous	300	300	383	83
<i>Total Revenues</i>	130,800	130,800	131,645	845
EXPENDITURES				
Debt service				
Principal	80,400	80,400	69,801	10,599
Interest	69,800	69,800	80,342	(10,542)
<i>Total Expenditures</i>	150,200	150,200	150,143	57
NET CHANGE IN FUND BALANCE	(19,400)	(19,400)	(18,498)	902
FUND BALANCE, beginning of year	30,400	30,400	30,512	112
FUND BALANCE, end of year	\$ 11,000	\$ 11,000	\$ 12,014	\$ 1,014

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 595,400	\$ 595,400	\$ 644,478	\$ 49,078
Miscellaneous	800	800	2,501	1,701
<i>Total Revenues</i>	596,200	596,200	646,979	50,779
EXPENDITURES				
Personal services	163,900	163,900	159,274	4,626
Materials and services	209,300	217,300	211,968	5,332
Capital outlay	19,400	19,400	10,922	8,478
Contingency	20,000	20,000	-	20,000
<i>Total Expenditures</i>	412,600	420,600	382,164	38,436
REVENUES OVER (UNDER) EXPENDITURES	183,600	175,600	264,815	89,215
OTHER FINANCING SOURCES (USES)				
Transfers out	(247,800)	(239,800)	(238,838)	962
CHANGE IN FUND BALANCE	(64,200)	(64,200)	25,977	90,177
FUND BALANCE, beginning of year	79,100	79,100	111,767	32,667
FUND BALANCE, end of year	\$ 14,900	\$ 14,900	\$ 137,744	\$ 122,844

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,187,000	\$ 1,187,000	\$ 1,222,077	\$ 35,077
Miscellaneous	100	120,100	124,131	4,031
<i>Total Revenues</i>	1,187,100	1,307,100	1,346,208	39,108
EXPENDITURES				
Personal services	156,400	156,400	151,894	4,506
Materials and services	241,200	391,200	374,668	16,532
Capital outlay	2,400	2,400	2,174	226
Contingency	20,000	20,000	-	20,000
<i>Total Expenditures</i>	420,000	570,000	528,736	41,264
REVENUES OVER (UNDER) EXPENDITURES	767,100	737,100	817,472	80,372
OTHER FINANCING SOURCES (USES)				
Transfers out	(762,400)	(732,400)	(714,099)	18,301
CHANGE IN FUND BALANCE	4,700	4,700	103,373	98,673
FUND BALANCE, beginning of year	10,700	10,700	17,658	6,958
FUND BALANCE, end of year	\$ 15,400	\$ 15,400	\$ 121,031	\$ 105,631

CITY OF DUNDEE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER CIP FUND

YEAR ENDED JUNE 30, 2016

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 25,200	\$ 25,200	\$ 22,855	\$ (2,345)
Miscellaneous	4,000	4,000	4,040	40
<i>Total Revenues</i>	29,200	29,200	26,895	(2,305)
EXPENDITURES				
Debt service				
Principal	31,300	748,300	748,268	32
Interest	31,200	44,200	43,908	292
Capital outlay	923,000	938,000	487,241	450,759
<i>Total Expenditures</i>	985,500	1,730,500	1,279,417	451,083
REVENUES OVER (UNDER)				
EXPENDITURES	(956,300)	(1,701,300)	(1,252,522)	448,778
OTHER FINANCING SOURCES (USES)				
Transfers in	376,000	376,000	166,000	(210,000)
Issuance of interfund loan	(490,000)	(490,000)	-	490,000
Proceeds from issuance of debt	-	745,000	745,000	-
Loan fees*	-	-	(12,500)	(12,500)
<i>Total Other Financing Sources (Uses)</i>	(114,000)	631,000	898,500	267,500
CHANGE IN FUND BALANCE	(1,070,300)	(1,070,300)	(354,022)	716,278
FUND BALANCE, beginning of year	1,106,000	1,106,000	1,003,744	(102,256)
FUND BALANCE, end of year	\$ 35,700	\$ 35,700	\$ 649,722	\$ 614,022

* New issuance of debt including loan fees are excluded from local budget law and are not considered expenditures in excess of appropriations.

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER CIP FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 26,500	\$ 26,500	\$ 17,593	\$ (8,907)
Miscellaneous	3,000	3,000	3,267	267
<i>Total Revenues</i>	29,500	29,500	20,860	(8,640)
EXPENDITURES				
Debt service				
Principal	406,600	406,600	406,538	62
Interest	278,300	278,300	278,252	48
Capital outlay	600,000	600,000	129,374	470,626
<i>Total Expenditures</i>	1,284,900	1,284,900	814,164	470,736
REVENUES OVER (UNDER) EXPENDITURES	(1,255,400)	(1,255,400)	(793,304)	462,096
OTHER FINANCING SOURCES (USES)				
Transfers in	690,000	690,000	640,000	(50,000)
Proceeds from issuance of debt	600,000	600,000	75,000	(525,000)
<i>Total Other Financing Sources (Uses)</i>	1,290,000	1,290,000	715,000	(575,000)
CHANGE IN FUND BALANCE	34,600	34,600	(78,304)	(112,904)
FUND BALANCE, beginning of year	586,900	586,900	611,127	24,227
FUND BALANCE, end of year	\$ 621,500	\$ 621,500	\$ 532,823	\$ (88,677)

CITY OF DUNDEE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STORM WATER FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 93,800	\$ 93,800	\$ 94,086	\$ 286
Miscellaneous	100	100	98	(2)
<i>Total Revenues</i>	93,900	93,900	94,184	284
EXPENDITURES				
Personal services	35,600	35,600	34,878	722
Materials and services	29,100	29,100	26,989	2,111
Capital outlay	500	500	452	48
Contingency	5,000	5,000	-	5,000
<i>Total Expenditures</i>	70,200	70,200	62,319	7,881
REVENUES OVER (UNDER) EXPENDITURES	23,700	23,700	31,865	8,165
OTHER FINANCING SOURCES (USES)				
Transfers out	(27,000)	(27,000)	(27,000)	-
CHANGE IN NET POSITION	(3,300)	(3,300)	4,865	8,165
NET POSITION, beginning of year	3,900	3,900	5,552	1,652
NET POSITION, end of year	\$ 600	\$ 600	\$ 10,417	\$ 9,817

CITY OF DUNDEE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STORM WATER CIP FUND
YEAR ENDED JUNE 30, 2016**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 12,000	\$ 12,000	\$ 16,513	\$ 4,513
Miscellaneous	200	200	422	222
<i>Total Revenues</i>	12,200	12,200	16,935	4,735
EXPENDITURES				
Capital outlay	512,500	512,500	33,871	478,629
REVENUES OVER (UNDER) EXPENDITURES	(500,300)	(500,300)	(16,936)	483,364
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
Proceeds from issuance of debt	440,000	440,000	150,000	(290,000)
<i>Total Other Financing Sources (Uses)</i>	455,000	455,000	165,000	(290,000)
CHANGE IN FUND BALANCE	(45,300)	(45,300)	148,064	193,364
FUND BALANCE, beginning of year	46,100	46,100	63,057	16,957
FUND BALANCE, end of year	\$ 800	\$ 800	\$ 211,121	\$ 210,321

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council Members
City of Dundee, Oregon
P. O. Box 220
Dundee, Oregon 97115

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundee, Oregon, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings to report instances of noncompliance, identified as 2015-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERIFIED PUBLIC ACCOUNTANTS
November 23, 2016

CITY OF DUNDEE, OREGON
SCHEDULE OF FINDINGS TO REPORT INSTANCES OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2016

CURRENT YEAR FINDINGS

See prior year finding.

PRIOR YEAR FINDINGS

2015-1 Compliance with reporting requirements

Criteria:

The City is required to prepare its annual financial statements in accordance with generally accepted accounting principles (GAAP) based on the DEQ and Oregon Transportation Infrastructure Bank loans.

Condition:

The City reports on the modified cash basis of accounting, as allowed by the State of Oregon. The modified cash basis of accounting is not in compliance with the loan requirements.

Cause:

The City does not have historical cost records for capital assets prior to 2007.

Recommendation:

We recommend the City establish cost records for capital assets that would allow reporting in accordance with generally accepted accounting principles (GAAP).

Current Year Update:

The City has not established cost records for capital assets prior to 2007.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

City Council Members
City of Dundee, Oregon
P. O. Box 220
Dundee, Oregon 97115

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Dundee, Oregon (the City) as of and for the year ended June 30, 2016, and have issued our report thereon dated November 23, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the City did not retain documentation for one of the intermediate procurements selected for testing and therefore compliance could not be verified. See the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for additional comments.

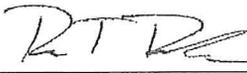
Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

This report is intended solely for the information and use of the City Council, management of the City, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 
Ryan T. Pasquarella, A Shareholder
November 23, 2016

**CITY COUNCIL MEETING
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November 15, 2016**

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City of Dundee
City Council Meeting Minutes
November 15, 2016

Call to Order

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

Council and Staff Attendance

Present: Mayor David Russ; Councilors Jeannette Adlong, Storr Nelson, Tim Weaver, and Ted Crawford. Absent: Councilors Doug Pugsley and Kristen Svicarovich. Staff members: Rob Daykin, City Administrator; Peter Watts, City Attorney; Greg Reid, City Engineer; Doug Rux, Newberg Community Development Director, and Melissa Lemen, Administrative Assistant.

Public Attendance

Jennifer Sitter, 101 NW Brier; Tom Mortimer; and Saj Jivanjee

Agenda Changes

None.

Public Comment

Jennifer Sitter, 101 NW Brier, approached the Council and requested they look into creating City coding to protect property owner views. She informed that most of the City of Dundee is built on a hillside, and advised that protecting views would be beneficial for current and future residents. She indicated that she currently lives in the Vineyard Estates community and has an amazing view. She further advised that when she bought her house in 2008 she paid a premium price because of the view, and they were assured by the builder that the lot below them would have a one-level house. However, the builder ended up selling the lots and the new builder is currently building three-story houses that are blocking the views of residents from all angles. She advised that she recently emailed the Mayor and the City Administrator regarding this issue. She reviewed the reply she received from Rob regarding the matter, including the portion which states that, "This issue has been raised in the past, but because this issue depends on unique circumstances of the situation, the general feeling is that it is best left to the owners to negotiate and arrange or buy those protections from their neighbors." Ms. Sitter advised that she did negotiate a view protection, but since the original builder has sold the lots and the City does not have any restrictions on blocking views she feels her view is no longer protected. She advised that she has many neighbors that would also like some protection in the form of a height restriction on new houses and also trees.

Mayor Russ informed that he is presently in contact with the builders' agent regarding a property in that area, and they said that the builder has already planned what models that they want to put on all of these lots and that the builder doesn't want to build anything under 2500-2800SF in size. Ms. Sitter informed that she has spoken with her neighbors in the area who are all in agreement on this issue. She also advised that a few of her neighbors were under the impression that there is a 2-story height limit in Dundee. Councilor Adlong inquired about the process following when the subdivision is approved by the Planning Commission. She inquired about whether or not those specifics pertaining to house height, etc. are enforced. C.A. Daykin reviewed the building permit process in the City of Dundee. C. Adlong confirmed that there are certain height limits on houses. Ms. Sitter expressed concerns regarding trees and pointed out that there are some enormous trees blocking other people's views. C. Weaver pointed out that this is a significant issue just above her location on Viewmont and Walnut Streets. C. Crawford advised that he would support tasking the Planning Commission to start looking at other

ordinance examples that protect views. He further advised that there are ordinances in California and Washington that have been passed to protect views, particularly of trees or tall buildings. C. Adlong pointed out that there is something in our ordinances to protect the solar access for a home, and conversation ensued regarding this. Mayor Russ asked the City Council members whether or not there is a consensus to look into this issue further. C.A. Daykin advised that this topic could be added to a future agenda for further discussion at that time.

Consent Agenda

The motion was made and seconded to approve Consent Agenda item 5.1 City Council Minutes, November 1, 2016. **The motion** passed unanimously.

Old Business

Charles Street Storm Improvements

C.A. Daykin provided the Council with a copy of the memo dated November 15, 2016 from City Engineer Reid regarding the Charles Street Storm Improvements. He advised that bidding was opened today for the project which C.E. Reid is here to discuss in further detail. C.E. Reid reviewed the fact that the need for the project originated a little over a year ago following a severe storm in early December which caused flooding across a residential property in the area as well as flooded the basement. After consideration of possible alternatives, C.E. Reid concluded that the best route would be a diversion off of Charles Street, which would be the most cost-effective way to solve the specific flooding issue as well. He further advised that C.A. Daykin secured some money through an outside loan to help fund the project. C.E. Reid informed that though he was hopeful to keep the cost of the project below \$50,000, the bids did come in above that. He discussed the benefits of the project which not only include addressing the flooding issue on Charles Street, but will also divert water from the north side of Neiderberger Road to the south side which will reduce the flows to the Myrtle Street system. He explained that at the bottom of Myrtle Street the existing pipe "T's" in a manhole which is not a very good flow situation; moving that additional flow out of there will likely benefit the whole area. C. Nelson inquired about where within the project there may be potential for unanticipated conditions or change orders. C.E. Reid replied that working to get under the water line and the gas line that are along Neiderberger could be challenging. He advised that field measurements show there is only a couple of inches between the top of the storm pipe and the water line, but the gas line should be another foot above which should not be an issue. C.E. Reid advised that there are a couple of trees across the street that may pose an issue, but indicated that he already included the two additional trees. He also mentioned the fact that when digging along a ditch there is the possibility of running into unexpected things buried there. C.E. Reid discussed further details of the project with regard to water management. He advised that they will need to find a window of opportunity between storms in order to avoid a time of flooding. C. Nelson inquired as to when C.E. Reid completed his estimate. C.E. Reid advised that he re-did the estimate just before the bid because he had to redesign due to the depths of the waterline as well as change to 18" pipe. Discussion ensued further regarding specific concerns. **A motion** was made and seconded to authorize Staff to award the Charles Street Storm Improvements to C&M Excavation and Utilities for a contract price of \$59,999. **The motion** passed unanimously.

New Business

Potential TSP Amendment – 9th to 11th Linden Connection

Doug Rux, Newberg Community Development Director, was present on behalf of City Planner Jessica Pelz. He reviewed that C.A. Daykin and he had a conversation with a development group

with regard to the property at the SE corner of 9th and Alder Streets (459 SW 9th Street) regarding a potential development. He advised that part of those discussions related to the Transportation System Plan (TSP). He reviewed that the new Plan recently adopted has the connection of Linden Lane going from 11th Street, connecting over to 10th Street, and then realigning from Linden north of 9th Street. He noted that back at the time that the TSP was being prepared and it was going through the Planning Commission and the City Council, there were various discussions pertaining to Linden Lane. In the final adopted version of the TSP there is a roadway connection in between. Mr. Rux advised that in the discussions that they've had with the development group (present this evening), they have asked if the City Council would be interested in considering an amendment to the TSP to remove the roadway portion between 10th Street and 9th Street, and replace it with a bike/pedestrian connection instead. Mr. Rux further explained that the TSP is a part of the Dundee Comprehensive Plan, so a TSP amendment would require a Comprehensive Plan Amendment process that would require compliance with the Transportation Planning Rule. He noted that there is a traffic analysis that would also need to be completed as part of that process. He advised that it would then go back in front of the Planning Commission and then come back in front of the City Council for their final decision. Mr. Rux reviewed the drawings included in the Agenda Packet on pages 12-16. Mr. Rux noted that a potential amendment would really encompass two pieces. First, it would be showing 10th Street as a road connecting all of the way from Alder down to 99W and, secondly, the issue involving a potential road connection between 10th and 9th Street or potentially a pedestrian connection to provide more flexibility for the development concept.

Mayor Russ inquired as to whether or not the developer owns the property where 10th Street would be which Mr. Rux confirmed that indeed they do. M. Russ then inquired about whether it would be a huge change in the TSP if the connection were moved a little further north so that it didn't line up exactly with Linden Lane on 9th Street. Mr. Rux explained that the issue is that there would be separation between the intersection connections; 100 feet from the center line would be required¹. He further explained that if the connector street was located at the eastern most portion on this property, there would not be that required 100 foot spacing between the centerline of Linden and the centerline of the new road. M. Russ inquired about the 100 foot requirement and Mr. Rux discussed the separation requirements pertaining to intersections on roadways as contained within the Development Code. Detailed discussion ensued regarding potential issues involved with moving the connector street to the east on the property. Mr. Rux also discussed the potential possibility of reducing the roadway width of that connector street, presently identified as a 60 foot right-of-way. He informed that upon discussion today with C.A. Daykin, it was noted that a 50 or 55 foot width may be a possibility so that the separation distance between two intersecting streets could be obtained. This potential option was discussed in further detail. M. Russ inquired about whether or not offset streets are permitted within the Development Code. Mr. Rux explained that they are allowed as long as they are 150 feet or more from centerline to centerline. Mr. Rux reviewed the fact that the issue at hand is whether or not the City Council would consider initiating an amendment to the TSP to drop that section of roadway between 9th Street and 10th Street, and instead have that as a bike/pedestrian connection.

C. Nelson reviewed the fact that previously there was a lot of discussion about trying to get traffic ultimately over to 11th Street, with 11th Street being the gateway to the southeast side of town.

¹ Following the meeting, staff determined the 100-foot separation was not correct. DMC Section 17.305.030.F states "All streets other than local streets, or cul-de-sacs, as far as practical, shall be in alignment with existing streets by continuation of centerlines thereof. The staggering of street alignments resulting in "T" intersections shall, wherever practical, be avoided. If unavoidable, the "T" intersection shall leave a minimum distance of 200 feet between the centerlines of streets having approximately the same direction. A "T" intersection having less than a 200-foot separation from the centerline of another street shall be subject to the review and approval of the city engineer."

Discussion ensued regarding additional details contained within the TSP pertaining to the streets in that area.

Mayor Russ pointed out that the present plan appears to be an improvement over the concept from the prior TSP of having 9th Street connect over to 10th Street, which would have cut right through their property on a diagonal.

Mayor Russ invited the development group to come forward and express their thoughts. Tom Mortimer introduced himself and advised that he is the principal owner of the discussed property for the past twenty years. He advised that it is the present site of Bag It Systems, a company which he indicated they have owned for about twenty years. He shared his view that this particular piece of property is an important piece of property for the City of Dundee, referring to it as the gateway to wine country. He advised that he has retained and created a partnership with Saj Jivanjee, who is also present. He informed that Mr. Jivanjee is a very experienced developer, architect, and also a very creative person. Mr. Mortimer explained that they also work together collaborating on a wine related project. He further informed that he himself has a winery and a wine brand. Mr. Mortimer advised that they have some exciting plans for the discussed property. He informed that this is an important discussion that would fundamentally influence the viability of what they would hope to do on the land. He went on to add that if the road comes straight through from Linden Lane it separates off a portion of the land, totally changes the economics of the project, and potentially throws the project into questionable viability. He further noted that they understand and embrace the notion of creating crossflow parallel to 99W. However, he shared their opinion that the concept to continue Linden Lane through doesn't necessarily solve the primary goal, and at the same time it impairs what they could potentially do with their property which is the reason for their request.

Saj Jivanjee advised he owns a winery and is very familiar with the area. He advised that he and Mr. Mortimer created a relationship to develop the discussed property. He advised that he is a developer, architect, and also does a little urban design. He indicated that he looks at not just this particular aspect of the project, but what can be done to enhance the overall highest and best use of the property while also enhancing the property with regard to the net benefit for the City of Dundee. Mr. Jivanjee discussed his thoughts as they pertain to the present layout of streets in the area, as well as suggested his idea for the placement of a roundabout in the area of Alder and 9th Street, which he feels would create a gateway and soft approach for traffic. He also suggested the idea of connecting 10th Street up to Alder Street, and then come to an intersection at 9th Street and Alder Street with a roundabout and significant iconic image (some kind of a sculpture). Mr. Jivanjee further expressed his opinions with regard to the TSP as it pertains to his property, while also expressing concern for the benefits to the City as well. He expressed his opinion that this property could be developed in a very exciting way and brings a lot of benefits to Dundee. He offered that they have some ideas but are not sure which direction to go unless they have some guidance from the Council, as well as them looking at things in a much broader perspective.

