

**CITY COUNCIL MEETING
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February 17, 2015**

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**City of Dundee
City Council Meeting Minutes
February 17, 2015**

Call to Order

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

Council and Staff Attendance

Present: Mayor David Russ, Councilors Jeannette Adlong, Ted Crawford, Doug Pugsley, Kristen Svicarovich, and Tim Weaver. Excused Absence: Storr Nelson. Staff members: Rob Daykin, City Administrator, Peter Watts, City Attorney, and Debra Manning, Assistant City Recorder.

Public Attendance

Michael Humm, Kennedy Jenks and Preston Van Meter, Kennedy Jenks.

Agenda Changes

Item 6.3 Yamhill County Economic Development Grant Update was added to Old Business.

Public Comment

None.

Consent Agenda

The motion was made and seconded to approve Consent Agenda items 5.1 City Council Minutes, February 3, 2015 and 5.2 Financial Report Ending January 31, 2015. **The motion** passed unanimously.

Old Business

Inflow & Infiltration

The City Administrator and Michael Humm, Kennedy Jenks, met with representatives from the Department of Environmental Quality (DEQ); who announced a new program to offer discounted loan rates for storm water quality (sponsorship) projects with their Clean Water State Revolving Fund loan program. This is the same loan program which funded the Waste Water Treatment Plant (WWTP) construction. If sufficient sponsorship projects are included with an application for other eligible projects, such as WWTP and I & I improvements, then the overall interest rate would be 1% for the 20-year term. There is a limited time frame to submit an application for this program in order to complete a project before the start of the next high-flow season.

Michael Humm, Kennedy Jenks, reported the large sustained storm event in early February which produced significant I & I peak flows of basically clear water at the WWTP. The operating strategy has been to utilize equalization within the process tanks without membranes. When the volume surpasses what the membranes can process the basin overflows to the Facultative Sludge Lagoons (FSL); which filled up on day four of the five day storm. Lagoon 1 was used for additional emergency equalization. All of the water was contained onsite and DEQ was notified. The event stressed the plant and its operators. The plant lost a large amount of biology with the discharges and will need time to recover. The McMinnville Wastewater Treatment Facility has been asked for seed sludge to help rebuild the biology.

Councilor Adlong questioned how much of the good bacteria was lost. Humm estimated 80% of the biology was discharged.

The City has been trying to manage the I & I program with \$40,000 to \$50,000 projects each year; addressing the I & I problems in this manner is a long-term operation. We can continue on this route, knowing that we will have more of these ramifications at the WWTP, or we can look to a larger effort either I & I or additional membrane capacity at the WWTP.

Mayor Russ questioned the dollar amount which would be applied for and the interest rate. C. A. Daykin relayed the intent was to determine Council direction whether or not to pursue the program. With direction; staff will bring additional information to the March 3rd meeting. For example, a \$600,000 loan for the WWTP for I & I related improvements over twenty years at 2.12% (the normal current rate for loan agreements approved this quarter) and would provide for a \$67,000 sponsored storm water project. The storm water project must involve treatment. Anything above the minimum of \$67,000 will be at the fixed rate of 1%. DEQ suggested adding as many storm water treatment projects to the application as the city can engineer in the limited timeframe. You cannot add projects after submission of the application; but it is okay if you do not complete all of them as long as the minimum amount is completed to receive the 1% loan rate. If normal loan rates increase to 2.65% interest, you would need to spend \$100,000 on storm water improvements for a \$600,000 loan to get the combined 1% interest rate. Annual debt service at 2.12% for \$667,000 would be \$41,000 (\$4,000 to storm water and \$37,000 for I & I improvements). The debt service at 2.65% would be \$43,200 (\$6,200 to storm water and \$37,000 to I & I). Storm water rates haven't been increased since they were adopted in 1997. This would increase the monthly \$5.00 fee by \$.23 for the first loan and \$.36 for the second loan. Applications are due April 10th for the next cycle. It appears we could get all the funding we ask for. We could know by the end of July if we will receive funding; but it takes a while to get the loan documents executed.

Councilor Svicarovich questioned what the plan would be for next winter if we do not get the funding. Daykin confirmed it would fall back on the current budget for I & I projects and some unexpended funds could be applied to address an estimated \$150,000 project. That would expend all the reserves for the WWTP. Svicarovich asked if an additional membrane would address the problem. Humm replied a combination of populating the two additional unpopulated slots in the two basins and some I & I work would address the problem. The plant is running well until it encounters sustained rain water infiltration events. Svicarovich inquired the cost of the seed sludge. Humm estimated the cost at \$5,000 to transport 50,000 gallons from McMinnville. This would bring the plant out of the danger zone, provide the capacity to meet the current demands, and help the biology regenerate.