C. Nelson supported that they have come forward with ideas, but pointed out that there is a lot of traffic coming down 9th Street, and the majority of our commercial property is also on the north side of 9th Street. He advised that the City is trying to maintain connection between the hillside of Dundee and the Riverside of Dundee, and 99W along with the railroad crossings. C. Nelson advised that they've had a lot of discussions about 10th and 11th Street, and it was decided at the Council level that 11th Street was the best choice. He further advised that with the two sets of railroad tracks which don't line up, coupled with the need to get traffic flow from one point to another, it is difficult to accomplish without cutting properties in half. Mr. Jivanjee pointed out that if they review the plan they have laid out, it is possible to make Alder a pretty interesting street. He suggested that the idea of the roundabout would slow down the traffic coming down

the hill, creating a center there. M. Russ advised that he likes the idea of the roundabout potentially for that area in the future, but with regard to Alder Street, he doesn't feel their plan serves the purpose that the City is looking at. M. Russ acknowledged their concern for the highest and best use of their property, but pointed out that as a City Council they are concerned about the highest and best use of the City. He also pointed out that with regard to Linden Lane, in the completion of the TSP will be a connection from 5th Street to 11th Street. This is a significant connection where there is a light at 5th Street and it goes all of the way to 11th Street where the goal is to have people be able to cross and get down to the Riverside District. Discussion ensued further regarding the pros and cons of the proposed design, as well as additional details reviewed with regard to the TSP. M. Russ raised the topic of the difficulty in the City being able to finance such a plan, even if it were approved, and suggested that as developers it would likely be incumbent on them to complete 10th Street all of the way through if it were approved, or potentially put in the roundabout themselves in order to make this plan workable. Mr. Jivanjee suggested the possibility of utilizing Urban Renewal funds if those were available. He also pointed out that eventually the economics of this project will bring in additional tax revenue which will benefit not only the City and the developer, but will also provide a much greater public good. Mr. Jivanjee further explained that the public benefit and the private benefit need to have some symmetry. He pointed out that while transportation plans are done in good faith, he feels that the same objectives can likely be achieved through other ways of doing it as well. He again discussed his thoughts and opinions on the matter, and how the City could potentially benefit equally as well. M. Russ reviewed the fact that, as someone who works in real estate and has been involved with commercial properties and management for a long time himself, he feels strongly that they would gain a benefit by the City putting the road through their property. He pointed out that they would have more traffic (that otherwise would have been on 99W) passing through their business area all of the time. Mr. Jivanjee inquired about whether or not there are any other options to be considered.

C. Crawford inquired as to whether or not Mr. Jivanjee would be willing to help pay for the cost of a roundabout. Mr. Jivanjee supported the idea of looking at all options. He further advised that at this point they cannot determine what the economic benefits of this land are and they have no direction at the moment. He explained that if they knew the entire property could be developed into something that would create economic benefit, that would justify the infrastructure costs and they may be willing to work with the City on these costs. He reiterated that their property is prime real estate property in the City and doesn't see the value in cutting across it. C. Crawford inquired as to whether or not they'd be more willing to pay for the costs of a roundabout if the City took the road out and put in the bike/pedestrian crossing instead. Mr. Jivanjee suggested the idea of creating an LID or utilizing other tools, and expressed concern that at this time there is no direction for them to move forward. He indicated that at such time when an agreement is made between both parties, then there would be a plan that they could work with. C.A. Daykin inquired as to the Council's thoughts if in lieu of a public built street, to have that connectivity between 9th and 11th Street more or less follow this pathway with interconnecting public easements that connect to parking areas. He compared his thoughts to projects in Sherwood where different mall structures have been built with inner connecting parking lots and pathways between the different ownerships of properties. He proposed this as a potential idea to consider that might satisfy the need for moving traffic north/south between 9th and 11th Street. M. Russ pointed out that it's a good idea, but he is concerned about traffic flow in the area. C. Nelson shared his concern, and discussed the idea of "parking lot roadways" which he indicated that he observes more and more as time goes by. Conversation ensued regarding potential complications from C.A. Daykin's suggested idea, as well as further discussion regarding the goals for future traffic flow through the City of Dundee. Mr. Jivanjee reviewed again his idea for moving the road to the lower section of their property so as to avoid chopping it up. The details of this were discussed at length. Mr. Jivanjee expressed his concern that the City may be inclined

go through their property there due to the fact that presently there are no structures located in the area. C. Nelson responded by explaining that the City does not make these decisions lightly and understand that they are impacting someone severely and significantly. Mr. Jivanjee discussed further concerns with the Council, and inquired as to the basis for their decision. M. Russ pointed out that due to the fact that Linden Lane comes out in that location, it a favorable place to connect. M. Russ also pointed out that though Mr. Jivanjee expressed concerns regarding their participation and costs associated with the plan they are suggesting to Council, they are asking the City to alter a plan that is already in place, and they need to consider what they would be willing to give to make that happen. M. Russ suggested the idea of taking an immediate angle where it connects to 9th Street so that they are getting more of their bulk piece of property all together, giving them more contiguous land. The details of this option were discussed at length. Mr. Jivanjee inquired as to what further improvements they would be responsible for regarding this option. C. Nelson pointed out that corner lots covering entire blocks can be costly with the extensive street frontage. M. Russ invited Mr. Jivanjee to submit a request as things move forward, if he so desired, to our Urban Renewal Agency, to see if they can help with any of those costs. C. Crawford pointed out that 10th Street to Alder Street is not reflected in the TSP. Mr. Jivanjee pointed out that, though it may not be part of the TSP, 10th Street is developed there is industrial ground on both sides with accessibility. The opportunity given to then develop and have access on the backside of 9th Street has tremendous economic benefit. M. Russ suggested the potential idea of the developers building a private drive along the back side of their property.

Mr. Mortimer raised again the topic of the 100 foot offset, and the fact that their property isn't quite long enough to generate that 100 feet from Linden Lane. Though he hasn't surveyed or measured it, he inquired about the possibility that if the street weren't quite as wide or if there were certain provisions made that maybe they could get to the 100 feet. M. Russ explained that 9th Street is a connector street, and because of that designation it's a given width. Also, because of that designation and having its given width, there cannot be an offset street on it. C. Nelson and C.E. Reid pointed out that Mr. Mortimer is referring to the Linden Lane connection. C.E. Reid advised that the Dundee Improvement Design Standards uses 150 feet, which he noted to be a very conservative standard adopted by ODOT. He further advised that there are strategies for offset sidewalks that are presented by the City of Portland, making it possible to provide good pedestrian crossings. He supported the importance of the cross-connectivity that is supported in the TSP. He advised that if we wait and go all of the way to Alder and just provide the pedestrian crossing, there is still over 1000 feet before we get to Alder, which is well over the 600 feet between intersections that is needed. He advised that the City would also be giving up parking and other amenities that would go along this potential street. Mr. Reid explained that he'd rather consider the offset option that not have the street, but informed that it needs to be understood that if this is completed we will have people trying to get across town off of the highway that are going to turn onto 9th Street and then go up and stop to take the right, so it will slow down traffic on 9th Street. He noted that if the City is trying to create a commercial zone in this area that maybe it's not as critical. M. Russ pointed out that the offset is technically more hazardous as well. C.E. Reid added that with this option there are more potential conflicts with pedestrian crossings, but there are some strategies to address that.

Mr. Jivanjee inquired of the Council as to how flexible they are with regard to the zoning of light industrial; he asked whether the City would be open to the development of some frontage on 9th Street as commercial and in back industrial if they managed to do the road connection. He further explained the importance economically of having frontage for along 9th Street to offset the mitigation on that, and inquired as to whether or not the Council would be open to that. City Attorney Watts clarified that the developers are in fact asking the City to consider amending their Comprehensive Plan and TSP. He went on to add that as a general rule, it has been difficult for jurisdictions to get industrial land rezoned into commercial. C.A. Watts informed that there was

some legislation a few sessions ago that would essentially prohibit it unless there were some fairly radical changes that had occurred. He advised that it would make sense to check in with the Department of Land Conservation and Development (DLCD) and informed that this can be quite a lengthy process. C.A. Watts pointed out that initially what was being asked and what was publically noticed was a bike/pedestrian pathway for consideration. Going through that process would require working with Staff, moving on to Planning Commission, and then a return back to City Council. C.A. Watts further discussed the details of the process. He advised that any of the changes being discussed will need to go through the TSP amendment process, the details of which were also discussed. C.A. Watts advised that the safest option would likely be to publically notice the desired proposal, and to have the developers come back with further detailed information.

C. Crawford inquired about the present Bag It Systems building with regard to plans for the future. Mr. Mortimer advised that the current concept that they have, which is subject to figuring out how to make it all work economically, would be that the building would be removed and it would be replaced with a series of synergistic and architecturally compatible buildings. He advised that this would be a considerable uplift from where things are at right now. He also advised that the problem they keep running into is the fact that right now they have a recycled bag plant which is in pretty bad shape sitting where it is, and they keep trying to find a platform to make the economics of this work. He informed that he believes they have a plan but he doesn't know if that plan works with a road going through the property. Conversation ensued further regarding thoughts and ideas for the future of the mentioned property.

Mayor Russ asked the Council their thoughts on the potential TSP amendment. C. Weaver advised that his initial thought is that the City should stay with the original plan, although he is still open to development. He pointed out that this is an important link in the TSP. C. Nelson advised that he is not in favor of initiating a TSP amendment for installing a bike/pedestrian pathway, but he is open to entertaining new ideas and suggested that maybe the Urban Renewal District would be a good avenue to move that forward. C. Crawford pointed out that the developers have said that if they do go forward with this development that the property value will increase immensely which could go towards urban renewal. He further advised that although there will be other urban renewal funds from the rest of the City area, if they really got this going it could generate a substantial amount of urban renewal dollars. C. Nelson reviewed the fact that connecting 9th Street with the river is an important issue and that their property is a key component. C. Crawford pointed out that connecting 10th Street to Alder really doesn't meet their objectives because of the restricted railroad crossings, which is why 11th Street was chosen. 11th Street also aligns nicely with the Fulquartz Road area property. C. Crawford advised that at this time he does not support the bike/pedestrian pathway although he indicated that he is flexible as he wants to see development on this property. C. Adlong pointed out that they've been trying to get something on this property for a long time and she'd like to be able to work with the developers. She pointed out that while right now it's not very dense and may not seem like we need the connection right now, if the density does increase then we do need to have some way between 9th and 10th Street. She indicated that she may be open to an offset street or another solution. She explained that initially she thought the bike/pedestrian pathway would be great, but as she looked to the long-term she realized the importance of having a crossing. M. Russ advised that he feels similarly, though he indicated he is always open to possibilities to do something that works for everyone. The one thing that he indicated that he is not negotiable on, and he feels there are other Councilors who support as well, is the fact that there needs to be vehicle traffic through the area from 5th to 11th Street. M. Russ informed that at this time Council does not support moving forward with an amendment to the TSP as proposed.

Marijuana Tax Collection Agreement

C.A. Daykin informed the Council that many cities expressed their interest in having the Oregon Department of Revenue (DOR) collect their respective local marijuana taxes, which he explained may be due to the fact that they hadn't yet experienced actual collections which Dundee has. C.A. Daykin explained that this process has been working well for the City of Dundee, and that they still meet with the provider to complete the cash transaction at the bank which has gone well. He further shared that the State is handling the process the same way; appointments must be made to pay marijuana tax in cash at the Salem office only. C.A. Watts offered his thoughts on the matter and a brief discussion ensued regarding this and the potential pros and cons. M. Russ inquired as to whether the City is at risk when deposits of cash are made into City accounts, comingling City funds with federally vilified money. C.A. Watts replied that he doesn't believe everything would be at risk, and further explained that there are eight additional states that passed legislation; and with the addition of each new state that comes online he believes the risk of Federal action lessens. The consensus of Council was to hold off on entering into an agreement with DOR for the collection of Dundee's local marijuana tax at this time.

Preservation of Views

Mayor Russ initiated a discussion regarding preservation of views. He suggested that the Council may want to advise the Planning Commission to investigate legislation regarding view protections. C.A. Daykin inquired about what the public purpose would be in terms of public need. He informed that if the Council is concerned about preserving tax value, as Ms. Sitter indicated in her email, that while this may indeed protect her tax value, it lessens the values of others if further restrictions are being put on how they develop their property. C.A. Daykin expressed concern about going down this path for the remaining few properties that are left in the City of Dundee on the hillside that potentially could be developed. C. Adlong pointed out that she believes trees are the bigger issue. C.A. Daykin pointed out that when the tree ordinance was created he specifically asked the Council at that time if they wanted to deal with legislation on private properties to which they declined. M. Russ pointed out that when trees reach a certain height they also become hazardous as well. C. Adlong pointed out that the Council has changed since the original requests for the tree ordinances were discussed and people came to the Council 10-15 years ago. C.A. Daykin informed that two different issues are being raised. He advised that the tree issue can be dealt with as a Municipal Code issue; he doesn't believe it would need to be dealt with through the Land Use Code.

City Attorney Watts advised that normally a view issue is taken care of either through CC&R's or by purchasing air rights. C.A. Watts explained both of these options in greater detail. He also advised that the definition of blocking a view can be difficult to ascertain. C.A. Watts explained that the trend he is seeing in view protection with regard to trees presently goes in the opposite direction, where there is protection for trees so that when people are looking at the side of the hill they see trees instead of houses. C.A. Watts advised that his only concern with tasking the Planning Commission with what to do pertains to the difficulty in defining view protection. C. Crawford suggested, and C. Adlong supported, reviewing model ordinances in California and Washington to see what they do and what we may be able to copy. C.A. Daykin pointed out that we have limited resources for this potentially large project. He informed that this going to require a large amount of research, multiple workshops with the Planning Commission before we get to the stage of developing a regulation to have a public hearing, and will take 6-7 months at the very least. He advised that if the Council feels this is an important issue and there is a public need, he will move forward if they so desire. M. Russ acknowledged that the building issue is a separate conversation to have. M. Russ pointed out that the tree issue is a concern that people have, and that he has been contacted by a few residents regarding the problem. C. Adlong pointed out that

we have Cascade peaks, Mt. Hood and Mt. Jefferson which are all seen from the hill; this is a nice view. She explained that evergreen trees can grow to be 100 feet tall and completely block a view. She supported the fact that having trees is important, but that there are deciduous trees that don't grow over 40-50 feet tall and ways to have a lot of trees around without completely eradicating everyone's views for ½ mile behind. She further advised that she hears complaints about the issue from people who live off of Viewmont and off of Alder; they are not concerned with trees planted near to them but those that are planted down off of 1st Street and Peach, Plum and Cherry Streets that are ¼ mile ahead of them. She further advised that the residents are upset about the fir trees that are blocking their views and they don't know what to do about it. Discussion ensued regarding possible solutions for this issue. C. Adlong pointed out that what we do have in our Code now pertaining to solar access needs should be something that can be enforced. She discussed her concerns in greater detail. C.A. Watts pointed out that it may become complicated if one resident feels that another's tree is blocking their view and they need to cut it down; with many different potential situations it would need to be defined as to whom is the responsible party required to pay the cost of cutting or trimming the tree. C. Weaver suggested the idea of doing some grandfathering in with regard to some instances, which C. Adlong supported the idea of as well. C. Weaver pointed out that Ms. Sitter had said that there is not a significant issue with the height of the homes going in around her; what she is concerned about more than anything are the trees and the potential of the trees growing taller. C. Weaver also pointed out that though the builder hasn't yet started building in front of her residence, she indicated that she was assured the home is not going to block her view. He advised it would seem this to be her issue to take up with the builder, though he inquired as to whether or not the City could take action to potentially protect that.

C.A. Daykin reviewed the fact that if this is a vital important public issue we will move forward with the process, though it won't be an easy one. C. Weaver explained that the view from his home on the top of the hill on Viewmont was cut in half by trees. Upon moving halfway down the hill he indicated that he tripled his view and thus understands the issue at hand very well. C.A. Daykin suggested the possibility of the matter being taken upon by the concerned resident talking to their neighbor regarding the issue to come to a compromise. The consensus of the Council was that this would be unlikely to happen. M. Russ supported the idea of looking into this and taking care of the matter for the residents of Dundee. M. Russ inquired about whether or not the building aspect of view protection would go into Land Use or if it were something that could be in design standards. C.A. Watts advised that it may depend on how it's taken up; if it's a broad view protection that limits building height his thought was that it would be Land Use and not just Code. He further advised that the building piece of this makes the issue more problematic. He also noted that if the developer (with regard to the Sitter's home) did indeed inform all of those people that their view would not be blocked and then didn't put any restrictions on the lower lot's, then really her course of action would be against the developer. C. Adlong inquired as to whether or not the Planning Commission put restrictions on the height of some of the homes in Graystone subdivision as a result of a neighbor who came and testified during the Planning Commission hearing. C.A. Daykin informed that the developer did so voluntarily. M. Russ inquired as to what the City of Dundee's height limit restriction is presently to which C.A. Daykin replied that 30 feet is the limit for a residential structure. M. Russ suggested moving forward with the tree issue only as the building component seems too complicated. C.A. Daykin asked the City Attorney whether it is a Land Use action if their focus is just trees; he was hopeful it could be a City Code provision. C.A. Watts advised that City Attorney Shelby Rihala will be taking on the project and he felt fairly confident that it should be able to be added as a Municipal Code section. C. Adlong pointed out that there needs to be an education process moving forward as well, possibly including articles in the City newsletter, so that Dundee residents are considerate and aware that what they plant in their yards affects the people around them. **A motion** was made and seconded to direct the Planning Commission to

research the issue of trees and recommend an ordinance regarding trees and views pending City Council approval. **The motion** passed unanimously.

Council Concerns and Committee Reports

C. Adlong expressed her appreciation to City Engineer, Greg Reid, for everything he did with regard to the Viewmont Greenway project. She expressed her appreciation for the drinking fountain, the beautiful bridge, and is very pleased with how the project turned out overall. C.E. Reid pointed out that the Public Works did a lot of work on the project and their efforts were praised as well.

C. Crawford advised that, with regard to his concerns pertaining to the incomplete landscaping of the fishhook area of the bypass, he recently spoke with Tom Potter regarding the issue. Mr. Potter informed him that they are still working on it. C. Crawford advised that he himself went back and looked at the drawings which showed the fence built just as it is now. He is hopeful that they won't continue it the rest of the way around the pond area. He further advised that at this time it definitely doesn't look completed, but it may be too wet for them to do any further work right now. With regard to the dead trees noted along the area, C. Crawford advised that Mr. Potter feels the water table is to blame. It was noted that the trees planted are guaranteed for three years and will be replaced. C. Adlong expressed her opinion that the soil is the reason the cedar trees died.

Mayor's Report

Mayor Russ reviewed the fact that the new traffic light that was installed at the Bypass intersection with Highway 99W south of Dundee earlier this week was not operating properly. C. Crawford noted that they were working on it yesterday. M. Russ shared that when he traveled through the area at 7:00 pm this week he noted traffic to be light through Dundee but backed way up to the west of town. He indicated that he contacted OSP and advised them of the malfunctioning light which was causing a traffic hazard. C. Weaver noted that presently there are several construction rigs off of the fishhook, over the overpass and down into that area. He advised that once that light gets timed with the 5th Street light he believes we will see some better controls going between them.

Regarding the bypass, C. Adlong asked C.A. Daykin if the letter regarding the lights had yet been completed. C.A. Daykin advised that he and C. Svicarovich did have a discussion regarding this. He advised that C. Svicarovich reviewed the work plans and the information from those findings was shared with Kelly Amador, ODOT. Kelly said she would follow through on the issue. C.A. Daykin informed that the issue addressed was why they are using different lighting fixtures in Dundee versus other areas of the bypass project. He advised that she did not have an answer for that, so she said she would follow up on it. He further advised that he was planning on inviting her to attend the next City Council meeting to provide information on that as well as a status update on the bypass project itself. C.A. Daykin advised that she also confirmed that the fence being built would only be a partial fence; they are not going to put a fence all of the way around. He also reviewed that they have not completed construction of the landscaping in that area yet. C.A. Daykin informed that Kelly did share that she will be speaking with Ernest Kim, ODOT Lighting Specialist that designed the project, as she did not understand his position on the issue.

City Administrator's Report

C.A. Daykin advised that the property tax state levy came in, and indicated that it is a little bit higher than the 3.4% increase in assessed value; it came in at 5%, which translates into about an additional \$8,800 in tax revenue for the City of Dundee.

Regarding the additional \$900,000 to be applied towards our project, he advised that he and C.E. Reid did provide comments back to Tony Snyder, ODOT; Tony said he did review those and he's meeting with the agreement writer tomorrow morning. Presumably they'll be able to wrap that up and get it to DOJ which could take 2-3 weeks.

C.A. Daykin advised the Dundee Urban Renewal Advisory Committee is going to have their final independent meeting on December 7 or 8, 2016. He advised that he's had a number of people who have said they cannot make it to one or the other of those dates, and invited the City Council to set the date for the meeting. He advised that C. Svicarovich cannot attend a meeting on December 8th and C. Nelson cannot attend a meeting on December 7th; he had not yet heard from David Russ. The consensus was to set the date of the meeting for December 7, 2016. C.A. Daykin advised that the consultant recommended that following this meeting would be a good time to bring the Committee back to meet jointly with the Agency. The consensus of the Council was to set the joint meeting for January 3, 2016 at 6:00 pm, just prior to the scheduled 7:00 pm City Council meeting.

C.A. Daykin advised that the second City Council meeting night in December is the time when we would normally schedule an Employee Appreciation Event. He advised that two Staff members won't be able to attend this year, and invited any City Council members to step forward who may be willing to participate in the planning process. A decision also needs to be made as to what will be planned. Options including the idea of having dinner at La Sierra were discussed. M. Russ supported the idea of having dinner at a restaurant, which would require less planning needing to be done by the Staff. C. Crawford suggested also checking with Babica Hen as an additional option as they have a banquet room that may be available above their restaurant. The consensus of the Council was to move forward with planning a dinner, and the majority supported the idea of reserving the banquet room at La Sierra for the event. A specific time for the event was not set, but it will likely be immediately after the office closes at 5:00 pm.

Public Comment

None.

The meeting was adjourned at 8:50 pm.

Executive Session

The City Council entered Executive Session at 8:51 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 9:07 P.M.

David Russ, Mayor

Attest:

Rob Daykin, City Administrator/Recorder

City of Dundee
Statement of Revenues & Expenditures
01-General Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Taxes	7,077	73,319	677,200	-89%	(603,881)
Franchise Fees	4,201	18,484	139,700	-87%	(121,216)
Licenses & Permits	5,788	31,896	63,200	-50%	(31,304)
Intergovernmental Revenue	3,046	24,007	151,200	-84%	(127,193)
Charges for Services	16,673	74,516	212,300	-65%	(137,784)
Fines & Forfeitures	2,913	20,598	54,000	-62%	(33,402)
Miscellaneous Revenues	730	5,049	7,700	-34%	(2,651)
Total REVENUES	40,427	247,870	1,305,300	-81%	(1,057,430)
EXPENDITURES					
General Govt	38,268	123,138	337,700	64%	214,562
Court	2,262	6,726	21,400	69%	14,674
Community Development	12,058	49,075	121,800	60%	72,725
Police Services	45,304	166,850	479,500	65%	312,650
Fire Services	45,250	141,962	404,200	65%	262,238
Total EXPENDITURES	143,141	487,751	1,364,600	64%	876,849
Excess (deficiency) of Revenue Over Expenditures	(102,714)	(239,881)	(59,300)	305%	(180,581)
OTHER FINANCING SOURCES (USES)					
Transfers In	9,060	35,278	92,200	-62%	(56,922)
Transfers Out	0	0	(248,000)	-100%	248,000
Other Uses	0	0	(80,000)	0%	80,000
Total OTHER FINANCING SOURCES (USES)	9,060	35,278	(235,800)	-115%	271,078
NET CHANGE IN FUND BALANCE	(93,654)	(204,603)	(295,100)	-31%	90,497
BEGINNING FUND BALANCE	372,779	483,728	480,700	1%	3,028
ENDING FUND BALANCE	279,125	279,125	185,600	50%	93,525

CITY OF DUNDEE

Statement of Revenues and Expenditures

01 - Admin / Finance

001 - General Fund

From 10/1/2016 Through 10/31/2016

(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
EXPENDITURES					
Personnel Services					
Salaries & Wages	12,829	51,157	154,400	67 %	103,243
Personnel Benefits	5,640	22,815	74,100	69 %	51,285
Total Personnel Services	18,469	73,972	228,500	68 %	154,528
Materials & Services					
Supplies	327	2,291	4,000	43 %	1,709
Professional Services	8,207	17,032	48,100	65 %	31,068
Contractual Services	110	441	1,300	66 %	859
Travel & Training	431	8,236	12,800	36 %	4,564
Insurance	8,000	8,000	7,800	(3)%	(200)
Regulatory Requirements	0	0	900	100 %	900
Utilities	547	2,202	6,400	66 %	4,198
Repairs & Maintenance	155	1,213	9,200	87 %	7,987
Other Materials & Services	2,022	5,276	14,200	63 %	8,924
Total Materials & Services	19,799	44,690	104,700	57 %	60,010
Capital Outlay					
	0	4,475	4,500	1 %	25
Total EXPENDITURES	38,268	123,138	337,700	64 %	214,562

CITY OF DUNDEE
Statement of Revenues and Expenditures
02 - Court
001 - General Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
EXPENDITURES					
Personnel Services					
Salaries & Wages	697	2,765	8,600	68 %	5,835
Personnel Benefits	<u>461</u>	<u>1,863</u>	<u>6,700</u>	<u>72 %</u>	<u>4,838</u>
Total Personnel Services	1,158	4,628	15,300	70 %	10,672
Materials & Services					
Supplies	0	0	200	100 %	200
Professional Services	0	0	400	100 %	400
Contractual Services	274	1,096	3,900	72 %	2,804
Travel & Training	806	888	500	(78)%	(388)
Other Materials & Services	<u>24</u>	<u>114</u>	<u>1,100</u>	<u>90 %</u>	<u>986</u>
Total Materials & Services	1,104	2,098	6,100	66 %	4,002
Total EXPENDITURES	<u>2,262</u>	<u>6,726</u>	<u>21,400</u>	<u>69 %</u>	<u>14,674</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
03 - Community Development
001 - General Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
EXPENDITURES					
Personnel Services					
Salaries & Wages	814	3,239	10,300	69 %	7,061
Personnel Benefits	419	1,697	8,000	79 %	6,303
Total Personnel Services	1,233	4,937	18,300	73 %	13,364
Materials & Services					
Supplies	0	0	900	100 %	900
Professional Services	5,160	17,845	50,500	65 %	32,655
Contractual Services	5,609	26,053	36,000	28 %	9,947
Travel & Training	55	153	1,100	86 %	947
Other Materials & Services	0	88	15,000	99 %	14,912
Total Materials & Services	10,825	44,139	103,500	57 %	59,361
Total EXPENDITURES	12,058	49,075	121,800	60 %	72,725

CITY OF DUNDEE
 Statement of Revenues and Expenditures
 04 - Police Dept
 001 - General Fund
 From 10/1/2016 Through 10/31/2016
 (In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget</u>	<u>Percent Total Budget Remaining</u>	<u>Total Budget Variance</u>
EXPENDITURES					
Materials & Services					
Contractual Services	45,304	166,850	479,500	65 %	312,650
Total Materials & Services	<u>45,304</u>	<u>166,850</u>	<u>479,500</u>	<u>65 %</u>	<u>312,650</u>
Total EXPENDITURES	<u>45,304</u>	<u>166,850</u>	<u>479,500</u>	<u>65 %</u>	<u>312,650</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
05 - Fire Dept
001 - General Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
EXPENDITURES					
Personnel Services					
Salaries & Wages	15,769	59,096	180,400	67 %	121,304
Personnel Benefits	6,264	31,510	82,400	62 %	50,890
Total Personnel Services	22,033	90,606	262,800	66 %	172,194
Materials & Services					
Supplies	2,021	4,932	18,500	73 %	13,568
Professional Services	0	0	2,000	100 %	2,000
Contractual Services	1,913	14,354	30,000	52 %	15,646
Travel & Training	43	1,123	3,100	64 %	1,977
Insurance	17,234	17,234	16,600	(4)%	(634)
Regulatory Requirements	180	1,887	9,000	79 %	7,113
Utilities	1,696	4,210	16,500	74 %	12,290
Repairs & Maintenance	130	4,457	18,500	76 %	14,043
Other Materials & Services	0	491	700	30 %	209
Total Materials & Services	23,217	48,689	114,900	58 %	66,211
Capital Outlay	0	2,667	26,500	90 %	23,833
Total EXPENDITURES	45,250	141,962	404,200	65 %	262,238

CITY OF DUNDEE
Statement of Revenues and Expenditures
110 - Street Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Taxes	2,944	12,753	40,000	(68)%	(27,247)
Intergovernmental Revenue	18,827	65,958	185,000	(64)%	(119,042)
Miscellaneous Revenues	65	229	200	14 %	29
Total REVENUES	<u>21,837</u>	<u>78,941</u>	<u>225,200</u>	<u>(65)%</u>	<u>(146,259)</u>
EXPENDITURES					
Personnel Services	4,525	19,325	59,400	67 %	40,075
Materials & Services					
Supplies	317	843	4,200	80 %	3,357
Professional Services	0	851	7,300	88 %	6,449
Travel & Training	17	122	500	76 %	378
Insurance	1,604	1,604	1,600	(0)%	(4)
Regulatory Requirements	0	0	100	100 %	100
Utilities	1,942	7,554	22,300	66 %	14,746
Repairs & Maintenance	14	3,526	26,600	87 %	23,074
Interfund Services	2,341	9,364	28,100	67 %	18,736
Other Materials & Services	0	0	200	100 %	200
Total Materials & Services	6,236	23,865	90,900	74 %	67,035
Capital Outlay	0	0	7,000	100 %	7,000
Total EXPENDITURES	<u>10,761</u>	<u>43,189</u>	<u>157,300</u>	<u>73 %</u>	<u>114,111</u>
Excess (deficiency) of Revenue over Expenditures	11,076	35,751	67,900	(47)%	(32,149)
OTHER FINANCING SOURCES (USES)					
Transfer Out	0	0	(97,200)	(100)%	97,200
Other Uses	0	0	(5,000)	(100)%	5,000
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>(102,200)</u>	<u>(100)%</u>	<u>102,200</u>
NET CHANGE IN FUND BALANCE	<u>11,076</u>	<u>35,751</u>	<u>(34,300)</u>	<u>(204)%</u>	<u>70,051</u>
BEGINNING FUND BALANCE	88,260	63,585	38,800	64 %	24,785
ENDING FUND BALANCE	<u>99,336</u>	<u>99,336</u>	<u>4,500</u>	<u>2,107 %</u>	<u>94,836</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
111 - Street CIP Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Franchise Fees	0	8,465	41,400	(80)%	(32,935)
Intergovernmental Revenue	0	0	1,385,000	(100)%	(1,385,000)
Miscellaneous Revenues	75	379	260,200	(100)%	(259,821)
Total REVENUES	<u>75</u>	<u>8,844</u>	<u>1,686,600</u>	<u>(99)%</u>	<u>(1,677,756)</u>
EXPENDITURES					
Capital Outlay	1,751	125,774	2,233,500	94 %	2,107,726
Debt Service	0	0	26,600	100 %	26,600
Total EXPENDITURES	<u>1,751</u>	<u>125,774</u>	<u>2,260,100</u>	<u>94 %</u>	<u>2,134,326</u>
Excess (deficiency) of Revenue over Expenditures	(1,675)	(116,930)	(573,500)	(80)%	456,570
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	0	0	76,000	(100)%	(76,000)
Transfers In	0	0	85,000	(100)%	(85,000)
Other	0	0	200,000	(100)%	(200,000)
Interfund Loan	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>(100)%</u>	<u>(200,000)</u>
Total Other	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>(100)%</u>	<u>(200,000)</u>
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>361,000</u>	<u>(100)%</u>	<u>(361,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,675)</u>	<u>(116,930)</u>	<u>(212,500)</u>	<u>(45)%</u>	<u>95,570</u>
BEGINNING FUND BALANCE	94,769	210,024	215,000	(2)%	(4,976)
ENDING FUND BALANCE	<u>93,094</u>	<u>93,094</u>	<u>2,500</u>	<u>3,624 %</u>	<u>90,594</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
112 - Street Reserve Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Intergovernmental Revenue	50,000	50,000	0	0 %	50,000
Miscellaneous Revenues	67	138	200	(31)%	(62)
Total REVENUES	<u>50,067</u>	<u>50,138</u>	<u>200</u>	<u>24,969 %</u>	<u>49,938</u>
EXPENDITURES					
Capital Outlay	0	0	42,900	100 %	42,900
Total EXPENDITURES	<u>0</u>	<u>0</u>	<u>42,900</u>	<u>100 %</u>	<u>42,900</u>
Excess (deficiency) of Revenue over Expenditures	50,067	50,138	(42,700)	(217)%	92,838
NET CHANGE IN FUND BALANCE	<u>50,067</u>	<u>50,138</u>	<u>(42,700)</u>	<u>(217)%</u>	<u>92,838</u>
BEGINNING FUND BALANCE	42,800	42,729	42,700	0 %	29
ENDING FUND BALANCE	<u>92,867</u>	<u>92,867</u>	<u>0</u>	<u>0 %</u>	<u>92,867</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
122 - State Revenue Sharing Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Intergovernmental Revenue	0	11,536	25,500	(55)%	(13,964)
Miscellaneous Revenues	3	23	100	(77)%	(77)
Total REVENUES	<u>3</u>	<u>11,559</u>	<u>25,600</u>	<u>(55)%</u>	<u>(14,041)</u>
EXPENDITURES					
Materials & Services					
Professional Services	0	0	28,500	100 %	28,500
Contractual Services	2,000	2,570	7,600	66 %	5,030
Total Materials & Services	<u>2,000</u>	<u>2,570</u>	<u>36,100</u>	<u>93 %</u>	<u>33,530</u>
Total EXPENDITURES	<u>2,000</u>	<u>2,570</u>	<u>36,100</u>	<u>93 %</u>	<u>33,530</u>
Excess (deficiency) of Revenue over Expenditures	(1,997)	8,989	(10,500)	(186)%	19,489
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	13,000	(100)%	(13,000)
Transfer Out	0	0	(5,000)	(100)%	5,000
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>(100)%</u>	<u>(8,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,997)</u>	<u>8,989</u>	<u>(2,500)</u>	<u>(460)%</u>	<u>11,489</u>
BEGINNING FUND BALANCE	12,567	1,582	2,500	(37)%	(918)
ENDING FUND BALANCE	<u>10,571</u>	<u>10,571</u>	<u>0</u>	<u>0 %</u>	<u>10,571</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
127 - Equipment Reserve Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Miscellaneous Revenues	446	9,889	3,800	160 %	6,089
Total REVENUES	<u>446</u>	<u>9,889</u>	<u>3,800</u>	<u>160 %</u>	<u>6,089</u>
EXPENDITURES					
Capital Outlay	0	763	680,400	100 %	679,637
Debt Service	0	29,314	58,600	50 %	29,286
Total EXPENDITURES	<u>0</u>	<u>30,077</u>	<u>739,000</u>	<u>96 %</u>	<u>708,923</u>
Excess (deficiency) of Revenue over Expenditures	446	(20,188)	(735,200)	(97)%	715,012
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	136,200	(100)%	(136,200)
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>136,200</u>	<u>(100)%</u>	<u>(136,200)</u>
NET CHANGE IN FUND BALANCE	<u>446</u>	<u>(20,188)</u>	<u>(599,000)</u>	<u>(97)%</u>	<u>578,812</u>
BEGINNING FUND BALANCE	582,158	602,792	599,000	1 %	3,792
ENDING FUND BALANCE	<u>582,604</u>	<u>582,604</u>	<u>0</u>	<u>0 %</u>	<u>582,604</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
131 - Parks Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Intergovernmental Revenue	0	0	5,700	(100)%	(5,700)
Miscellaneous Revenues	0	15	4,100	(100)%	(4,085)
Total REVENUES	<u>0</u>	<u>15</u>	<u>9,800</u>	<u>(100)%</u>	<u>(9,785)</u>
EXPENDITURES					
Materials & Services					
Professional Services	0	0	2,500	100 %	2,500
Repairs & Maintenance	214	214	1,000	79 %	786
Total Materials & Services	214	214	3,500	94 %	3,286
Capital Outlay	7,605	22,073	30,000	26 %	7,927
Total EXPENDITURES	<u>7,819</u>	<u>22,287</u>	<u>33,500</u>	<u>33 %</u>	<u>11,213</u>
Excess (deficiency) of Revenue over Expenditures	(7,819)	(22,271)	(23,700)	(6)%	1,429
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	5,000	(100)%	(5,000)
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>(100)%</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	<u>(7,819)</u>	<u>(22,271)</u>	<u>(18,700)</u>	<u>19 %</u>	<u>(3,571)</u>
BEGINNING FUND BALANCE	(238)	14,214	19,100	(26)%	(4,886)
ENDING FUND BALANCE	<u>(8,057)</u>	<u>(8,057)</u>	<u>400</u>	<u>(2,114)%</u>	<u>(8,457)</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
151 - Tourism Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Taxes	7,395	26,885	43,100	(38)%	(16,215)
Miscellaneous Revenues	46	181	5,100	(96)%	(4,919)
Total REVENUES	<u>7,440</u>	<u>27,066</u>	<u>48,200</u>	<u>(44)%</u>	<u>(21,134)</u>
EXPENDITURES					
Materials & Services					
Professional Services	0	0	2,500	100 %	2,500
Contractual Services	449	3,182	47,000	93 %	43,818
Total Materials & Services	449	3,182	49,500	94 %	46,318
Capital Outlay	0	0	50,000	100 %	50,000
Total EXPENDITURES	<u>449</u>	<u>3,182</u>	<u>99,500</u>	<u>97 %</u>	<u>96,318</u>
Excess (deficiency) of Revenue over Expenditures	6,991	23,884	(51,300)	(147)%	75,184
NET CHANGE IN FUND BALANCE	<u>6,991</u>	<u>23,884</u>	<u>(51,300)</u>	<u>(147)%</u>	<u>75,184</u>
BEGINNING FUND BALANCE	73,879	56,987	52,600	8 %	4,387
ENDING FUND BALANCE	<u>80,870</u>	<u>80,870</u>	<u>1,300</u>	<u>6,121 %</u>	<u>79,570</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
201 - Fire Station Construction
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Miscellaneous Revenues	10	44	0	0 %	44
Total REVENUES	<u>10</u>	<u>44</u>	<u>0</u>	<u>0 %</u>	<u>44</u>
EXPENDITURES					
Materials & Services					
Professional Services	472	3,218	178,000	98 %	174,782
Total Materials & Services	472	3,218	178,000	98 %	174,782
Capital Outlay	0	0	4,000	100 %	4,000
Total EXPENDITURES	<u>472</u>	<u>3,218</u>	<u>182,000</u>	<u>98 %</u>	<u>178,782</u>
Excess (deficiency) of Revenue over Expenditures	(462)	(3,174)	(182,000)	(98)%	178,826
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	180,000	(100)%	(180,000)
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>180,000</u>	<u>(100)%</u>	<u>(180,000)</u>
NET CHANGE IN FUND BALANCE	<u>(462)</u>	<u>(3,174)</u>	<u>(2,000)</u>	<u>59 %</u>	<u>(1,174)</u>
BEGINNING FUND BALANCE	17,054	19,766	2,000	888 %	17,766
ENDING FUND BALANCE	<u>16,592</u>	<u>16,592</u>	<u>0</u>	<u>0 %</u>	<u>16,592</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
310 - Bonded Debt
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Taxes	149	2,615	150,000	(98)%	(147,385)
Miscellaneous Revenues	12	42	400	(90)%	(358)
Total REVENUES	<u>161</u>	<u>2,657</u>	<u>150,400</u>	<u>(98)%</u>	<u>(147,743)</u>
EXPENDITURES					
Debt Service	<u>0</u>	<u>0</u>	<u>150,200</u>	<u>100 %</u>	<u>150,200</u>
Total EXPENDITURES	<u>0</u>	<u>0</u>	<u>150,200</u>	<u>100 %</u>	<u>150,200</u>
Excess (deficiency) of Revenue over Expenditures	<u>161</u>	<u>2,657</u>	<u>200</u>	<u>1,228 %</u>	<u>2,457</u>
NET CHANGE IN FUND BALANCE	<u>161</u>	<u>2,657</u>	<u>200</u>	<u>1,228 %</u>	<u>2,457</u>
BEGINNING FUND BALANCE	14,510	12,014	11,600	4 %	414
ENDING FUND BALANCE	<u>14,671</u>	<u>14,671</u>	<u>11,800</u>	<u>24 %</u>	<u>2,871</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
431 - Water Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	66,748	284,273	619,900	(54)%	(335,627)
Miscellaneous Revenues	203	616	1,100	(44)%	(484)
Total REVENUES	<u>66,951</u>	<u>284,888</u>	<u>621,000</u>	<u>(54)%</u>	<u>(336,112)</u>
EXPENDITURES					
Personnel Services	13,098	53,730	169,400	68 %	115,670
Materials & Services					
Supplies	647	5,584	14,300	61 %	8,716
Professional Services	100	2,302	11,400	80 %	9,098
Contractual Services	0	374	10,000	96 %	9,626
Travel & Training	114	754	1,800	58 %	1,046
Insurance	5,246	5,246	5,400	3 %	154
Regulatory Requirements	536	1,595	7,200	78 %	5,605
Utilities	3,969	17,412	43,600	60 %	26,188
Repairs & Maintenance	1,562	9,017	39,800	77 %	30,783
Interfund Services	6,683	26,732	80,200	67 %	53,468
Other Materials & Services	651	2,671	6,500	59 %	3,829
Total Materials & Services	<u>19,506</u>	<u>71,687</u>	<u>220,200</u>	<u>67 %</u>	<u>148,513</u>
Capital Outlay	0	3,221	32,300	90 %	29,079
Total EXPENDITURES	<u>32,604</u>	<u>128,639</u>	<u>421,900</u>	<u>70 %</u>	<u>293,262</u>
Excess (deficiency) of Revenue over Expenditures	<u>34,347</u>	<u>156,250</u>	<u>199,100</u>	<u>(22)%</u>	<u>(42,850)</u>
OTHER FINANCING SOURCES (USES)					
Transfer Out	(3,178)	(13,557)	(293,900)	(95)%	280,343
Other Uses	0	0	(20,000)	(100)%	20,000
Total OTHER FINANCING SOURCES (USES)	<u>(3,178)</u>	<u>(13,557)</u>	<u>(313,900)</u>	<u>(96)%</u>	<u>300,343</u>
NET CHANGE IN FUND BALANCE	<u>31,169</u>	<u>142,693</u>	<u>(114,800)</u>	<u>(224)%</u>	<u>257,493</u>
BEGINNING FUND BALANCE	249,268	137,744	120,600	14 %	17,144
ENDING FUND BALANCE	<u>280,437</u>	<u>280,437</u>	<u>5,800</u>	<u>4,735 %</u>	<u>274,637</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
432 - Water CIP Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	5,934	27,693	29,600	(6)%	(1,907)
Miscellaneous Revenues	3,933	5,201	9,000	(42)%	(3,799)
Total REVENUES	<u>9,867</u>	<u>32,894</u>	<u>38,600</u>	<u>(15)%</u>	<u>(5,706)</u>
EXPENDITURES					
Capital Outlay	999	124,632	550,200	77 %	425,568
Debt Service	0	0	117,300	100 %	117,300
Total EXPENDITURES	<u>999</u>	<u>124,632</u>	<u>667,500</u>	<u>81 %</u>	<u>542,868</u>
Excess (deficiency) of Revenue over Expenditures	<u>8,868</u>	<u>(91,738)</u>	<u>(628,900)</u>	<u>(85)%</u>	<u>537,162</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	220,000	(100)%	(220,000)
Other					
Interfund Loan	0	0	(200,000)	(100)%	200,000
Total Other	<u>0</u>	<u>0</u>	<u>(200,000)</u>	<u>(100)%</u>	<u>200,000</u>
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>(100)%</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCE	<u>8,868</u>	<u>(91,738)</u>	<u>(608,900)</u>	<u>(85)%</u>	<u>517,162</u>
BEGINNING FUND BALANCE	549,116	649,722	617,300	5 %	32,422
ENDING FUND BALANCE	<u>557,984</u>	<u>557,984</u>	<u>8,400</u>	<u>6,543 %</u>	<u>549,584</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
441 - Sewer Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	117,919	434,823	1,244,000	(65)%	(809,178)
Miscellaneous Revenues	16	199	200	(0)%	(1)
Total REVENUES	<u>117,935</u>	<u>435,022</u>	<u>1,244,200</u>	<u>(65)%</u>	<u>(809,178)</u>
EXPENDITURES					
Personnel Services	12,772	52,388	162,900	68 %	110,512
Materials & Services					
Supplies	954	8,006	26,800	70 %	18,794
Professional Services	8,255	31,689	44,600	29 %	12,911
Contractual Services	90	180	600	70 %	420
Travel & Training	86	488	1,800	73 %	1,312
Insurance	15,367	15,367	14,800	(4)%	(567)
Regulatory Requirements	37	4,932	6,900	29 %	1,968
Utilities	8,248	24,106	82,100	71 %	57,994
Repairs & Maintenance	8,033	17,998	123,800	85 %	105,802
Interfund Services	6,425	25,700	77,100	67 %	51,400
Other Materials & Services	651	2,577	6,300	59 %	3,723
Total Materials & Services	<u>48,145</u>	<u>131,044</u>	<u>384,800</u>	<u>66 %</u>	<u>253,756</u>
Total EXPENDITURES	<u>60,917</u>	<u>183,432</u>	<u>547,700</u>	<u>67 %</u>	<u>364,268</u>
Excess (deficiency) of Revenue over Expenditures	57,018	251,589	696,500	(64)%	(444,911)
OTHER FINANCING SOURCES (USES)					
Transfer Out	(62,882)	(249,721)	(770,100)	(68)%	520,379
Other Uses	0	0	(20,000)	(100)%	20,000
Total OTHER FINANCING SOURCES (USES)	<u>(62,882)</u>	<u>(249,721)</u>	<u>(790,100)</u>	<u>(68)%</u>	<u>540,379</u>
NET CHANGE IN FUND BALANCE	<u>(5,864)</u>	<u>1,868</u>	<u>(93,600)</u>	<u>(103)%</u>	<u>95,468</u>
BEGINNING FUND BALANCE	128,763	121,030	110,500	10 %	10,530
ENDING FUND BALANCE	<u>122,898</u>	<u>122,898</u>	<u>16,900</u>	<u>627 %</u>	<u>105,998</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
442 - Sewer CIP Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	7,436	58,937	28,200	109 %	30,737
Miscellaneous Revenues	609	1,924	788,000	(100)%	(786,076)
Total REVENUES	<u>8,044</u>	<u>60,861</u>	<u>816,200</u>	<u>(93)%</u>	<u>(755,339)</u>
EXPENDITURES					
Capital Outlay	4,752	44,106	864,000	95 %	819,894
Debt Service	0	0	694,600	100 %	694,600
Total EXPENDITURES	<u>4,752</u>	<u>44,106</u>	<u>1,558,600</u>	<u>97 %</u>	<u>1,514,494</u>
Excess (deficiency) of Revenue over Expenditures	<u>3,292</u>	<u>16,755</u>	<u>(742,400)</u>	<u>(102)%</u>	<u>759,155</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	57,000	228,000	695,000	(67)%	(467,000)
Total OTHER FINANCING SOURCES (USES)	<u>57,000</u>	<u>228,000</u>	<u>695,000</u>	<u>(67)%</u>	<u>(467,000)</u>
NET CHANGE IN FUND BALANCE	<u>60,292</u>	<u>244,755</u>	<u>(47,400)</u>	<u>(616)%</u>	<u>292,155</u>
BEGINNING FUND BALANCE	717,285	532,822	541,000	(2)%	(8,178)
ENDING FUND BALANCE	<u>777,577</u>	<u>777,577</u>	<u>493,600</u>	<u>58 %</u>	<u>283,977</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
451 - Storm Water Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	8,741	33,521	104,700	(68)%	(71,179)
Miscellaneous Revenues	4	37	100	(63)%	(63)
Total REVENUES	<u>8,745</u>	<u>33,557</u>	<u>104,800</u>	<u>(68)%</u>	<u>(71,243)</u>
EXPENDITURES					
Personnel Services	2,243	9,119	28,900	68 %	19,781
Materials & Services					
Supplies	146	408	2,200	81 %	1,792
Professional Services	360	360	5,900	94 %	5,540
Travel & Training	25	100	400	75 %	300
Insurance	136	136	600	77 %	464
Regulatory Requirements	0	0	100	100 %	100
Utilities	88	261	600	56 %	339
Repairs & Maintenance	7	278	2,400	88 %	2,122
Interfund Services	1,141	4,564	13,700	67 %	9,136
Other Materials & Services	0	91	400	77 %	309
Total Materials & Services	<u>1,903</u>	<u>6,199</u>	<u>26,300</u>	<u>76 %</u>	<u>20,101</u>
Total EXPENDITURES	<u>4,147</u>	<u>15,318</u>	<u>55,200</u>	<u>72 %</u>	<u>39,882</u>
Excess (deficiency) of Revenue over Expenditures	<u>4,599</u>	<u>18,239</u>	<u>49,600</u>	<u>(63)%</u>	<u>(31,361)</u>
OTHER FINANCING SOURCES (USES)					
Transfer Out	0	0	(54,200)	(100)%	54,200
Other Uses	0	0	(5,000)	(100)%	5,000
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>(59,200)</u>	<u>(100)%</u>	<u>59,200</u>
NET CHANGE IN FUND BALANCE	<u>4,599</u>	<u>18,239</u>	<u>(9,600)</u>	<u>(290)%</u>	<u>27,839</u>
BEGINNING FUND BALANCE	24,057	10,417	10,100	3 %	317
ENDING FUND BALANCE	<u>28,656</u>	<u>28,656</u>	<u>500</u>	<u>5,631 %</u>	<u>28,156</u>