Councilor Pugsley questioned the penalty for violating the permit. Humm stated \$10,000 a day. We are operating within our permit. During the event a coagulant was added to settle the sludge to the basin floor with the intent to relieve some of the stress on the membranes and aide the recovery of the biology once the event passed. Daykin advised the cost of restocking the chemical was \$2,700.

Preston Van Meter, Kennedy Jenks, advised if they could have predicted the sustained rain they could have been better prepared to direct water into Lagoon 1. Available options are additional equalization storage or the addition of more membranes for added capacity. He noted two things skewed the data received by the engineers in designing the WWTP facilities: 1) the old flow data collected in prior years was 10 to 15% off and 2) the safety valve at the old head works allowed raw sewage to flow into Lagoon 4 without any recorded measurement. The duration of the storms is getting longer and the high ground water table aides rain water infiltration which is then treated through the WWTP. Chasing infiltration is very difficult and very costly. He suggested adding an equalization/storage basin by the Public Works building to drop the peaks and allow the return of the sewage to the plant for treatment.

C. A. Daykin relayed a suggestion by Alan Mustain, Public Works Supervisor, to draw excess water from FSL to Lagoon 4 with measurements to ensure we meet the permit requirements. Van Meter advised that you still have to disinfect the water. The problems with using the FSL are you waste the biology, which takes time to rebuild, and the algae in the returned water reduce the permeability of the membranes. Using the FSL is good for a short duration: i.e. a couple of hours of storage. Van Meter suggested the use of a surge basin with automated washers; which are used by many cities. He noted that the new pump station is working very well.

C. A. Daykin relayed loan agreements could be signed by mid to late August. The intent is for DEQ to review and approve the bid specifications in the same timeframe. DEQ can't give the final approval until the city signs the loan agreement. He noted that the city has a good specification package for I & I work and the hope is to get a contractor on board before high flows interfere with the work.

Van Meter cautioned the I & I work will not be enough. It appears that there is leakage on the property owner's service lines. The way to address those problems is to slip line the sewer system. The Mayor asked the cost for the I & I scoping that was completed. Humm replied scoping is part of the process and is done in advance of the slip line work, the cost for the combined work is about \$33 a foot and estimated the video work alone to be about \$3 to \$5 a foot. Mayor Russ questioned if scoping the lower system would be a good investment. Van Meter replied it would if we can complete it during periods of high ground water. Humm advised that some of the problem areas, previously identified as French drains during the smoke testing, could be laterals.

The majority Council consensus was to pursue a loan application and have staff to bring back more information for further consideration.

C. Adlong questioned why not consider adding the overflow water into Lagoon 1. Van Meter advised it is still raw waste water and should not be used in public areas. Daykin asked if the constructed basin could be used to store recycled water. Van Meter supported it could be used to seasonally store recycled water, then be cleaned and emptied after the irrigation season and used as a surge basin. Adlong inquired how big a basin. Van Meter replied bigger than a FSL.

Councilor Crawford questioned what storm water projects would be considered. Daykin advised that recommendations would come from City Engineer Eaton for regional treatment facilities. Mayor Russ asked if installation of roadside swales would be a good project. Humm confirmed it would. Crawford suggested addressing the erosion in the drainage ditches at Red Hills Drive and Worden Hill Road. Staff noted that rock dams have been placed at that location to slow erosion.

Resolution No. 2015-02, USDA Rural Development Loan

An updated version of the resolution was distributed with additional language added to the first whereas by the USDA Rural Development. The resolution authorizes completion of the loan. **The motion** was made and seconded to approve Resolution No. 2015-02, a resolution providing for the issuance and sale of the City of Dundee, Yamhill County, Oregon Installment General Obligation Bond in the principal sum of \$2,578,000 to the United States of America, acting through the United States Department of Agriculture, for the purpose of providing funds to finance a portion of the cost of construction of a new Fire Station for the City and providing for the form and terms of said bond; and authorizing the payment of same. **The motion** passed unanimously. The USDA Rural Development funds are to be received by the City on the 24th with repayment of the construction loan from Key Bank scheduled on the 26th.