CITY OF DUNDEE
Statement of Revenues and Expenditures
452 - Storm Water CIP Fund
From 10/1/2016 Through 10/31/2016
(In Whole Numbers)

	Current Period Actual	Current Year Actual	Total Budget	Percent Total Budget Remaining	Total Budget Variance
REVENUES					
Charges for Services	2,222	26,393	12,000	120 %	14,393
Miscellaneous Revenues	181	639	200	219 %	439
Total REVENUES	<u>2,403</u>	<u>27,032</u>	<u>12,200</u>	<u>122 %</u>	<u>14,832</u>
EXPENDITURES					
Capital Outlay	0	14,090	234,000	94 %	219,910
Debt Service	0	0	23,700	100 %	23,700
Total EXPENDITURES	<u>0</u>	<u>14,090</u>	<u>257,700</u>	<u>95 %</u>	<u>243,610</u>
Excess (deficiency) of Revenue over Expenditures	<u>2,403</u>	<u>12,943</u>	<u>(245,500)</u>	<u>(105)%</u>	<u>258,443</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	42,000	(100)%	(42,000)
Total OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>42,000</u>	<u>(100)%</u>	<u>(42,000)</u>
NET CHANGE IN FUND BALANCE	<u>2,403</u>	<u>12,943</u>	<u>(203,500)</u>	<u>(106)%</u>	<u>216,443</u>
BEGINNING FUND BALANCE	221,661	211,121	206,600	2 %	4,521
ENDING FUND BALANCE	<u>224,064</u>	<u>224,064</u>	<u>3,100</u>	<u>7,128 %</u>	<u>220,964</u>

2017 MEETING CALENDAR

CITY COUNCIL	
Time: 7:00 pm to 10:00 pm	
Location: Fire Hall	
Tuesday	January 3rd
Tuesday	January 17th
Tuesday	February 7th
Tuesday	February 21st
Tuesday	March 7th
Tuesday	March 21st
Tuesday	April 4th
Tuesday	April 18th
Tuesday	May 2nd
Tuesday	May 16th
Tuesday	June 6th
Tuesday	June 20th
Tuesday	July 5th*
Tuesday	July 18th
Tuesday	August 1st
Tuesday	August 15th
Tuesday	September 5th
Tuesday	September 19th
Tuesday	October 3rd
Tuesday	October 17th
Tuesday	November 7th
Tuesday	November 21st
Tuesday	December 5th
Tuesday	December 19th- Employee Recognition Event

PLANNING COMMISSION	
Time: 7:00 pm to 10:00 pm	
Location: City Hall	
Wednesday	January 18th
Wednesday	February 15th
Wednesday	March 15th
Wednesday	April 19th
Wednesday	May 17th
Wednesday	June 21st
Wednesday	July 19th
Wednesday	August 16th
Wednesday	September 20th
Wednesday	October 18th
Wednesday	November 15th
Wednesday	December 20th

BUDGET COMMITTEE	
Time: 7:00 pm to 10:00 pm	
Location: Fire Hall	
Thursday	April 20th
Thursday	April 27th
Thursday	May 4th
Thursday	May 11th

MUNICIPAL COURT	
Dates are subject to change	
Time: 5:30 pm to 8:00 pm	
Location: City Hall	
Tuesday	January 10th
Tuesday	February 14th
Tuesday	March 14th
Tuesday	April 11th
Tuesday	May 9th
Tuesday	June 13th
Tuesday	July 11th
Tuesday	August 8th
Tuesday	September 12th
Tuesday	October 10th
Tuesday	November 14th
Tuesday	December 12th

PARKS ADVISORY COMMITTEE	
Time: 7:00 pm to 10:00 pm	
Location: City Hall	
Wednesday	January 4th
Wednesday	February 1st
Wednesday	March 1st
Wednesday	April 5th
Wednesday	May 3rd
Wednesday	June 7th
Wednesday	July 5th
Wednesday	August 2nd
Wednesday	September 6th
Wednesday	October 4th
Wednesday	November 1st
Wednesday	December 6th

HOLIDAYS: CITY HALL CLOSED		
Monday	January 2nd	New Year's Day
Monday	January 16th	Martin Luther King Jr. Day
Monday	February 20th	President's Day
Monday	May 29th	Memorial Day
Tuesday	July 4th	Independence Day
Monday	September 4th	Labor Day
Friday	November 10th	Veteran's Day (Observed)
Thursday	November 23rd	Thanksgiving Day
Friday	November 24th	Day after Thanksgiving
Friday	December 22nd	Christmas Eve-Closing at 12:00 PM
Monday	December 25th	Christmas
Friday	December 29th	New Years Eve-Closing at 12:00 PM

Tourism Committee-AMENDED	
Time: 10:00 am to noon	
Location: City Hall	
Tuesday	January 23rd
Tuesday	February 27th
Monday	March 27th
Monday	April 24th
Monday	May 22nd
Monday	June 26th
Monday	July 24th
Monday	August 28th
Monday	September 25th
Monday	October 23rd
Monday	November 27th
Monday	December 18th

*Regular meeting would have been July 4th; per Dundee Municipal Code, 2.04.030 the meeting shall be held the day following.

AGENDA REPORT

To: Mayor Russ and City Council
From: Rob Daykin, City Administrator
Date: November 30, 2016
Re: Resolution No. 2016-23, Repealing Fence Permit Requirement

I reported at the November 1 council meeting that the Planning Commission recommended rescinding the fence permit process and presented Resolution No. 2016-23 to repeal the 2006 resolution that required a permit for the construction of a fence. Following discussion of the intent of the permit requirement and how persons wanting to install a fence become aware of the fence regulations, Council tabled a vote on repealing the resolution requiring a permit for the construction of a fence until staff was able to update the City's website to provide relevant information on fences. Staff added a "I Want To..." menu selection to the front page of the City's website with one of the options "Build a Fence". This is a work in progress and will be continually updated in response to user feedback. We will also feature periodic articles on various building and land use issues, including the rules regarding the installation of a fence, in the City's quarterly newsletter.

One of the issues with the 2006 resolution is that it does not have the authority of an ordinance and there are no sanctions for a person not complying with the resolution. In essence, persons taking out a permit under the 2006 resolution and paying the \$20 permit fee are doing so voluntarily. Council has a range of options:

- Repeal the 2006 resolution requiring a fence permit
- Remand the issue back to the Planning Commission with direction to provide a fence permit requirement in the Dundee Development Code
- Adopt a fence permit requirement as an ordinance adding a new Chapter to the Dundee Municipal Code
- Take no action and leave the 2006 resolution in place

Recommendation: Motion to adopt Resolution No. 2016-23, a resolution repealing Resolution No. 06-14, relating to requiring a permit for the construction of a fence.

**CITY OF DUNDEE
RESOLUTION NO. 2016-23**

**A RESOLUTION REPEALING RESOLUTION NO. 06-14, RELATING TO
REQUIRING A PERMIT FOR THE CONSTRUCTION OF A FENCE.**

WHEREAS, the City Council adopted Resolution No. 06-14 on August 7, 2006, requiring property owners to obtain a fence permit from the City prior to constructing or erecting a fence; and

WHEREAS, on September 6, 2016, the City Council requested the Planning Commission to reevaluate the current fence standards in the Dundee Development Code and whether a fence permit should be required or not; and

WHEREAS, following review of fence issues at a October 19, 2016 work session, the Planning Commission determined that 1) Other structures requiring compliance of the standards in the Dundee Development Code may be constructed without a permit, 2) Fence permits are not commonly required by other jurisdictions, 3) The majority of fence permits issued since adoption of Resolution No. 06-14 have been associated with new house construction, 4) Providing information to the owner regarding fence standards may be accomplished without the need for a permit, and 5) Fence permits are an unnecessary requirement to ensure compliance with the standards of the Dundee Development Code.

THE CITY OF DUNDEE RESOLVES AS FOLLOWS:

Resolution No. 06-14 is repealed in its entirety.

PASSED this 1st day of November, 2016.

Approved:

David Russ, Mayor

Attest:

Rob Daykin, City Administrator/Recorder



**Locust Street
Local Improvement District (LID 2016-1)**

Engineer's Report

December 6, 2016

**Mayor
David Russ**

City Council

Tim Weaver

Ted Crawford

Storr Nelson

Doug Pugsley

Jeannette Adlong

Kristen Svicarovich

Rob Daykin, City Administrator

Greg Reid, City Engineer

Locust Street Local Improvement District Engineer's Report

Background

Chehalem Park and Recreation District constructed Fortune Park in 2012. Improvements to Locust Street adjacent to the park property were required as a condition of land use approval; however, the deferral of construction of those improvements was allowed since it appeared at the time that the grade of the improved street would be substantially different from the existing street grade. Fortune Park is a neighborhood park, which does not require restroom facilities or off-street parking. Fortune Park has an asphalt path that connects to Locust Street at the northeast and southeast corners of the park property and provides ADA accessible path to the playground area and picnic tables. There are no sidewalks in the block of Locust Street between 7th Street and 8th Street, although there is a separated sidewalk on the west side of Locust Street between 5th Street and 7th Street. The roadway width is substandard at 17 feet and there is a drainage ditch on the west side of the street. On the east side of Locust Street there are several low areas that receive run off, but it is not channeled or directed to the existing drainage ditch located on the north side of 8th Street. Locust Street is classified as a local street per the Dundee Transportation System Plan. The lot located between the park and 8th Street is zoned Light Industrial and is undeveloped. The Dundee Development Code will require street improvements next to the industrial zoned property when that property develops. The half block property on the east side of Locust Street between 7th Street and 8th Street is zoned Medium Density Residential, R-2 and had one single family residence that has been demolished.

Engineering Report Initiated

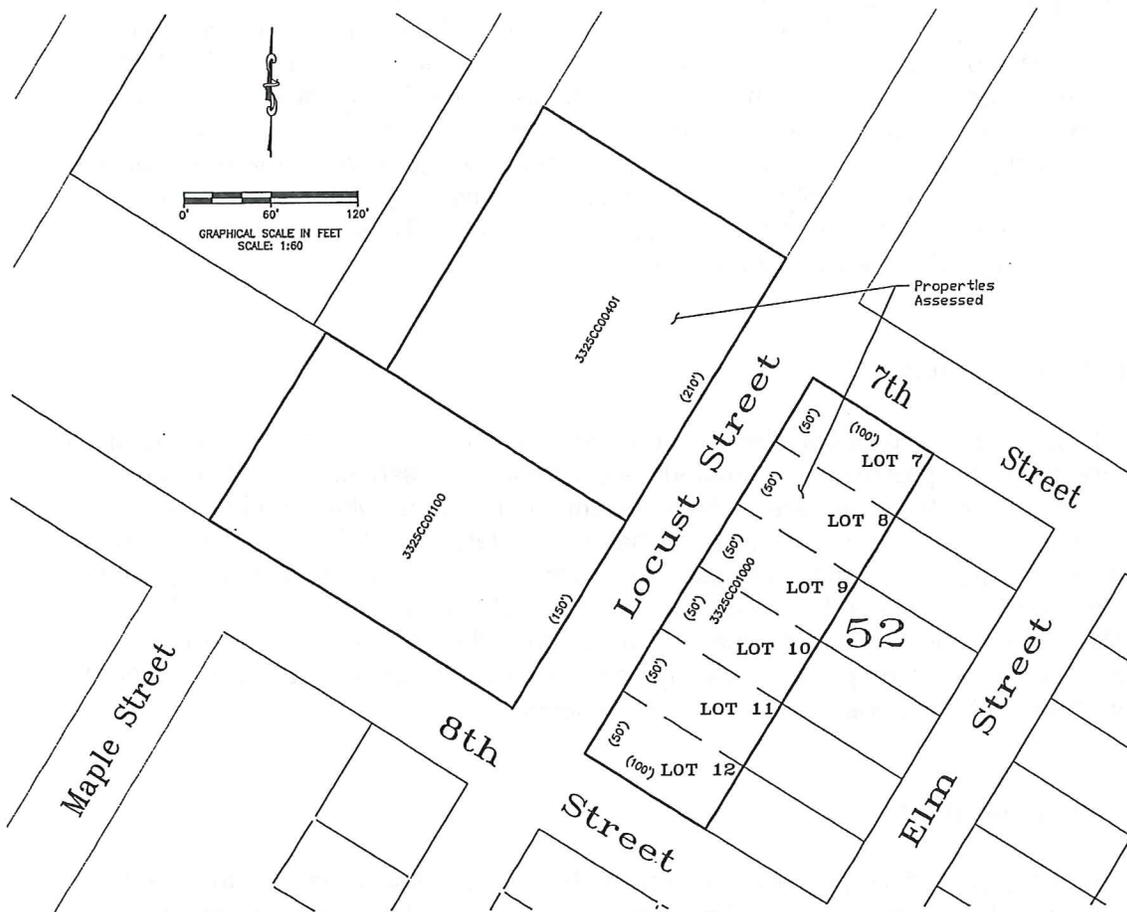
On December 1, 2015, City Administrator Daykin reported to the City Council that a building permit application for the construction of a residence on Lot 12, Block 52, Town of Dundee had been received. Although lots 7 through 12, Block 52, were owned previously by one person, City Planner Pelz determined that Lot 12 is a nonconforming lot of record (less than the minimum 7,000 square feet required in the R-2 zone) and may be developed subject to all other standards of the Dundee Development Code. Daykin also reported that there was not a sewer main in that block of Locust Street to accommodate additional residences and that City Public Works recommended decommissioning the existing undersized four-inch water line between 7th Street and 8th Street due to its poor condition. There are no existing service connections to that section of the water line. Following review of the local improvement district process, the City Engineer was directed to prepare a report describing street and utility improvements to Locust Street pursuant to Dundee Municipal Code section 3.16.020 by motion of the City Council.

Since the initiation of the engineering report, the owners of lots 7 through 12, Block 52 met with the City Engineer to discuss development of their property. Building permits were issued for the construction of six single family houses in July 2016 and a Type B

permit was issued to the owners for construction of a sewer collection and water distribution mains in Locust Street. Also, the owners executed construction deferral agreements and waivers of non-remonstrance for the construction of curbs and sidewalks abutting the frontage of their lots pursuant to Dundee Development Code section 17.305.020.

Assessment District Map

The vicinity map below identifies the properties (shaded) to be assessed for the improvements.



Proposed Improvements and Estimated Costs

The estimated assessment was developed based on the Local Street I standard adopted in the Dundee Transportation System Plan. The Local Street I includes a 34 foot roadway width, allowing on-street parking, and a five foot wide separated sidewalk. ADA ramps across Locust Street will be installed at the intersections of 7th Street and 8th Street. Driveway approaches will be constructed for the six residential lots located on the

east side of Locust Street. Other improvements include storm water conveyance and water quality facilities pursuant to the Dundee Improvement Design Standards. The proposed improvements are depicted in Appendix A and the estimated costs are found in Appendix B.

Recommended Assessment Methodology and Preliminary Assessment

Staff recommends that all costs for street improvements, including curbs, sidewalks and storm facilities, but excluding driveway costs, be aggregated and assessed to the property owners based on a cost per a linear frontage foot, and that driveway costs be assessed on a per lot basis. The total Locust Street frontage of the properties to be assessed is 660 feet. Six driveways are proposed, one for each lot in Block 52 adjacent to Locust Street. The calculation of the assessment methodology rates are found in Appendix C. The property descriptions of the properties proposed to be assessed and their preliminary assessments are found in Appendix D. Note: As of the preparation of this report the Yamhill County Assessor has not assigned separate tax account information for the individual lots 7 through 12 of block 52, Town of Dundee. It is anticipated this will take place after January 1, 2017.

Final Assessment

Final assessment will be calculated on the basis of actual construction costs and may be different than the preliminary estimated assessment. Assessments would be due within 30 days of the date of passage of the assessment ordinance, which will be after completion of the project and final costs have been determined. Property owners may elect to pay any part or all of their assessment in installments over a ten year period by making application within the 30-day period. Interest and loan administration fees applicable to the installment payment arrangement will be set in the assessment ordinance. There is no penalty for early pay off of the assessment balance. The city will have the right to foreclose on unpaid assessments.

Recommendation

Because the sum of the proposed assessments are much lower than the total real market valuation for the benefitted properties, this proposed local Improvement district is feasible.

Appendices:

Appendix A, Proposed Improvements

Appendix B, Estimated Costs

Appendix C, Assessment Calculations

Appendix D, Property Descriptions and Preliminary Assessments



CITY OF DUNDEE
 620 SW 9th Street
 P.O. Box 229
 Dundee, OR 97115

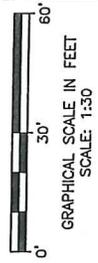
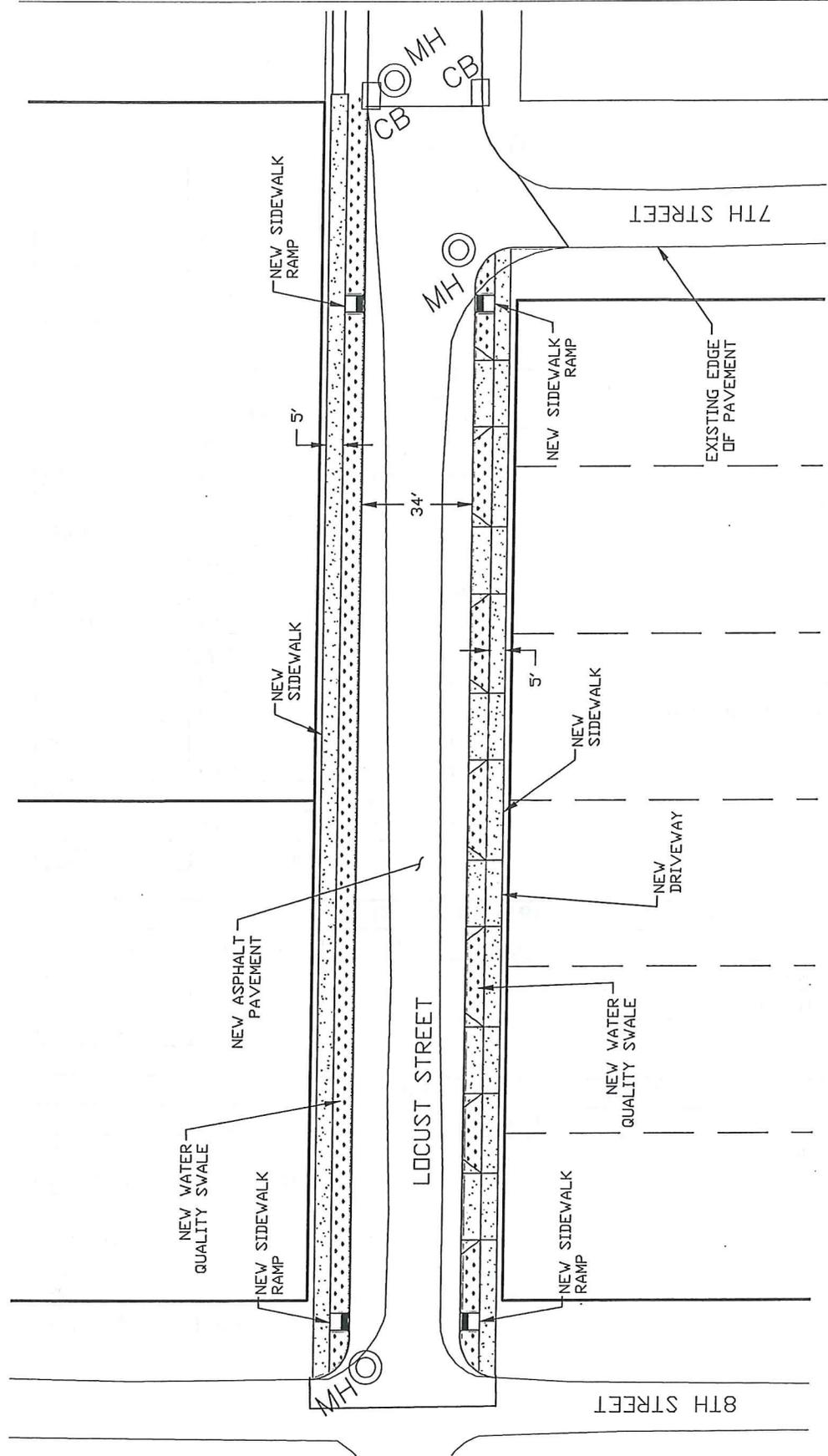
PRELIMINARY
 NOT FOR CONSTRUCTION
 CONSULTANT:

PROJECT NUMBER: 16003
LOCUST STREET
 LAND IMPROVEMENTS DISTRICT
 STREET IMPROVEMENTS
 DUNDEE, OR 97115

REVISION:
 DRAWN BY: GSR
 ISSUE DATE: NOVEMBER 2016
 FILE NAME: Dundee_Locust.LD.dwg
 LID PROPOSAL

SHEET:
APPENDIX A
PROPOSED
IMPROVEMENTS

201



Appendix B

Locust Street LID Preliminary Costs

Location: Locust Street between 7th & 8th Streets
Dundee, Oregon

Date: November 2016
Job #: 16003

SECTION 1 - SITE WORK					
Item	Description	Quantity	Units	Unit Price	Amount
1	Mobilization	1	LS	12,200.00	12,200.00
2	Clearing and Grubbing/Demo	1	LS	6,100.00	6,100.00
4	Temporary Work Zone Traffic Control, Complete	1	LS	6,100.00	6,100.00
5	Erosion Control, Complete	1	LS	3,700.00	3,700.00
Subtotal					\$28,100.00

SECTION 2 - STREET IMPROVEMENTS					
Item	Description	Quantity	Units	Unit Price	Amount
6	Excavation	1,046	CY	12.00	12,552.00
7	Embankment	262	CY	20.00	5,240.00
8	Asphalt Wearing Course	76	Ton	100.00	7,600.00
9	Asphalt Base Course	167	Ton	100.00	16,700.00
10	3/4"-0" Aggregate Base	947	Ton	18.00	17,046.00
11	Geotextile	1,569	SY	1.50	2,353.50
12	Concrete Curb & Gutter	741	LF	15.00	11,115.00
13	4" Thk. Concrete Sidewalk	3,603	SF	6.00	21,618.00
14	6" Thk. Conc. Driveways	876	SF	8.00	7,008.00
15	Extra for 2" Thicker Sidewalk at Driveways	600	SF	2.00	1,200.00
16	Concrete Sidewalk Ramps	120	SF	12.00	1,440.00
17	Extra for Truncated Dome Texturing	4	EA	500.00	2,000.00
18	Adjusting Boxes	4	EA	100.00	400.00
19	Minor Adjustment of Manholes	3	EA	250.00	750.00
Subtotal					\$107,022.50

SECTION 3 - STORM DRAINAGE					
Item	Description	Quantity	Units	Unit Price	Amount
20	12" Storm Main - Public	36	LF	50.00	1,800.00
21	12" Storm Main - Driveways	126	LF	50.00	6,300.00
Subtotal					\$8,100.00

SECTION 4 - LANDSCAPING					
Item	Description	Quantity	Units	Unit Price	Amount
22	Water Quality Swale	331	SY	20.00	6,617.78
Subtotal					\$6,617.78

Subtotal		\$149,840.28
Engineering & Management	8%	\$11,987.22
Engineering and Contingencies	20%	29,968.06
Total		191,795.56

Appendix C

Locust Street LID Assessment Calculations

Section 1 - Site Work Factor:

Subtotal of Improvement Costs	\$ 149,840.28
Less: Section 1 - Site Work	<u>\$ (28,100.00)</u>
Net Subtotal of Improvement Costs	\$ 121,740.28

Section 1 - Site Work Factor 0.23

Driveway Costs:

Item 14 - 6" Thk. Conc. Driveways	\$ 7,008.00
Item 15 - Extra for 2" Thicker Sidewalk at Driveways	\$ 1,200.00
Item 21 - 12" Storm Main - Driveways	<u>\$ 6,300.00</u>
Subtotal	\$ 14,508.00

Plus: Section 1 - Site Work (.23) \$ 3,336.84
Subtotal w/Section 1 - Site Work \$ 17,844.84

Engineering & Management (8%) \$ 1,427.59
Engineering & Contingencies (20%) \$ 3,568.97
Subtotal \$ 4,996.56

Total Driveway Costs \$ 22,841.40

Driveway Cost Per Lot - 6 lots \$ 3,806.90

Street & Other Improvements Cost

Total Locust Street LID Preliminary Cost	\$ 191,795.56
Less: Total Driveway Costs	<u>\$ (22,841.40)</u>
Net Street & Other Improvement Cost	\$ 168,954.16

Total property frontage to Locust Street 660 Feet
Cost per linear foot \$ 255.99

Appendix D

Locust Street LID
Property Descriptions and Preliminary Assessments

LID Parcel	Yamhill Co. Tax Acct. No.	Tax Map/Lot	Owner Name	Street Frontage		Driveways		Total Preliminary Assessment
				Feet	Assessment	No.	Assessment	
1	555694	R3325CC 00401	Chehalem Park & Recreation District	210	\$ 53,758.14	0	\$ -	\$ 53,758.14
2	78203	R3325CC 01000	Mark Colby	150	\$ 38,398.67	0	\$ -	\$ 38,398.67
3	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
4	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
5	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
6	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
7	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
8	78267	R3325CC 01100	ALR Brown & Associates LLC	50	\$ 12,799.56	1	\$ 3,806.90	\$ 16,606.46
								\$ 191,795.56

Note: Yamhill County Tax Assessor has not assigned individual tax account numbers for Lots 7 through 12, Block 52, Town of Dundee. LID Parcel number corresponds to the following legal descriptions and street addresses:

LID Parcel 3	Lot 7, Block 52, Town of Dundee	701 SE Locust Street
LID Parcel 4	Lot 8, Block 52, Town of Dundee	727 SE Locust Street
LID Parcel 5	Lot 9, Block 52, Town of Dundee	743 SE Locust Street
LID Parcel 6	Lot 10, Block 52, Town of Dundee	769 SE Locust Street
LID Parcel 7	Lot 11, Block 52, Town of Dundee	785 SE Locust Street
LID Parcel 8	Lot 12, Block 52, Town of Dundee	797 SE Locust Street

RESOLUTION NO. 2016-24

A RESOLUTION DECLARING THE CITY COUNCIL'S INTENT TO INITIATE LOCAL IMPROVEMENT DISTRICT FORMATION PROCEEDINGS TO CONSTRUCT STREET AND OTHER PUBLIC IMPROVEMENTS ON LOCUST STREET FROM SEVENTH STREET TO EIGHTH STREET.

WHEREAS, the City Council permitted Chehalem Parks and Recreation District to defer construction of street improvements that were required as a condition of approval for the construction Fortune Park; and

WHEREAS, construction deferral agreements were executed for curb and sidewalk improvements along the street frontages of Lots 7 through 12, Block 52, Town of Dundee; and

WHEREAS, the Dundee Development Code requires improvements to existing streets, including construction of curbs and sidewalks, as a condition of permit approval for the construction of a new industrial building, and

WHEREAS, the City Council directed the city engineer to prepare a report describing proposed improvements to Locust Street and cost estimates, identifying the properties to be assessed, and recommending the method of assessment;

NOW THEREFORE, THE CITY OF DUNDEE RESOLVES AS FOLLOWS:

1. The Dundee City Council approves the engineer's report, attached hereto, and declares its intention to make the proposed improvements.
2. The City Administrator is directed to publish, post, and mail notice of the required public hearing before the City Council as provided in Section 3.16.040 of the Dundee Municipal Code.

PASSED by the City Council this 6th day of December 2016.

Approved:

David Russ, Mayor

Attest:

Rob Daykin, City Administrator/Recorder

AGENDA REPORT

To: Mayor Russ and City Council
From: Rob Daykin, City Administrator
Date: November 29, 2016
Re: Street Names – Parks Drive, Edwards Drive, Dundee Landing Road

As part of the Newberg-Dundee Bypass project, several new local streets were constructed to provide access over the new limited access highway in Dundee. One of these streets connects Fulquartz Landing Road to Parks Drive via an overpass bridge. Fulquartz Landing Road was closed at the Bypass and no longer connects with Edwards Drive. With the future development of the Riverside District Master Plan area, the dominate flow of traffic is anticipated to be over the bridge and a stop sign was installed at Parks Drive westbound at the intersection of this new street and Parks Drive. Also, former City Engineer Eaton pointed out that this new street will be in the same alignment with what is described as the North South Parkway Collector in the Riverside District Master Plan. Council agreed to rename the new street as Parks Drive (which would continue as the parkway collector) and rename the former section of Parks Drive located between Edwards Drive and the new street as Edwards Drive.

However, with the adoption of the updated Dundee System Transportation Plan (TSP) in 2015, instead of following the alignment of Parks Drive to Highway 99W, the parkway collector is now recommended to go diagonally northwest from Cedar and Parks to Maple and 11th, and then continue on 11th Street to Highway 99W. This would also result in a stop sign place on the current eastbound alignment of Parks Drive to the parkway connector. What will the name of the parkway collector once it is fully constructed from the highway to the Riverside District following the alignment recommended in the TSP? Since it is uncertain when various segments of the TSP parkway collector terminating at 11th and Highway 99W will be completed, and in order to avoid multiple street name changes followed by reversals of those renamed streets, staff recommends leaving the Parks Drive historic alignment from Highway 99W to Edwards Drive as Parks Drive.

The other new local street represents the route over the Bypass that blocked the private road extending from the end of 8th Street next to Rolling Acres subdivision to the river. ODOT bought right of way and constructed the new local street using the alignment recommended in the Riverside District Master Plan. This street will be turned over to the City at the end of the Bypass construction project. Note: this local street was not constructed at the full width of a collector standard with curbs and sidewalks; it is anticipated that the developer of the property will be responsible for those additional improvements. Council named this new street Dundee Landing Road and the street name sign was installed at the first 90 degree turn west of the bridge. The owner of the adjacent property, Tom Edwards, shared plans of installing a roundabout at that intersection with multiple street connections. Also, the Riverside District Master Plan prefers a more direct alignment from the bridge to 5th Street.

However, since the preferred alignment is outside of the urban growth boundary it is uncertain when this would be able to be accomplished. Also, we have not heard from the owner the property located south of 8th Street (Stu Lindquist) in the Riverside District regarding their preference for the alignment of new streets serving his development other than his rejection of the original alignment of the new local street constructed by ODOT that was proposed by Edwards. Staff recommends revisiting the renaming of that section of 8th Street east of Edwards Drive once we have more information on future development plans for that area.

Attached is an exhibit from the TSP showing the routes of parkway collectors (either with a separated bike/pedestrian path or with bike lanes) in yellow and other collector streets in purple.

Recommendation: Council motion to keep the historic alignment of Parks Drive from Highway 99W to Edwards Drive.

AGENDA REPORT

To: Mayor Russ and City Council
From: Rob Daykin, City Administrator
Date: November 28, 2016
Re: Recreation Vehicles Regulations

At the October 18 council meeting I reported on receiving complaints of persons residing in recreation vehicles (RVs) located on private properties. I also noted that the Dundee Municipal Code does not regulate the occupancy of an RV and the Council expressed interest in considering this issue. Currently, the Dundee Municipal Code regulates the following aspects of an RV:

Storage on Streets: DMC 10.04.160 states “No person shall store or permit to be stored on a street or other public property, without permission of the council, a disabled motor vehicle or personal property for a period in excess of 24 hours. Failure to move a motor vehicle or other personal property for a period of 24 consecutive hours constitutes prima facie evidence of storage of a junk motor vehicle.”

The presumption that a motor vehicle that does not move after 24 hours (including RVs) is deemed illegal storage of a junk motor vehicle is somewhat quick. Typically, cities have separate time restrictions for motor vehicles versus non-motorized personal property. Also, some cities impose additional parking restrictions for larger vehicles, such as RVs. I recommend DMC 10.04.160 be amended to have separate time restrictions for motor vehicles (72 hours) and non-motorized personal property (24 hours). Is the Council interested in having parking restrictions for “oversized vehicles” that exceed 22 feet in length, or 94 inches in width or 92 inches in height? Such restrictions may include a limited time duration (24 hours for example – or prohibition from parking overnight (similar to DMC 10.04.210 for motor trucks), or a longer duration (72 hours) if parked in front of or contiguous to the vehicle owner’s dwelling.

Vacation Rentals: DMC 17.203.240.E.5 states “RVs and Other Temporary Shelters. The premises of the vacation rental may not include any occupied recreational vehicle, tent, or other temporary shelter during the rental occupancy.”

Front Yard Setback: DMC17.304.030.E states “Parking of Trailers, Boats, Recreational Vehicle Trailers, and Similar Vehicles. Utility trailers, boats, recreational vehicle trailers, ATVs, or similar vehicles shall not be parked in the primary front yard setback. If they are parked in the area between a residential dwelling unit and a street, they shall be screened from view from the street with a fence, hedge, or similar screen that is a minimum of six feet in height.”

Also, State law (ORS 197.493) bars local governments from prohibiting occupancy of a recreational vehicle or imposing any limit on the length of occupancy of a recreational vehicle if the recreational vehicle is located in a manufactured dwelling park, mobile home park or recreational vehicle park, and is occupied as a residential dwelling, and is lawfully connected to water, sewer and electrical power. Note: Manufactured dwelling parks and mobile home parks are permitted in the High Density Residential, R-3 zone, however, recreational vehicle parks are not a permitted use in any zone in Dundee.

Regulations regarding occupancy of an RV varies greatly between cities, however, even those cities that permit limited occupancy of an RV for 15 days (intended for visitors) note that enforcement can be problematic and may rely on a complaint driven approach. Attached are sample regulations currently in place by other Oregon cities. I'm looking for direction from the Council on the following questions in order to prepare an ordinance for consideration:

1. Should residing in an RV located on a public street or public property be prohibited?
2. Should residing in an RV located on private property (excluding permitted Manufactured Dwelling Parks, Mobile Home Parks or RVParks) be prohibited?
3. If residing in an RV is permitted, should there be restrictions or other requirements, such as the following:

Should a permit be required from the City and displayed on the RV?

Should there be time restrictions regarding duration and frequency?

Should special conditions be required to issue a permit for temporary occupancy of an RV, such as, visitors, house construction or medical emergency?

Should the decision to issue a long-term (six months or more) of a permit for the occupation of an RV be reserved for the Council?

Should there be restrictions on location or manner set up?

Should temporary occupation of an RV be restricted to properties with residential uses?