Yamhill County Economic Development Grant Update

C. A. Daykin relayed conversation with Jayne Mercer, Yamhill County Grants and Special Projects Manager, they are used to seeing applications for tangible projects which are put into action and completed right away. She suggested submitting a robust application telling them how the city plans to use the funds to make loans/grants to local business for economic improvements. Daykin asked for clarification that we want to do a combination of both loans and grants. C. Pugsley supported grants with matching funds as opposed to loans which staff has to manage. Daykin suggested grants up to \$2,500 with a match and loans up to \$5,000 with a business being able to apply for both. C. Crawford noted that the Local Improvement District (LID) involves loans. Daykin clarified that property owners have the option to pay off their assessment by installments with the adopted LID. The majority consensus agreed with the threshold amounts of \$2,500 for grant and \$5,000 for the loan with a five-year maximum term.

C. Svicarovich inquired if there was a timeframe stipulation when the improvements need to be completed. Daykin responded they need to be completed one year from application approval. The suggested projects to be included are: awnings, canopies, exterior lighting, painting, cleaning, window store fronts, sign code compliance, parking access resurfacing, landscaping, and bike and pedestrian amenities. C. Adlong supported the list noting the items are visual improvements allowing you to see how the funds are being used. The description notes the major economic factor in Dundee is wine tourism which has contributed to job stabilization and expansion in recent years. It will become vital to improve the image of Dundee as a destination point of interest to travelers with the eminent completion of the Bypass project as opposed to simply being a stop along Highway 99W. Use of the grant funds will play a significant role in that transformation.

C.A. Daykin suggested the options that the Tourism Committee review the application and make recommendations to the Council if the Council wants to be involved or let the Tourism Committee make the decisions. The majority consensus was for the recommendations from the Tourism Committee to be presented to the Council for final approval. Staff will ask for further wording suggestions from members of the Tourism committee at their meeting on the 23rd. Mayor Russ questioned inclusion of cleaning on the list. The majority consensus was to strike cleaning. Daykin asked for a letters of support from the Mayor and/or the Tourism Committee. The application is due March 1st.

New Business

Urban Renewal Feasibility Study

The proposal from the Mid-Willamette Valley Council of Governments (GOG) for an Urban Renewal Feasibility Study (packet page 39) is broken out into two tasks: 1) Informational workshop and 2) the study and the taxing district information meeting. Options include:

- Both Task 1 and Task 2
- Task 1 and then if the Council decides to not proceed with the study after the workshop; then Task 2 is not authorized.
- If the Council deems the workshop is not needed and wants the study then Task 2 would be authorized.

C. Pugsley inquired the preferred terminology for the grant application. City Attorney Watts replied “tax increment financing” or “investigating tools to spur economic development and revitalization”. He noted that the Feasibility Study is the key to an Urban Renewal District (URD). The tax base is frozen in year one with the assessed value going up a percentage every year. If redevelopment occurs with a new tax value, the tax level is frozen at the old level. Ronler Acres in Hillsboro, Oregon is a successful urban renewal project. When bonds in the URD are paid off the taxes go back to where they were and the special districts receive substantially more funds. Critics of URDs say that their jurisdictions never end. Daykin noted that the URD plan will

come for a vote before the voters in the city. An Urban Renewal Feasibility Study will give an indication of the potential of forming and developing a plan to put to the voters; after which comes the preparation of a plan, the public hearing and involvement of the public.

The Mayor asked if the city will be repaid for the funds put into the preparation through the district. Daykin stated the prior studies can be repaid from the taxes if an URD is formed. Watts stated the benefit of the district for the city is that all of the increased tax revenue which would otherwise be distributed to the special districts will stay within the urban renewal area. It is important to close the URD when the initial identified projects are paid off.

C. Svicarovich inquired if staff had determined an area for an URD. Daykin replied the study will define potential boundaries, rates of growth, new taxes to support the projects, what kind of projects, and the cost of the projects. He noted there is \$10,000 in the current budget to start the study. The project will be carried over to the next fiscal year.

The majority consensus was to have the Task 1 workshop. City Attorney Watts stated that they might have a presentation on URDs that could be presented to the Council at no additional cost. Daykin supported using the COG; noting there is a better chance to get more information on how an URD will work for Dundee as this is the staff who will be working on the project. The workshop would be held as a special Council meeting. Daykin stated that even though we will test the feasibility that a district could afford to pay for all that is wanted; there are other financing mechanisms to get the property owner to participate such as use of a LID. For example, undergrounding of the overhead utilities could be addressed by a LID with direct assessments and by an URD.

C. Svicarovich inquired of other cities our size with URDs. Daykin replied the City of Carlton. C. Crawford noted that the City of McMinnville is considering a URD for their gateway district.