- Amity RVs are restricted to 48 hours for parking on a street in any 30-day period. RVs may not be used for dwelling or sleeping purposes at any location other than a mobile home park or RV park, except as follows: 1) City permit for a period not to exceed 14 days for guest quarters on a residential lot with subsequent 14-day permits reviewed and approved by the Council, and 2) City permit for a 18-month period as a temporary residence during construction of a home provided that the RV is occupied by the owner of the lot and occupied only during construction of the owner's home, Council must be satisfied with the progress of construction, RV to be connected to water and sewer systems, and cash bond of \$200 posted with the City to ensure removal of the RV at the end of the permit.
- Ashland RVs are classified as an "Oversized Vehicle" and are prohibited from parking on a public street for more than 24 consecutive hours, except it may be extended to 72 hours if in front of or contiguous to the RV owner's dwelling and is not a hazard to traffic, does not restrict vision of motorists, does not obstruct view from any property, has a currently valid license, and is operable. There are not specific regulations regarding habitation of RVs, but camping is prohibited upon any street or publicly owned property unless otherwise authorized elsewhere in the Code or by emergency declaration. Regarding RVs on private property, Ashland interprets habitation of RVs are only allowed in permitted RV parks.
- Beaverton RVs are restricted to 48 hours for parking on a street. Occupation of an RV is allowed up to 14 days within any 3-month period. However, due to a Ninth Circuit Court of Appeal decision¹, Beaverton no longer enforces this code. However, Beaverton does enforce the prohibition of allowing an RV (and other similar uses) to park in an unattended commercial parking lot in excess of 30 minutes between 12 am and 5 am.
- Brookings It is a violation to use an RV for living purposes except when parked in a licensed RV park, except use of an RV for temporary sleeping purposes are permitted for up to 14 days out of a calendar year when located entirely on private property that is zoned residentially and developed with a dwelling unit or there is an active permit for a dwelling unit, and the RV is not connected to City water or sewer. Parking of any vehicle, including an operable RV, is limited to 72 hours unless said vehicle is parked in front of the vehicle owner's residence then it may exceed 72 hours.
- Cannon Beach RVs may only park on streets or public parking facilities where signed for RV parking. RVs may not be occupied on any lot in the city except; 1) in an approved RV Park; or 2) on a lot during construction for a permitted use for which a building permit has been issued, not to exceed one year and the size of the RV does not exceed 300 sq ft.
- Cascade Locks RVs are restricted to 24 hours for parking on a street. RVs are allowed as temporary residences during construction or as a temporary second residence on the same property as the primary residence. Land use administrative application for temporary residence

¹ Desertrain Vs. City of Los Angeles – No. 11-56957. Section 85.02 of the City of Los Angeles Municipal Code stated "No person shall use a vehicle parked or standing upon any City street, or upon any parking lot owned by the City of Los Angeles and under the control of the City of Los Angeles or under control of the Los Angeles County Department of Beaches and Harbors, as living quarters either overnight, day-by-day, or otherwise." The Court concluded Section 85.02 provides inadequate notice of the unlawful conduct it proscribes, and opens the door to discriminatory enforcement against the homeless and the poor and determined that Section 85.02 violates the Due Process Clause of the Fourteenth Amendment as an unconstitutionally vague statute.

up to 6 months and reviewed by the Planning Commission for over 6 months, but less than 2 years. Extensions may be approved by the Planning Commission.

- Central Point RVs may be occupied by visiting guest and parked on the street for up to 14 days providing it “does not constitute a hazard, obstruct visibility, block driveway access to the street, or interfere with pedestrian usage of a public sidewalk. RVs shall not be used as a permanent guesthouse or for temporary or permanent occupancy by a member of the household occupying the premises on which the RV is stored.
- Cornelius No person shall live, sleep, or reside in a vehicle that is parked upon a public street or public right-of-way, except in an RV: 1) up to five consecutive days in any two calendar weeks, 2) the RV is owned by the resident, or guest of the resident, 3) the RV is parked immediately in front of or immediately adjacent to the residence, and 4) the RV is not parked in a manner that would interfere with the safe flow of traffic or creates a safety hazard by obstructing the view of other drivers.
- Corvallis Residing in RVs are not allowed unless on private property with one of the following permits: 1) 7-day permit to groups or organizations, 2) Medical facilities may have up to 3 RV parking spaces for lodging of patients undergoing medical treatment, 3) An RV in the driveway of residential property to lodge a care giver providing treatment of a serious medical condition up to one year provided the care giver is a member of the resident’s immediate family, and 4) 30-day permit to groups or organizations demonstrating a community need and not located in a residential area.
- Dayton Vehicles, including RVs, and other personal property is prohibited from being stored on public streets for more than 72 hours. No person may sleep in an RV for more than 48 hours unless a temporary occupancy permit from the city recorder for up to two weeks may be obtained for an RV parked in the yard of a residence. No more than four temporary occupancy permits may be issued per twelve-month period. City Council may issue a temporary occupancy permit for a 6 month period, with renewals of six months each if 1) the RV is parked in the yard of a residence in which the occupant has access to sanitation and kitchen facilities, or the RV is completely self-contained with sanitation and kitchen facilities, or the RV is plumbed into the City water and sewer systems; 2) the applicant is constructing a permanent dwelling or requests the temporary occupancy permit due to a temporary medical emergency; and 3) issuance of a six month temporary occupancy permit will not diminish the quiet enjoyment of property rights for adjoining property owners.
- Enterprise Installation of an RV for use as a dwelling unit is not permitted except within a mobile home park and for a temporary period; 1) 14-days on a residential property, a subsequent 14-day permit may be allowed only after 2 weeks of no occupancy, and 2) 6-month period when construction of a permanent dwelling is occurring.
- Fairview Residing in RVs are prohibited at any location other than a licensed RV park, except RVs may be used by visitors of the residents, and shall be allowed on the residents’ property for a period of time not to exceed 14 days (or longer if approved by the Community Development Director) in any consecutive six-month period.
- Gold Beach Temporary occupied use of a recreational vehicle by the lot owner, family of the lot owner or nonpaying guests of the lot owner is allowed in residential zones if the RV

is occupied for fewer than 15 consecutive days in any 30 day period.

- Heppner Parking an RV on a public street longer than 36 hours is prohibited, except if the RV is parked on that portion of the street directly abutting the property owned by the RV owner. Occupied RVs are only allowed in an RV park except one RV may be permitted on a private lot in a residential zone for a period not exceeding 30 days. The RV shall have self-contained sewer and water facilities, and no fee is charged for parking the RV on the property. Property owners may apply for a permit allowing an occupied RV more than 30 days to the Planning Commission as a temporary use.
- Hillsboro Parking an RV on a public street longer than 24 hours is prohibited, except the RV may be parked up to 5 cumulative days in a 14-day period only if the RV is uninhabited, parked directly in front of the owner's property and parked in a manner to not interfere with emergency, utility and postal vehicles. Residing in an RV located on a lot or on a public street is prohibited unless the lot or street is designated for overnight camping. An RV may be permitted as temporary residence form volunteer construction workers and their immediate families provided it is on a construction site in a residential zone during the course of construction.
- Lafayette RV parking on a street limited to 24 hours. Occupancy (sleeping) in an RV unless located in designated RV park, except the City Administrator may authorize a temporary occupancy permit for up to 4 weeks on a residential property provided there is adequate access to sanitation and kitchen facilities. Such permit may be revoked by the Council with 24 hours advanced notice and no more than two permits may be issued by the City Administrator in any one calendar year for the same property. The owner may petition the Council to issue additional permits following an open hearing at which the Council finds such additional permits would not create a health or safety danger to the applicant or neighbors, and the additional permit will not create a public nuisance.
- La Grande Residing in RVs are prohibited, unless located within an RV park, except when the RV is used temporarily as guest quarters on private property up to 30 cumulative days in a calendar year.
- Milton-Freewater RVs (and other similar vehicles) in excess of 8,000 pounds gross weight are prohibited from parking on any street or city property, except in commercial districts, between the hours of 6 pm and 6 am the following day. Using an RV as a residence is prohibited, except in an approved mobile home or trailer park, for more than 14 days in any calendar year. No person shall reside in an RV parked on public property.
- Monmouth RV parking and habitation in an RV at any place, including on a public street, is limited to 72 hours. City Manager may grant a permit for up to 15 consecutive days to a particular RV in a calendar year, although the City Manager has discretion to increase the number of days beyond 15 if warranted by special circumstances.
- Newberg Residing in RVs are prohibited unless located within a mobile home park, manufactured dwelling park or recreational vehicle park, except: RVs may be used by visitors of residents on lots in residence areas up to 14 days, or an RV may be used as a residence on a private lot for a period of not more than 6 months curing construction of

a new home on the same lot. No RV shall be parked at the curb of any city street for more than 48 hours.

Salem

RVs are prohibited from parking within any district zoned residential between 10 pm and 6 am if the RV is in excess of 23 feet in overall length, or in excess of 8 feet in overall width. (Note: any vehicle is prohibited from parking more a continuous period of more than 5 days on a street.) Habitation of RVs are prohibited unless located within a licensed tourist park, except: 1) up to 72 hours in any 30-day period located on private property, or 2) in excess of 72 hours (no more than 2 weeks under direction of the current City Manager) by license issued by the City Manager on property not in any commercial or industrial zone unless the RV is located on property then being used for residential purposes as a lawful use in such zone, and subject to inspection to insure adequate arrangements have been made for the protection of the health and safety of the occupants and of the public. RVs may not be parked on public streets at any time while any of the occupants therein are asleep.

Sherwood

Sherwood prohibits camping in areas open to the public, including the occupancy of an RV. Areas open to the public does not include improved private real property that are not open to the public, such as a residential property. Parking of RVs on streets are limited to 48 hours as follows: 1) streets wider than 32 feet with parking allowed both sides – RVs allowed to park either side but must be staggered from other parked RVs, 2) streets less than 32 feet in width and allowing parking only on one side, 3) streets less than 32 feet and allowing parking on both sides, RV parking is prohibited, and 4) streets less than 28 feet, RV parking is prohibited.

Silverton

Parking of an RV on a public street is limited to 72 hours. It is unlawful to reside in or occupy an RV in any public place within the City. It is unlawful to reside and line in an RV on private property for more than 15 days in any particular 30-day period without having a permit issue by the City. Permits shall be temporary in nature and shall not be issued to the same RV more than twice in any particular 6-month period. Applicant must provide satisfactory proof that the RV is fully self-contained with respect to water supply, garbage disposal and sanitation. Permits may be issue up to 90 days for purposes of residing on the same property wherein a dwelling is being constructed, and such permit may be renewed at the discretion of the City Manager.

Troutdale

A vehicle (including RVs) which exceed eight thousand pounds gross weight, 21 feet in length or 8 feet in height is prohibited from parking on any street in any residential area of the City. Maintaining an occupied RV at any location other than an RV park is prohibited, except RVs used by visitors of the residents shall be allowed on the residents' lot for a period of time not to exceed 14 days in any consecutive 6-month period. Connection of any electric, water, sewer, gas, or telephone line from any source to a RV is prohibited if any portion of such line between the connection at the termination and the point of connection at the source extends over, across, or under any public street, sidewalks, alley or other public right-of-way thereof.

Warrenton

Motor vehicles, including RVs, shall not park longer than a period of 24 hours on a public street or public property, unless permitted by the Commission. No RV shall be parked or stored upon property designated as marinas, City parks or vacant land within the City, for the purpose of lodging or sleeping therein, except during daylight hours.

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LEGAL MEMORANDUM

TO: Dundee City Council

FROM: Shelby Rihala, City Attorney

DATE: December 6, 2016

RE: Council Guidance on View Protection
File No. 50249-37340

At its November 15, 2016 meeting, Council expressed interest in pursuing a City Code amendment to address protection of views obscured by trees. The City Administrator and I were able to find two potential templates from California:

- The **San Francisco** model is a tree dispute resolution ordinance. This ordinance does not actually establish any regulations on views, but instead provides a mechanism for a party to resolve disputes with neighbors regarding trees using a dispute resolution board. There is an initial reconciliation required first between the parties, then mediation, and then either binding arbitration or litigation. The ordinance includes standards for resolution of tree disputes, which is essentially a weighing of the burdens and benefits for each party.

- The **Santa Barbara** model is a view dispute resolution process and is very similar to San Francisco's, though it appears there is slightly more involvement by the City because it's run through the Community Development Department as opposed to an outside settlement service Board. Under this model, a complainant notifies the City Community Development Department of a request for mediation or arbitration. The City is the record keeper and administrator, but does not necessarily participate in the dispute resolution process. Similar to San Francisco, this ordinance requires the complainant to first contact the neighbor about the concern and attempt to reach a mutually-agreeable solution. If that fails, the complainant may request mediation by a mediator chosen from a list available from the City. If mediation fails, the complainant may request arbitration. Santa Barbara's Code also sets forth evaluation criteria.

Should the City wish to move forward, additional guidance is needed in order to draft Code language. Because the City would essentially be making view protection a legally enforceable right in Dundee—a right which does not currently exist outside of private agreements—careful consideration is necessary to mitigate unintended consequences.

The following is a list of questions intended to shape Council's direction to staff. Based on my understanding of Council's previous conversation, Council wishes this potential Code to only address views blocked by trees, as opposed to other structures, so my questions focus on trees only.

1. Are all types of trees included or are naturally growing trees exempt?
2. Are trees in the ROW and on public property exempt from this Code?
3. Does it matter how close the tree is to the neighbor's property? For example, right up against the fence versus several hundred feet from the property line.
4. Does it matter which came first, the affected neighbor or the tree? Does an affected neighbor have a remedy against another party if the tree pre-dated the affected neighbor's ownership of the property?
5. What constitutes a "view"? What if the tree enhances another neighbor's view?
6. Is the purpose for view protection only? Solar access? Agricultural considerations?
7. How should this Code balance the competing interests between trees and views?
8. What remedies are available to the affected neighbor? Trimming? Topping? Removal?
9. How are legal costs—mediation, arbitration, litigation—split between the parties?
10. Does the affected neighbor bear any of the costs for the remedy?
11. Assuming Dundee follows the California model, who will facilitate the mediation between neighbors?
12. What will the City's involvement be in the process?
13. What is the public purpose for this Code amendment?
14. How would this Code amendment be reconciled with other provisions of the Dundee Municipal Code and Development Code?
 - DMC 12.12.050.B – Topping of street trees prohibited
 - DMC 12.12.060 – Removal of street trees prohibited except in certain circumstances
 - DMC 17.302.040.D – Requires landscape design incorporate existing significant trees and vegetation preserved on the site.
 - DMC 17.302.060.C.3 – Sets minimum coverage for trees in parking lots
 - DMC 17.302.070 – Establishes regulations for street and parking lot trees

Based on Council's answer to these questions, staff can better craft a draft proposal for Council's consideration.

ARTICLE 16.1: TREE DISPUTE RESOLUTION

Sec. 820.	Title.
Sec. 821.	Purpose.
Sec. 822.	Definitions.
Sec. 823.	Procedures.
Sec. 824.	Standards for Resolution of Disputes.
Sec. 825.	Apportionment of Costs.
Sec. 826.	Liabilities.
Sec. 827.	Enforcement.
Sec. 828.	Application With Other Laws.
Sec. 829.	Severability.

SEC. 820. TITLE.

This ordinance shall be known as the San Francisco Tree Dispute Resolution Ordinance.
(Added by Ord. 445-88, App. 9/28/88)

SEC. 821. PURPOSES.

(a) The San Francisco Tree Dispute Resolution Ordinance is enacted for the following public purposes:

- (1) To create rights in favor of private property owners relating to the restoration of sunlight or views lost due to tree growth and to create a procedure for the resolution of disputes concerning those rights;
- (2) To promote all feasible means of energy conservation and all feasible uses of alternative energy supply sources;
- (3) To encourage the use of solar energy for heat and light, encourage food production in private gardens, and increase access to light and views of surrounding locale;
- (4) To preserve and promote the aesthetic and practical benefits which trees provide for individuals and the entire community; and
- (5) To discourage ill-considered harm to, or destruction of, trees.

(b) This ordinance shall not be read to impair obligations imposed by an existing easement or a valid pre-existing enforceable covenant or agreement.

(c) Nothing in this ordinance is meant to replace the peaceful, sensible, and just resolution of differences between neighbors acting in good faith.

(d) It is not a purpose of this ordinance to facilitate or encounter the transmission of radio or television signals.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 822. DEFINITIONS.

For the purposes of this ordinance, the following definitions shall apply:

San Francisco Public Works Code

(a) "Community Boards of San Francisco" shall mean the neighborhood mediation/dispute settlement service established under the auspices of the Community Board Program, Inc.

(b) "Complaining party" shall mean any property owner who wishes to alter or remove a tree on the property of another which creates an obstruction to his or her access to sunlight or view.

(c) "Obstruction" shall mean any view or access to sunlight which is blocked or diminished by the growth, maintenance or location of a tree.

(d) "Restorative action" shall mean any specific requirement to resolve a tree dispute.

(e) "Solar access" shall mean the availability of sunlight to a property.

(f) "Thinning" shall mean the selective removal of entire branches from a tree so as to improve visibility through the tree and/or improve the tree's structural condition.

(g) "Topping" shall mean elimination of the upper portion of a tree's trunk or main leader.

(h) "Tree" shall mean any woody perennial plant, usually with one or more major trunks attaining a height of at least fifteen feet at maturity; as used in this ordinance, the singular shall include the plural and the plural shall include the singular.

(i) "Tree arbitrator" shall mean any trained and experienced arbitrator acceptable to both complaining party and tree owner to mediate or arbitrate a tree dispute.

(j) "Tree claim" shall mean the written basis for arbitration or court action under the provisions of this Article which includes the following:

(1) The nature and extent of the alleged obstruction, including pertinent and corroborating physical evidence. Evidence may include, but is not limited to, photographic prints, negatives, or slides. Such evidence must show absence of the obstruction at any documentable time during the tenure of the complaining party. Evidence to show the date of acquisition must be included.

(2) The location of all trees alleged to cause the obstruction, the address of the property upon which the trees are located, and the present tree owner's name and address.

(3) Any mitigating actions proposed by the parties involved to resolve the tree claim.

(4) The failure of personal communication between the complaining party and the tree owner to resolve the alleged obstruction as set forth in Section 823(a) of this Article. The complaining party must provide physical evidence that written attempts at reconciliation have been made and failed. Evidence may include, but is not limited to, copies of and receipts for certified or registered mail correspondence.

(k) "Tree owner" shall mean any individual owning real property in San Francisco upon whose land is located a tree alleged by a complaining party to cause an obstruction.

(l) "Tree removal" shall mean the elimination of any tree from its present location.

(m) "Trimming" shall mean the selective removal of portions of branches from a tree so as to modify the tree's shape or profile or alter the tree's appearance.

(n) "Views" shall mean a distant vista or panoramic range of sight of San Francisco, neighboring areas, or the San Francisco Bay. Views include but are not limited to skylines, bridges, distant cities, geologic features, hillside terrains, and wooded canyons or ridges.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 823. PROCEDURES.

The procedures described in this Section shall be followed in the resolution of tree disputes between private parties.

(a) **Initial Reconciliation.** A complaining party who believes in good faith that the growth, maintenance or location of a tree on the private property of a tree owner diminishes the beneficial use or economic value of his or her property because the tree interferes with the access to sunlight or views naturally accruing to the property, shall notify the tree owner in writing of these concerns. The notification should, if possible, be accompanied by personal discussions to enable the complaining party and tree owner to attempt to reach a mutually agreeable solution.

(b) **Community Board Mediation.** If the initial reconciliation attempt fails, the complaining party may propose mediation with the Community Boards of San Francisco as a means to settle the dispute on a relatively informal basis. Acceptance of mediation by the tree owner shall be voluntary. Parties should be encouraged to give notice to immediate neighbors and solicit input. The Community Board mediator should consider the objectives, benefits and burdens set forth in this Article in attempting to help both parties reach a resolution of the dispute.

(c) **Tree Claim Preparation.** In the event that the initial reconciliation process fails and Community Board mediation either is not elected or fails, the complaining party must prepare a tree claim as defined in Section 822(j), and provide a copy to the tree owner in order to pursue either binding arbitration or litigation. This process constitutes the filing of a tree claim.

(d) **Binding Arbitration.** In those cases where the initial reconciliation process fails and where Community Board mediation has not resolved the dispute, the complaining party must offer to submit the dispute to binding arbitration, and the tree owner may elect binding arbitration. The identity of the tree arbitrator shall be agreed upon by both the complaining party and the tree owner who shall indicate such agreement in writing. This agreement may provide for employment of experts representing the parties or may be limited to an investigation of the tree claim conducted by the tree arbitrator. The tree arbitrator shall follow the provisions of this Article to reach a fair resolution of the tree claim and shall submit a complete written report to the complaining party and the tree owner. This report shall include the tree arbitrator's findings with respect to all standards listed in Section 824 and a pertinent list of all mandated restorative actions with any appropriate conditions concerning such actions including a schedule by which mandates must be completed. Such actions must be completed with due regard for the health of the tree.

(e) **Litigation.** In those cases where initial reconciliation fails and binding arbitration is not elected, civil action may be pursued by the complaining party for resolution of the sunlight access or view tree claim under the provisions of this ordinance. The litigant must state in the complaint that arbitration was offered and not accepted.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 824. STANDARDS FOR RESOLUTION OF DISPUTES.

In resolving the tree dispute, the tree arbitrator or court shall consider the benefits and burdens derived from the alleged obstruction within the framework of the purposes of this Article as set forth in Section 821 in determining what restorative actions, if any, are appropriate. In proposing any given restorative action the complaining party shall have the burden of proving that the burdens posed by the tree owner's trees outweigh the benefits provided by the trees with respect to the proposed restorative action.

(a) Burdens.

San Francisco Public Works Code

(1) The hazard posed by a tree to persons or structures on the property of the complaining party including, but not limited to, fire danger and the danger of falling limbs or trees.

(2) The extent to which the tree diminishes the amount of sunlight available to the garden or home of the complaining party.

(3) The extent to which the tree interferes with efficient operation of a complaining party's pre-existing solar energy system.

(4) The existence of landmarks, vistas or other unique features which cannot be seen because of growth of trees since the acquisition of the property.

(5) The extent to which the alleged obstruction interferes with sunlight or view. The degree of obstruction shall be determined by means of a measuring instrument or photography.