C. A. Daykin recommended accepting Task 1. **The motion** was made and seconded to authorize the City Administrator to execute the agreement with the Mid-Willamette Valley Council of Governments for the preparation of an Urban Renewal Feasibility Study, and to authorize Task I. **The motion** passed unanimously. City Attorney Watts suggested inviting any impacted special district, such as parks etc. to the workshop. Svicarovich suggested scheduling the workshop so it can be advertised in the City newsletter. The majority consensus was to schedule the workshop for May. Daykin advised the study will encompass three months. The intent is to place it on the ballot for November 2016. Watts cautioned you will need to get the word out to the public prior to submission to the county for ballot placement; after that point anything sent out would have to be reviewed by the Secretary of State for neutrality.

Council Concerns and Committee Reports

C. Crawford shared that the Tourism Committee was approached by the Dundee Woman's Club with a request for funds, approximately \$900, to help advertise the hundred year anniversary of the Dundee Community Center with banners and newspaper advertisements in September. Daykin informed the Council that there are no funds designated for the purpose; but the Committee could recommend moving funds to accommodate the request with Council's approval. Crawford noted the request could be addressed out of the next fiscal year's budget since the activity would occur in September. The Dundee Hills AVA and the Fueled by Fine Wine Half Marathon are planning on sponsoring banners for use along Highway 99W. The committee is working with the Dundee Hills AVA on a joint grant applications for wine county license plates. The applications are due in May.

The Parkway Committee held a trails seminar at Linfield College, McMinnville, and appointed a taskforce on interconnecting trails throughout the county. The Yamhelas Westsider Trail received a \$2 million grant to improve a nine mile section of the railway trail toward Gaston and a grant from the U.S. Forest Service for technical design. Crawford apprised the Council of two other trails; the Salmonberry trail by Vernonia and a bike route west of Carlton. He suggested consideration of the Abbey property to the Parkway Committee.

C. Svicarovich advised that she will be applying for an opening on the Yamhill County Road Improvement Advisory Committee.

C. Adlong stated a large amount of garbage was gathered on the Harvey Creek Trail and asked if Public Works staff could collect the load located above the bridge.

C. Crawford asked if staff researched the rental houses. Daykin advised the one located near the park is registered with the city. The one on Namitz Court will be receiving a notice from staff advising what they need to do to be compliant with the city regulations.

Mayor's Report

None.

City Administrator's Report

Citycounty Insurance Services (CIS) has introduced incentive programs for their liability insurance program. One of the programs involves the Council viewing a fourteen minute video about CIS and how to keep claims down. An agent will be present to answer questions. The city will receive a 1% decrease amounting to a savings of \$129. The majority consensus was willing to watch the video.

Smoke test letters will go out to about twelve properties this week. The letters address the problems and the official language in the code that they must follow through in thirty days, signing and returning the plan submitted or their rates will double. The trailer park will be addressed separately. A complaint against them was received regarding stagnant water on the property and under some of the units. Staff has contacted the owners. They have replied it is too wet to take corrective action at this time. Staff will follow up on the issue.

Staff has had ongoing discussions with Astound Broadband. They have decided it is not cost effective to install a connection between city facilities. They are interested in paying a onetime fee (\$10,000) up front in lieu of the annual right-of-way (ROW) payment. This will return to an upcoming Council agenda for further discussion. The city's current \$1 per foot fee may not be reasonable for certain situations. Daykin suggested adjusting the fee to a \$1 a foot for a set minimum amount of feet and then a reduced fee for the remainder. C. Pugsley questioned who Astound has already contracted with. Daykin noted they are bypassing the City of Lafayette. The City Attorney advised there are cities charging \$3 a foot; with the idea there is a finite amount of ROW available and there are certain costs (including that there might not be additional future capacity) for a service provider who is not providing service within the city but occupying the ROW. This is not unique to Dundee.

The city owns a very old, large safe which has not been used for many years. None of the city departments have a use for it. The Volunteer Firefighters would like to sell the safe and deposit the funds to the Volunteer program. The majority consensus approved.

Councilor Weaver informed the Council that the Volunteers have taken over placement of the U.S. flags in the city on holidays. The Mayor advised that the volunteers would like to change the

route for placement of the flags, to make a better appearance for the city, and also place the flags in inserts in the new sidewalks along Highway 99W. Discussions with the City Engineer revealed that the inserts could be placed by the contractors for free.

C. Crawford questioned when the bids would go out for the Transportation Enhancement project. Daykin replied there have been changes in the scope of work with the city taking some additional work from ODOT. The intergovernmental agreements should be back to the next Council meeting with updated funding information. The bids for the Phase 1 will go out in the spring for a summer project.

Public Comment

None.

The meeting was adjourned at 8:50 P.M.



David Russ
Mayor

Attest:



Debra L. Manning, MMC
Assistant City Recorder