(6) The extent to which solar access or the view is diminished by factors other than trees.

(7) Deleterious effect of the tree upon the complaining party's vegetation through loss of heat and light except that the dropping of leaves or maintenance factors shall not be a burden under this ordinance.

(b) Benefits.

(1) Visual quality of the tree, including but not limited to, species characteristics, size, growth, form and vigor.

(2) Location with respect to overall appearance, design, and/or use of the tree owner's property.

(3) Soil stability provided by the tree considering soil structure, degree of slope, and extent of the tree's root system.

(4) Visual, auditory and wind screening provided by the tree to the tree owner and to neighbors.

(5) Energy conservation and/or climate control provided by the tree.

(6) Wildlife habitat provided by the tree.

(7) The economic value of the tree as measured by criteria developed by the International Society of Arboriculture and the economic value of the property as a result of the tree.

(8) Other tree-related factors, including, but not limited to:

(i) The degree to which the species is native to the local region or area;

(ii) Indigenous nature of the species to which the tree belongs;

(iii) Specimen tree quality;

(iv) Rare tree species, and the frequency of new planting of a tree;

(v) Landmark tree designation, as determined pursuant to Section 811 of the Public Works Code.

(c) Restorative Actions.

(1) Restorative actions may include written directions as to appropriate timing of trimming, thinning, topping, or removal. Such restorative actions are to apply only to current parties to the agreement. The tree arbitrator or court may require compensation to the tree owner for value lost due to restorative actions.

Possible restorative actions may include (i) no action, (ii) trimming, (iii) thinning, (iv) delayed trimming or thinning, (v) topping, or (vi) tree removal with possible replacement plantings.

(2) Restorative actions shall be limited to the trimming and/or thinning of branches where possible and practical. Trimming or thinning may be on a delayed basis, providing time for the top of the tree to grow above the point where it obstructs sunlight or view.

(3) When trimming and/or thinning of branches is not a feasible solution, the impact on the health of the tree shall be considered before topping is required.

(4) In those cases where tree removal eliminates or significantly reduces the tree owner's benefits, required replacement plantings shall at the tree owner's option be set forth in writing prior to the tree removal. The tree owner may elect tree removal with replacement plantings (as an alternative to trimming, thinning and topping).

(5) All trimming, thinning, topping and tree removal required under this ordinance may be performed by a person or firm selected by the tree owner with the concurrence of the complaining party, except that in the event that the complaining party is not obligated to bear any of the cost for such action, his or her concurrence is not required. The use of a certified arborist for such work is especially encouraged; in the case of Landmark trees, use of a certified arborist is required.

(6) The extent of solar access or view available and documentable as present at any time during the tenure of the complaining party is the limit of restorative action which may be required.

(7) No restorative action may be required concerning any tree the base of which is more than 300 feet from the immediate vicinity of the dwelling of the complaining party's property. If no dwelling exists, the distance shall be determined from the most likely dwelling site upon the property or from the geographical center of the property at the discretion of the arbitrator or court as appropriate.

(8) A tree which has been the subject of restorative action under the terms of this ordinance is exempted from other property owners' claims for a period of five years from date of filing of a tree claim.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 825. APPORTIONMENT OF COSTS.

(a) **Cost of Arbitration.** The complaining party and the tree owner shall each pay 50 percent of the costs of the arbitrator's personal fee, if any.

(b) **Costs of Litigation.** The complaining party shall pay 100 percent of both parties' reasonable attorneys' fees in the event that his or her claim is finally denied, or no action is ordered pursuant to Section 824(c). In all other cases the complaining party and the tree owner shall each pay his or her attorney's fees. Court costs shall be allocated to the parties at the court's discretion.

(c) **Costs of Restorative Actions.** At any time during the procedure specified in this ordinance the parties may agree between themselves as to the allocation of the costs of restorative action. If such an agreement is not reached, the following shall apply:

(1) As to trees planted prior to the effective date of this ordinance the complaining party shall pay 100 percent of the costs of the initial restorative action. The complaining party shall pay the cost of subsequent restorative action as a result of the recurrence of the same obstruction.

(2) As to trees planted subsequent to the effective date of this chapter the tree owner and the complaining party shall each be responsible for 50 percent of the costs of restorative action and subsequent recurrence of the same obstruction.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 826. LIABILITIES.

(a) The issuance of Community Board mediation findings, an arbitration report or a court decision shall not create any liability of the City with regard to the restorative actions to be performed.

(b) The complaining party shall indemnify and hold harmless the tree owner with respect to any damages or liability incurred by said owner arising out of the performance of any work at the behest of the complaining party as follows:

(1) With respect to trees planted prior to the effective date of this ordinance, the complaining party shall indemnify the tree owner as to 100 percent of any such damages or liability.

(2) With respect to trees planted after the effective date of the ordinance, the complaining party shall indemnify the tree owner as to 50 percent of any such damages or liability.

(c) Failure to enforce on the part of the city will not give rise to any civil or criminal liabilities.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 827. ENFORCEMENT.

A violation of this Article is not a misdemeanor, and the enforcement of this Article shall be by private parties involved. The complaining party shall have the right to bring injunctive action to enforce any restorative action ordered pursuant to this Article.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 828. APPLICATION WITH OTHER LAWS.

Nothing in this ordinance shall be construed to affect, diminish, or replace the duties and authority of the Director of Public Works set forth in Article 16 of the Public Works Code.

(Added by Ord. 445-88, App. 9/28/88)

SEC. 829. SEVERABILITY.

If any portion of this ordinance or its application to any person or circumstances is held invalid, the remainder of the ordinance, including its application to other persons or circumstances shall remain in effect.

(Added by Ord. 445-88, App. 9/28/88)

CHAPTER 22.76

VIEW DISPUTE RESOLUTION PROCESS

Sections:

- 22.76.010 Findings.
- 22.76.020 Intent and Purpose.
- 22.76.030 Definitions.
- 22.76.040 View or Sunlight Claim Limitations.
- 22.76.050 Private View or Sunlight Claim.
- 22.76.060 Initial Discussions.
- 22.76.070 Mediation.
- 22.76.080 Arbitration.
- 22.76.090 Private Cause of Action - View Restoration.

- 22.76.100 Restoration Action Limitations.
- 22.76.110 View or Sunlight Claim Evaluation Criteria.
- 22.76.120 Hierarchy of Restoration Actions.
- 22.76.130 Responsibility for Restoration Action and Subsequent Maintenance.
- 22.76.140 Liability.

- 22.76.010 Findings.

The City Council finds and declares as follows:

A. Both views and trees and vegetation contribute to the aesthetic value, quality of life, ambiance and economic value of properties within the City of Santa Barbara. Similarly, access to sunlight across property lines contributes to the health and well being of community members, enhances property values and provides an opportunity to utilize solar energy. Utilization of passive solar energy reduces air pollution, visual blight and promotes the general health and welfare of the residents of the City.

B. Views, whether of the Pacific Ocean, the Channel Islands, the City, the Santa Ynez Mountains, the surrounding hillsides and canyons, or other natural and man-made landmarks produce a variety of significant and tangible benefits for both residents and visitors. Views contribute to the aesthetic visual environment of the City of Santa Barbara by providing scenic vistas and inspiring distinctive architectural design.

C. Trees and vegetation produce a wide variety of significant psychological and tangible benefits for both residents and visitors to the community. Trees and vegetation provide privacy, modify temperatures, screen winds, replenish oxygen to the atmosphere, maintain soil moisture, mitigate soil erosion and provide wildlife habitat. Trees and vegetation contribute to the visual environment and aesthetics by blending, buffering and reducing the scale and mass of architecture. Trees and vegetation within the City provide botanical variety and a sense of history. Trees and vegetation also create shade and visual screens and provide a buffer between

different land uses.

D. The benefits derived from views, trees and vegetation and sunlight may come into conflict. The planting of trees and other vegetation and their subsequent growth, particularly when such trees are not properly maintained, can produce unintended harmful effects both on the property on which they are planted or on neighboring properties. (Ord. 5220, 2002.)

22.76.020 Intent and Purpose.

The intent and purpose of this Chapter is to accomplish the following:

A. Right to Scenic View and Sunlight Access. Establish the right of a real property owner to preserve scenic views and access to sunlight free from unreasonable obstructions caused by the growth of trees under circumstances where such views and sunlight access existed prior to the growth of the unreasonable obstruction.

B. Dispute Resolution Process. Establish that real property owners are in need of a process to resolve disputes among themselves concerning view or sunlight access within the immediate vicinity of their property.

C. Evaluation Procedures. Establish procedures and evaluation criteria by which private real property owners may seek a mutually acceptable resolution of such views or sunlight access disputes.

D Protect Trees. Discourage ill-considered damage to trees and vegetation and promote proper use of trees and landscaping establishment and maintenance.

E. Not a Covenant or Servitude. It is not the intent and purpose of this Chapter for the City to create either a covenant running with the land or an equitable servitude.

F. Right Exclusive to this Chapter. Nothing herein shall be deemed to establish a general right of a homeowner to affect or restrict the lawful development or use (including the use and maintenance of landscaping) of a neighboring property under circumstances where such development or use is otherwise permitted, approved, or allowed under the provisions of the Santa Barbara Municipal Code. In addition, nothing herein shall be deemed or construed to provide a homeowner with any thing other than the rights specified in this Chapter for the restoration of a view or access to sunlight and a right to utilize the dispute resolution process for addressing unreasonable tree or vegetation view obstructions, as such claim process is established herein. (Ord. 5220, 2002.)

22.76.030 Definitions.

For the purpose of this Chapter, the following words and phrases shall have the meanings set forth herein:

A. ALTER. To take action that changes a tree or vegetation, including but not limited to extensive pruning of the canopy area, topping, cutting, girdling, interfering with the water supply, applying chemicals or re-grading around the feeder root zone of the tree or vegetation.

B. ARBITRATION. A voluntary legal procedure for settling disputes and leading to a determination of rights of parties, usually consisting of a hearing before an arbitrator where all relevant evidence may be freely admitted as set forth in California Code of Civil Procedure Section 1280 et. seq.

C. ARBITRATOR. A mutually agreed upon neutral third party professional intermediary who conducts a hearing process and who hears testimony, considers evidence, and makes a decision for the disputing parties. The arbitrator may be chosen from a list available from the City of qualified and professionally trained arbitrators, including but not limited to members of the American Association of Arbitrators.

D. ARBORIST, CERTIFIED. A person who has passed a series of tests by the International Society of Arboriculture (ISA), is governed by ISA's professional code of ethics and possesses the technical competence through experience and related education and training to provide for or supervise the management of trees and other woody plants.

E. AUTHORIZED AGENT. A person, as defined herein, who has been designated and approved in writing by a real property owner of record to act on his or her behalf in matters pertaining to the processing of a view or sunlight claim as outlined in this Chapter.

F. CANOPY. The umbrella-like structure created by the overhead leaves and branches of a tree which create a sheltered area below.

G. CITY MAINTAINED TREES. Trees which are specifically designated for maintenance by the City Council for City maintenance under SBMC Section 15.20.050 in the Master Street Tree Plan adopted pursuant to SBMC Section 15.20.030.

H. CITY PROPERTY. Real property of which the City is the fee simple owner of record.

I. CLAIM. VIEW OR SUNLIGHT. Documentation, as set forth in Section 22.76.050, that outlines the basis of view or sunlight access diminishment and the specific restoration action that is being sought which shall serve as the written basis for arbitration or a legal cause of action under the provisions of this Chapter.

J. COMPLAINANT. Any property owner, group of property owners (or an authorized agent thereof) who allege that tree(s)/vegetation located within the immediate vicinity of their property as set forth in Section 22.76.040 is causing unreasonable obstruction of the view or blocking the sunlight benefiting the real property of the Complainant.

K. CROWN. The rounded top of the tree.

L. CROWN REDUCTION/SHAPING. A method of comprehensive trimming that reduces a tree's height or spread. Crown reduction entails the reduction of the top, sides, or individual limbs of a tree by means of removal of leaders or the longest portion of limbs to a lateral large enough to assume the terminal.

M. DESTROY. To take action that endangers the health or vigor of a tree or vegetation, including but not limited to, cutting, girdling, interfering with the water supply, applying chemicals or re-grading around the base of the trunk of a tree.

N. DIRECTOR. The Director of the City Community Development Department.

O. HEADING BACK. The overall reduction of the mass of a tree by modification to its major limbs.

P. HISTORIC or SPECIMEN TREE. Any tree or stand of trees that have been designated as either an Historic Tree or a Specimen Tree pursuant to the authority of the Santa Barbara Municipal Code Chapters 15.20 and 15.24.

Q. LACING or THINNING. A comprehensive method of trimming that systematically and sensitively removes excess foliage and improves the structure of a tree.

R. LANDSCAPE CONSULTANT. A landscape professional retained to provide advice and information regarding landscape plans, view or sunlight claims, and landscaping

techniques and maintenance procedures.

S. MAINTENANCE PRUNING. Pruning with the primary objective of maintaining or improving tree health and structure; includes "crown reduction/shaping" or "lacing," but not ordinarily "topping" or "heading back".

T. MEDIATOR. A neutral, objective third party professional negotiator to help disputing parties reach a mutually satisfactory solution regarding a view or sunlight claim. The mediator may be chosen from a list available from the City of qualified and professionally trained (arbitrators/mediators), including but not limited to members of the American Association of Arbitrators.

U. OBSTRUCTION. The blocking or diminishment of a view or sunlight access attributable to growth, improper maintenance or location of trees or vegetation.

V. PERSON. Any individual, individuals, corporation, partnership, firm or other legal entity.

W. PRUNING. The removal of plant material from a tree or from vegetation.

X. REAL PROPERTY. Rights or interests of ownership of land and all appurtenances to the land including buildings, fixtures, vegetation and improvements erected upon, planted, or affixed to the land.

Y. RESTORATION ACTION. Any specific steps taken affecting trees or vegetation that would result in the restoration of a view or sunlight access across real property lines.

Z. SEVERE PRUNING. The cutting of branches or trunk of a tree in a manner which substantially reduces the overall size of the tree or destroys the existing symmetrical appearance or natural shape of the tree and which results in the removal of main lateral branches leaving the trunk and branches of the tree in a stub appearance. "Topping" and "heading back" as defined herein are considered to be severe pruning.

AA. STAND THINNING. The selective removal of a portion of trees from a grove of trees.

BB. STREET. The portion of a right-of-way easement used for public purposes, such as roadway improvements, curbs, gutters and sidewalks, dedicated to the City, and formally accepted by the City into the City public street system for maintenance purposes.

CC. SUNLIGHT. The availability or access to light from the sun across property lines.

DD. TOPPING. Eliminating the upper portion of the trunk or main leader of a tree.

EE. TREE. Any woody perennial vegetation that generally has a single trunk and reaches a height of at least eight feet at maturity.

FF. TREE or VEGETATION OWNER. Any person owning real property in the City whereon tree(s) or vegetation is located.

GG. VIEW. A vista of features, including but not limited to, bodies of water, beaches, coastline, islands, skylines, ridges, hillside terrain, canyons, geologic features, mountains, and landmarks. The term "view" does not necessarily include an unobstructed panorama of these features.

HH. VISTA PRUNING. The selective thinning of framework limbs or specific areas of the crown of a tree to allow a view from a specific point. (Ord. 5220, 2002.)

22.76.040 View or Sunlight Claim Limitations.

A. PRIVATE VIEW DISPUTE RESOLUTION. Subject to the other provisions of this Chapter, the owner or owners of real property within the City (as the "Complainant") may initiate the private view dispute resolution process provided for in this Chapter. However, a request for view or sunlight access dispute resolution may only be made if such a claim has not been initiated against the same real property by the Complainant with respect to the same tree or vegetation obstruction within a two-year time period prior to the initiation of the most recent request.

B. CITY OWNED AND MAINTAINED TREES. Nothing herein shall provide any authority or process for the permitting of alterations to or the removal of City Maintained Trees or the alteration or removal of those trees regulated by SBMC Chapters 15.20 and 15.24. (Ord. 5220, 2002.)

22.76.050 Private View or Sunlight Claim.

A. NOTICE TO CITY OF COMPLAINT. A Complainant shall notify the City Community Development Department of any request for mediation or arbitration pursuant to the provisions of this Chapter and shall provide the City with the claim documentation materials described in subsection B hereof. Such notification and documentation shall be for the purposes of City record-keeping regarding the use of this Chapter only and shall not obligate the City to assist or advise a property owner or participate in the dispute resolution process in any way.

B. CONTENTS OF CLAIM. A view or sunlight restoration dispute resolution process claim shall consist of all of the following documentation and evidence:

1. Evidence of Prior View. A written description of the nature and extent of the alleged obstruction, including pertinent and corroborating photographic evidence. Evidence may include, but is not limited to, documented and dated photographic prints or slides as well as written testimony or declarations from residents living in the area. Such evidence should, if possible, show the extent to which the view or sunlight access has been diminished over time by the excessive growth of the trees or vegetation;

2. Evidence Regarding Unreasonable Tree Blockage. The location of all trees or vegetation alleged to cause the obstruction, the address of the property upon which the trees or vegetation are located, and the present tree/vegetation owner's name and address;

3. Desired Action. The specific view or sunlight access restoration actions being requested by the Complainant in order to resolve the allegedly unreasonable view obstruction;

4. Evidence of Attempted Resolution. Evidence that an initial discussion between the two property owners (as described in Section 22.76.060) has been made and has failed. Evidence may include, but is not limited to, copies of receipts for certified or registered mail correspondence;

5. Evidence of Ownership. Evidence confirming the ownership and the date of acquisition of the Complainant's property.

(Ord. 5220, 2002.)

22.76.060 Initial Discussions.

A. INITIAL CONTACT. A Complainant who believes that a tree or some other vegetation which has grown on another person's real property has caused unreasonable

obstruction of a view or sunlight access from the Complainant's property shall first advise the tree or vegetation property owner of such view or sunlight blockage concerns. This notification shall request personal discussions to enable the Complainant and tree/vegetation property owner to attempt to reach a mutually agreeable solution and shall be followed up with a written confirmation of any agreed-upon resolution and schedule for the required work of view restoration.

B. NOTIFICATION REQUIREMENTS. The initial notification from the Complainant to the owner of the tree/vegetation shall provide a copy of the View Preservation Ordinance (Santa Barbara Municipal Code Chapter 22.76). In the initial notification, the Complainant shall invite the tree/vegetation owner to view the alleged obstruction from the Complainant's property, and the tree/vegetation owner is urged to invite the Complainant to view the situation from the owner's property. Failure of the tree/vegetation owner to respond to the written request for initial discussion within thirty (30) days from the date of posting shall be deemed a refusal by the owner to participate in the initial discussion phase of the process.

C. FAILURE TO AGREE. After the initial discussion, if the parties do not agree as to the existence and nature of the Complainant's obstruction or to the appropriate restoration action or if the initial discussion is refused, the Complainant may proceed with the subsequent dispute resolution process outlined herein with respect to mediation, arbitration, and court action. (Ord. 5220, 2002.)

22.76.070 Mediation.

A. MEDIATION REQUEST. If initial discussion under Section 22.76.060 fails to achieve agreement between the tree/vegetation owner and Complainant, the Complainant may send to the tree/vegetation owner a request that the tree/vegetation owner accept participation in a mediation process in an effort to resolve the view or sunlight blockage claim. Acceptance of mediation by the tree/vegetation owner shall be voluntary. However, the request may inform the tree/vegetation owner that failure to participate in mediation may be brought to the court's attention in the event of subsequent legal action by the Complainant. Failure of the tree/vegetation owner to respond to the notice requesting mediation within thirty (30) days from the date of posting shall be deemed formal refusal of the mediation process by the tree/vegetation owner.

B. SELECTION OF MEDIATOR. If the tree/vegetation owner agrees to participate in a mediation process, the parties shall agree in writing to the selection of an individual mediator, which may be chosen from a list of professional mediators available from the City Community Development Department.

C. AUTHORITY OF MEDIATOR. The mediator is encouraged to be guided by the provisions of this Chapter, including the claim evaluation criteria and the hierarchy of restoration actions set forth in Sections 22.76.110 and 22.76.120, respectively, in attempting to mediate a resolution of the view or sunlight blockage claim. The mediator may request a consultation or information from a certified arborist (chosen from a list of such arborists made available by the Community Development Director) regarding any questions involving landscape techniques or maintenance procedures, with the expense of such consultation payable as a mediation expense in accordance with the provisions of this Chapter.

D. ROLE OF THE MEDIATOR; COSTS; FAILURE TO RESPOND. The role of

the mediator shall be advisory in nature and shall not be binding in establishing view or sunlight restoration action. Any agreement reached between the two parties as a result of the mediation process described herein shall be reduced to writing by the mediator and signed by the mediator and all of the parties. The cost of mediation shall be paid by the Complainant or shared in a manner set by mutual agreement between the parties. The failure of the tree/vegetation owner to respond to implement (or allow the implementation of) a mediated resolution within thirty (30) days of the submission of the mediated resolution to the owner (as established by the posting date) shall be deemed a refusal by the tree/vegetation owner to accept mediation. (Ord. 5220, 2002.)

22.76.080 Arbitration.

A. REQUEST FOR ARBITRATION. If the initial discussion under Section 22.76.060 or a mediated resolution pursuant to Section 22.76.070 fails to achieve agreement between the tree/vegetation owner and the Complainant, the Complainant may advise the tree/vegetation owner in writing that the Complainant is requesting participation in a formal arbitration process. Acceptance of arbitration by the tree/vegetation owner shall be voluntary. However, the request may inform the tree/vegetation owner that failure to participate in the arbitration process may be brought to the court's attention in the event of subsequent legal action by the Complainant pursuant to Section 22.76.090.

The tree/vegetation owner shall have thirty (30) days from posting of the arbitration notice to either accept or decline arbitration. Failure to respond within thirty (30) days shall be deemed a formal refusal of arbitration. If accepted, the parties shall agree in writing to the selection of an individual arbitrator, who may be chosen from a list of professional arbitrators available from the City, within thirty (30) days of such acceptance. If the parties do not agree on a specific arbitrator within thirty days, either party may petition a court of competent jurisdiction to appoint an arbitrator.

B. AUTHORITY OF ARBITRATOR. The arbitrator is encouraged to be guided by the provisions of this Chapter, including the claim evaluation criteria and the hierarchy of restoration actions set forth in Sections 22.76.110 and 22.76.120, respectively, in attempting to help resolve the view or sunlight blockage claim and shall submit a complete written decision to the Complainant and the tree/vegetation owner. An arbitrator is encouraged to request a report from a certified arborist with respect to the view obstruction dispute. Any decision of the arbitrator shall not be binding and shall only be enforceable pursuant to the provisions of California Code of Civil Procedure Section 1285 et seq.

C. ACCEPTANCE OF THE ARBITRATOR'S DECISION; COSTS OF ARBITRATION. The failure of the tree/vegetation owner to implement the arbitrator's decision within thirty (30) days of the posting of the written decision shall be deemed a refusal to accept arbitration. The costs of arbitration shall be paid by the Complainant or shared by mutual agreement between the parties. (Ord. 5220, 2002.)

22.76.090 Private Cause of Action - View Restoration.

A. INITIAL COMPLAINT. If a Complainant has pursued and has been unsuccessful in attempting to obtain an acceptable restoration under Section 22.76.060 ("Initial Discussion"),

Section 22.76.070 ("Mediation"), or Section 22.76.080 ("Arbitration"), the Complainant may initiate a civil action in Superior Court for the County of Santa Barbara for resolution of owner's view or sunlight claim under the provisions of this Chapter. The Complainant is encouraged to provide the Court the results of the view or sunlight claim resolution process, particularly any proposed mediator's or arbitrator's decision, as well as any report or study prepared by a certified arborist prepared in connection with the view obstruction dispute. At the discretion of the judge issuing a judgment pursuant to this section, the judgment may be recorded in the official records of Santa Barbara County.

B. SUBSEQUENT COMPLAINTS. A Complainant who has initiated a Complaint and obtained Restoration Action through mediation or arbitration under this Chapter with respect to a particular Obstruction within two (2) years of a subsequent Complaint shall not be required to seek mediation or arbitration on the subsequent Complaint for the same obstruction prior to initiating legal action pursuant to this Section. (Ord. 5220, 2002.)

22.76.100 Restoration Action Limitations.

Except as otherwise authorized by law, no tree or vegetation on real property owned or controlled by another person may be removed, destroyed, or otherwise altered unless the Complainant either enters into a written agreement with the tree/vegetation owner allowing the Complainant to enter the property to do so or the Complainant obtains a judicial determination specifying, in detail, the nature and timing of the restoration action, the Complainant's right to enter the property, and designating the parties responsible for performing such restoration action. In all cases, restoration actions shall be structured and implemented in accordance with the hierarchy established by Section 22.76.120. (Ord. 5220, 2002.)

22.76.110 View or Sunlight Claim Evaluation Criteria.

In evaluating and resolving a view or sunlight claim, the following unranked criteria shall be considered:

- A. The vantage point(s) in the Complainant's home from which the view or sunlight is obtained or received;
- B. The extent of the view or sunlight obstruction;
- C. The quality of the view or sunlight access, including the existence of landmarks or other unique view features, or the extent to which these views or sunlight access are blocked by tree(s) or vegetation;
- D. The extent to which the view or sunlight access is diminished by factors other than tree(s) or vegetation;
- E. The extent to which the tree(s) or vegetation have grown to obscure the enjoyment of view or sunlight access from the Complainant's property compared with the view or sunlight access which was available at the time the Complainant acquired his or her home;
- F. The number of existing trees or amount of vegetation in the area, the number of healthy trees that a given parcel of land will support, and the current effects of the tree(s) and their removal on the neighboring vegetation;
- G. The extent to which the tree(s) or vegetation provide:
 1. Screening or privacy;

2. Energy conservation or climate control;
3. Soil stability, as measured by soil structure, degree of slope, and extent of the tree's root system when a tree is proposed for removal;
4. Aesthetics;
5. Community or neighborhood quality or significance;
6. Shade;
7. Historical context due to the age of the tree/vegetation;
8. Rare and interesting botanical species;
9. Habitat value for wildlife; and
10. Blending, buffering or reduction in the scale and mass of adjacent architecture.

H. The date the Complainant purchased his or her property and circumstances which existed at that time with respect to the view;

I. The date the tree/vegetation owner purchased his or her property and circumstances which existed at that time with respect to the view;

J. The distance between the Complainant's home and the tree or vegetation Obstruction for which Restoration Action is sought;

K. Whether the tree or vegetation Obstruction is located within a City-designated "High Fire Hazard" zone and constitutes the type of trees or vegetation not generally encouraged for new residential construction within such zones;

L. The extent to which the City has an interest in the preservation of an affected tree in its present form due to its unique character, its historical importance, or other specific factors as may be identified by a certified arborist. (Ord. 5220, 2002.)

22.76.120 Hierarchy of Restoration Actions.

View or sunlight restoration actions must be consistent with all other provisions of this Chapter and SBMC Title 22 generally. Severe pruning should be avoided due to the damage such practice causes to the tree's form and health. Restoration actions may include, but are not limited to the following, in order of preference:

A. Lacing or Thinning. Lacing/thinning is the most preferable pruning technique that removes excess foliage and can improve the structure of the tree.

B. Vista Pruning. Vista pruning of branches may be utilized where possible, if it does not adversely affect the tree's growth pattern or health. Topping should not be done to accomplish vista pruning.

C. Crown Reduction. Crown reduction is preferable to topping or tree removal, if it is determined that the impact of crown reduction does not destroy the visual proportions of the tree, adversely affect the tree's growth pattern or health, or otherwise constitute a detriment to the tree(s) in question.

D. Stand Thinning. The removal of a portion of the total number of trees from a grove of trees, without any replacement plantings.

E. Topping. Eliminating the upper portion of a tree's trunk or main leader. Topping is only to be permitted for trees specifically planted and maintained as a hedge, espalier, bonsai or in pollard form and if restoration actions (A) through (D) of this section will not accomplish the determined restoration and the subsequent growth characteristics will not create a future

obstruction of greater proportions.

F. **Heading Back.** Eliminating the outer extent of the major branches throughout the tree. Heading back is only to be permitted for trees specifically planted and maintained as a hedge, espalier, bonsai or in pollard form and if restoration actions (A) through (E) of this section will not accomplish the determined restoration and the subsequent growth characteristics will not create a future obstruction of greater proportions.

G. **Tree/Vegetation Removal.** Tree or vegetation removal, which may be considered when the above-mentioned restoration actions are judged to be ineffective and may be accompanied by replacement plantings or appropriate plant materials to restore the maximum level of benefits lost due to tree removal. (Ord. 5220, 2002.)

22.76.130 Responsibility for Restoration Action and Subsequent Maintenance.

The costs of restoration action and subsequent maintenance shall be determined either by agreement between the tree or vegetation owner and the Complainant or as required pursuant to any final arbitration decision or court order. (Ord. 5220, 2002.)

22.76.140 Liability.

A. **NON-LIABILITY OF CITY.** The City shall not be liable or responsible for any damages, injury, costs or expenses which are the result of any recommendations or determinations made by City Staff or mediator, or decisions made by other persons (e.g., arbitrator or judge) concerning a view or sunlight claim or a Complainant's assertions pertaining to views or sunlight access granted or conferred herein.

B. **CITY ENFORCEMENT.** Under no circumstances shall the City have any responsibility or obligation to enforce or seek any legal redress, civil or criminal, for any decision made concerning a view or sunlight claim.

C. **NO CRIMINAL RESPONSIBILITY.** Notwithstanding Chapter 1.28 of the Santa Barbara Municipal Code, a failure to comply with the provisions of this Chapter is not a criminal offense, and the enforcement of this Chapter shall be only by the affected and interested private parties. (Ord. 5220, 2002.)

RESOLUTION NO. 2016-25

**A RESOLUTION ACCEPTING DUNDEE ELECTION RESULTS
FROM THE NOVEMBER 8, 2016 GENERAL ELECTION AS CERTIFIED
BY YAMHILL COUNTY CLERK BRIAN VAN BERGEN.**

WHEREAS, the City Council passed Ordinance No. 550-2016, imposing a tax on the sale of marijuana items by a marijuana retailer in the City of Dundee and Ordinance No. 550-2016 was referred to the electors of the City of Dundee at the November 8, 2016 general election; and

WHEREAS, votes were cast at the November 8, 2016 general election for mayor and three city council positions; and

WHEREAS, the city received from Yamhill County Clerk Brian Van Bergen, a certificate certifying the true, actual, and final results (Canvass Report) of the November 8, 2016 General Election;

NOW, THEREFORE, THE CITY OF DUNDEE RESOLVES AS FOLLOWS:

Section 1. The City accepts the Canvass Reports of the Yamhill County Clerk certifying the true, actual, and final results for the November 8, 2016, General Election. A copy of the Canvass Reports showing the final results is attached as Exhibit A, which is hereby adopted and by this reference incorporated.

Section 2. Based upon these results, the City Council declares Measure 36-184 passed and that Ordinance No. 550-2016 to be effective November 28, 2016.

Section 3. The following individuals received the majority of votes for their respective positions:

Mayor	David Russ
City Council	Tim Weaver
City Council	Jeannette Adlong
City Council	Kristen Svcarovich

APPROVED by the City Council this 6th day of December 2016.

Approved:

David Russ, Mayor

Attest:

Rob Daykin, City Administrator/Recorder

**City of Dundee Canvass Report — Total Voters — Official
 Yamhill County, Oregon — || November 8, 2016 General Election — November 08, 2016**

11/28/2016 09:59 AM
 Precincts Reporting 21 of 21 = 100.00%
 District Precincts Reporting 1 of 1 = 100.00%

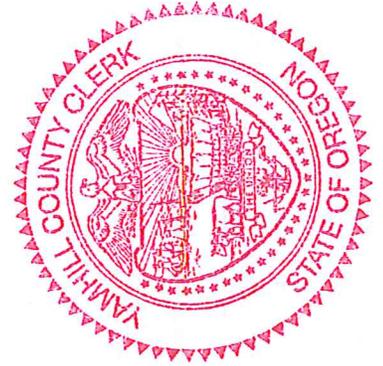
Page 1 of 3

Total Number of Voters : 49,697 of 62,702 = 79.26%
 Number of District Voters: 1,720 of 2,091 = 82.26%

City of Dundee Mayor

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	David Russ	Misc. Write-in	Totals
007	0	1720	1720	2091	82.26%	1022	67	1089
Totals	0	1720	1720	2091		1022	67	1089

Exhibit A Attachment
 For RESOLUTION NO. 2016-25



I CERTIFY THAT THE VOTES RECORDED ON THIS
 ABSTRACT CORRECTLY SUMMARIZE THE TALLY
 OF VOTES CAST AT THE ELECTION INDICATED.

 SIGNATURE OF COUNTY CLERK
 11-28-16

 DATE OF ABSTRACT

**City of Dundee Canvass Report — Total Voters — Official
 Yamhill County, Oregon — || November 8, 2016 General Election — November 08, 2016**

Page 2 of 3

Total Number of Voters : 49,697 of 62,702 = 79.26%
 Number of District Voters: 1,720 of 2,091 = 82.26%

11/28/2016 09:59 AM
 Precincts Reporting 21 of 21 = 100.00%
 District Precincts Reporting 1 of 1 = 100.00%

Dundee City Councilor - 3 At-Large

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Tim Weaver	Jeanette Adlong	Kristen Svicarovich	Kyle McNeille Lattimer	Misc. Write-in	Totals
007	0	1720	1720	2091	82.26%	1012	915	840	425	39	3231
Totals	0	1720	1720	2091		1012	915	840	425	39	3231

**City of Dundee Canvass Report — Total Voters — Official
 Yamhill County, Oregon — || November 8, 2016 General Election — November 08, 2016**

11/28/2016 09:59 AM
 Precincts Reporting 21 of 21 = 100.00%
 District Precincts Reporting 1 of 1 = 100.00%

Page 3 of 3

Total Number of Voters : 49,697 of 62,702 = 79.26%
 Number of District Voters: 1,720 of 2,091 = 82.26%

36-184 City of Dundee marijuana tax

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	YES	NO	Totals
007	0	1720	1720	2091	82.26%	1211	434	1645
Totals	0	1720	1720	2091		1211	434	1645

City of Dundee Cumulative Report — Official Yamhill County, Oregon — || November 8, 2016 General Election — November 08, 2016

11/28/2016 09:59 AM

Precincts Reporting 21 of 21 = 100.00%
District Precincts Reporting 1 of 1 = 100.00%

Page 1 of 1

Total Number of Voters : 49,697 of 62,702 = 79.26%
Number of District Voters: 1,720 of 2,091 = 82.26%

Party	Candidate	Early	Election	Total
	City of Dundee Mayor, Vote For 1			
	David Russ	0	1,022	1,022
	Misc. Write-in (W)	0	67	67
	Cast Votes:	0	1,089	1,089
	Over Votes:	0	0	0
	Under Votes:	0	631	631

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	1,720	2,091	82.26%

Dundee City Councilor - 3 At-Large, Vote For 3

Tim Weaver	0	0.00%	1,012	31.32%	1,012	31.32%
Jeannette Adlong	0	0.00%	915	28.32%	915	28.32%
Kristen Svicarovich	0	0.00%	840	26.00%	840	26.00%
Kyle McNeill Lattimer	0	0.00%	425	13.15%	425	13.15%
Misc. Write-in (W)	0	0.00%	39	1.21%	39	1.21%
Cast Votes:	0	0.00%	3,231	62.62%	3,231	62.62%
Over Votes:	0	0.00%	1	0.06%	1	0.06%
Under Votes:	0	0.00%	1,926	37.33%	1,926	37.33%

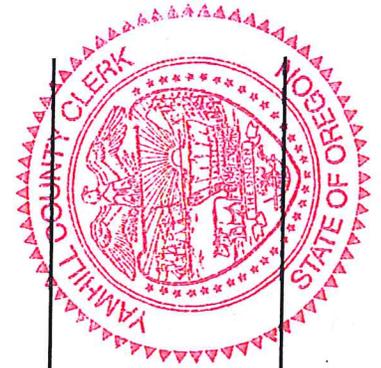
Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	1,720	2,091	82.26%

I CERTIFY THAT THE VOTES RECORDED ON THIS ABSTRACT CORRECTLY SUMMARIZE THE TALLY OF VOTES CAST AT THE ELECTION INDICATED.
[Signature]
SIGNATURE OF COUNTY CLERK:
DATE OF ABSTRACT:

36-184 City of Dundee marijuana tax, Vote For 1

YES	0	0.00%	1,211	73.62%	1,211	73.62%
NO	0	0.00%	434	26.38%	434	26.38%
Cast Votes:	0	0.00%	1,645	95.64%	1,645	95.64%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	0	0.00%	75	4.36%	75	4.36%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	1,720	2,091	82.26%



RESOLUTION NO. 2016 - 26

A RESOLUTION ADOPTING A WHISTLEBLOWER POLICY FOR THE CITY OF DUNDEE

WHEREAS, House Bill 4067 (2016) expands Oregon's whistleblower protections by providing an affirmative defense for public employees who release certain information if they are engaged in an objectively good faith effort to report malfeasance; and

WHEREAS, employers are required to inform their employees of their rights under the act and to develop policies to protect whistleblowing; and

WHEREAS, the state law requires the policy be in place as of January 1, 2017.

NOW, THEREFORE, THE CITY OF DUNDEE RESOLVES AS FOLLOWS:

SECTION 1. The Dundee City Council hereby adopts the attached Whistleblower Policy and authorizes the City Administrator to implement the policy.

SECTION 2. The effective date of the policy shall be January 1, 2017.

This resolution was PASSED and ADOPTED this 6th day of December, 2016.

DAVID RUSS, MAYOR

ATTEST:

ROB DAYKIN, CITY ADMINISTRATOR/RECORDER

WHISTLEBLOWER POLICY

The City of Dundee ("City") requires its councilors and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the City, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that the City can address and correct inappropriate conduct and actions. It is the responsibility of all councilors, employees and volunteers to report concerns about violations of the City's ethical obligations or suspected violations of law or regulations that govern the City's operations.

No Retaliation

It is contrary to the values of the City and a violation of ORS 659A.203 for anyone to retaliate against any councilor, employee, or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of City. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment, as well as potential criminal prosecution as provided by Oregon law.

In accordance with ORS 659A.203, the City does not prohibit employees from the following:

- Discussing with any member of the Legislative Assembly, legislative committee staff acting under the direction of a member of the Legislative Assembly, any member of the elected governing body of a political subdivision in the State of Oregon or any elected auditor of a city, county or metropolitan service district, specifically or generally, the following:
 - The activities of the City; and/or
 - The activities of any person authorized to act on behalf of the City.
- Disclosing evidence the employee reasonably believes to be evidence of:
 - A violation of any federal, state or local law or rule of the City;
 - Mismanagement, gross waste of funds, abuse of authority, or substantial and specific danger to public health and safety resulting from action by the City;
 - The fact that a person receiving services, benefits or assistance from the City is subject to a felony or misdemeanor warrant for arrest by the State of Oregon, any other state, the federal government or any territory, commonwealth, or governmental instrumentality of the United States.

The City does not require any employee to give the City notice prior to making any disclosure described above except as otherwise permitted by law. The City does not

discourage, restrain, dissuade, coerce, prevent or otherwise interfere with the disclosures described above.

If you believe you have been retaliated against in violation of this policy, please immediately notify the City Administrator or Mayor.

Reporting Procedure

The City has an open door policy and encourages councilors, employees or volunteers to share their questions, concerns, suggestions or complaints with the City Administrator. If an individual is not comfortable speaking with the City Administrator, or is not satisfied with the City Administrator's response to a particular concern, the matter should be addressed to the Mayor. Councilors or employees with concerns or complaints may also submit their concerns in writing directly to the Mayor.

The City Administrator and Mayor are responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The City Administrator will advise the Mayor of all complaints and their resolution and will report at least annually to the City Council on compliance activity relating to accounting or alleged financial improprieties.

Acting in Good Faith

Anyone filing a written complaint concerning a violation or suspected violation of this policy must be acting in good faith and have objectively reasonable grounds for believing the information disclosed indicates a violation of this policy. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The City Administrator, or the Mayor, as appropriate, will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Policy approved by the City Council on December 6, 2016.

ORDINANCE NO. 552-2016

AN ORDINANCE REPEALING ORDINANCE NO. 533-2014, AN ORDINANCE ESTABLISHING A TAX ON THE SALE OF MARIJUANA AND MARIJUANA-INFUSED PRODUCTS IN THE CITY OF DUNDEE, AS CODIFIED BY DUNDEE MUNICIPAL CODE SECTION 3.06 (MARIJUANA TAX)

WHEREAS, a majority of the electors of Dundee, voting in the November 8, 2016 General Election, approved Ordinance No. 550-2016, to adopt the statutory local marijuana tax on marijuana items sold in the City of Dundee; and

WHEREAS, the City Council finds it in the best interest of the City to repeal the previous local tax on marijuana adopted in Ordinance No. 533-2014, codified in Section 3.06 of the Dundee Municipal Code (“Code”).

NOW, THEREFORE, THE CITY OF DUNDEE DOES ORDAIN AS FOLLOWS:

SECTION 1. Repeal. Dundee Ordinance No. 533-2014, An Ordinance Establishing a Tax on the Sale of Marijuana and Marijuana-Infused Products in the City of Dundee, enacted on September 16, 2014 and codified by Chapter 3.06 of the Code, titled “Marijuana Tax”, is hereby repealed, as of the effective date of this Ordinance.

SECTION 2. Savings. Ordinance No. 533-2014 and Code Chapter 3.06, repealed by this Ordinance, shall remain valid and in full force and effect, for purposes of all criminal or civil enforcement or collection actions filed or commenced during the times Code Section 3.06 or portions thereof were operative. This section simply clarifies the existing situation that nothing in this Ordinance affects the validity of prosecutions commenced and continued under the laws in effect at the time the matters were originally filed.

SECTION 3. Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the validity of the remaining sections, subsections, paragraphs and clauses.

SECTION 4. Effective Date. This Ordinance shall be effective 30 days after passage by the Council and signature by the Mayor.

ADOPTED by the Council this _____ day of _____, 2016.

Approved:

David Russ, *Mayor*

ATTEST:

Rob Daykin, *City Administrator/Recorder*

