

**CITY COUNCIL MEETING
TABLE OF CONTENTS FOR MINUTES
April 19, 2016**

Call to Order	2
Council and Staff Attendance	2
Public Attendance	2
Agenda Changes	2
Public Comment.....	2
Consent Agenda.....	2
Old Business	2
WWTP Flood Damage Report	2
Resolution No. 2016-04, U.S. Bank Loan	3
Dundee Local Government Dinner	3
New Business	3
Waste Management Rate Request	3
Utility Rate Review	5
IFA SDWRLF Leak Detection Application	5
Four Graces Fence.....	5
Council Concerns and Committee Reports.....	6
Mayor’s Report.....	6
City Administrator’s Report	6
Public Comment.....	7

City of Dundee
City Council Meeting Minutes
April 19, 2016

Call to Order

Mayor Russ called the meeting to order at 7:02 P.M.

Council and Staff Attendance

Present: Mayor David Russ, Councilors Jeannette Adlong, Ted Crawford, Storr Nelson, Kristen Svicarovich and Tim Weaver (8:54 P.M.). Absent: Councilor Doug Pugsley. Staff members: Rob Daykin, City Administrator, and Shelby Rihala, City Attorney. Denise VanDyke, Admin. Specialist II for the Mid-Willamette Valley Council of Governments, served as clerk.

Public Attendance

Dave Huber, Waste Management; Evan Burmester, Waste Management; Dean Kampfer, Waste Management; Preston Van Meter, Kennedy/Jenks; and members of the public - Shirley Long, Tom Edwards and Thomas W. Edwards.

Agenda Changes

Item 7.1, Fire Department Washer-Dryer Quotes was removed from the agenda.

Item 5.2, OLCC Liquor License Application, Esther Glen Farm and Winery LLC was added to the consent agenda.

Item 7.4, IFA Safe Drinking Water Revolving Loan Fund Letter of Interest, and Item 7.5, Four Graces Fence were added to New Business.

Public Comment

None.

Consent Agenda

The motion was made and seconded to approve Consent Agenda items 5.1 City Council Minutes, March 15, 2016 and 5.2 OLCC Application, Esther Glen Farm and Winery LLC. **The motion** passed unanimously.

Old Business

WWTP Flood Damage Report

Preston Van Meter reported to the Council regarding the flood damage to the Waste Water Treatment Plant (WWTP). Damage was somewhat more than anticipated and there are concerns that more parts of the system could be at risk of failure, which could be catastrophic, depending on which equipment fails. Ideally, the facility should be returned to the condition it was in when commissioned. Photos of damage and a list of recommended system elements to be replaced or rehabilitated are included in the report provided to the Council. Those repairs that have been made included some efforts to dry out conduits and other areas. More needs to be done. Van Meter recommends fully replacing all affected electrical elements and rehabilitating those elements that can be. It is an occupational health hazard to keep the electrical panels handling medium voltage after a flooding event like this. The low voltage systems are less of a concern, but should also be dealt with. Corrosion can already be seen in some areas. C. Adlong asked for clarification of the cause of the damage. Van Meter replied that the unsealed conduits were supposed to be sealed, but due to an error in construction, they were not sealed as they were intended to be. Unfortunately, they were also not readily visible. Once the water entered the conduits, it followed a common wire way that lead to the four panels that were affected.

The insurance aspect was discussed. Daykin is in contact with the City's insurance provider, who will be performing an independent investigation of the damage and cause. It is considered a construction defect and should be covered on a reimbursement basis. Emergency repair costs are already being tracked and will be submitted as soon as possible. Van Meter recommended replacing as much as possible to prevent future or continuing damage to existing equipment, including disassembling all affected equipment, one half of the system at a time, to dry everything as much as possible. Some sections of conduit will not be accessible, as they are encased in concrete. Also, the conduits are generally .75 inch to 1.5 inches in diameter. It would be best to do the entire project this summer during August and September. It may be possible to recondition some parts and save them as spares. Options regarding payment for this project were discussed. If absolutely necessary, it should be possible to do one half of the system this summer, be hopeful over the winter, and do the other half of the system next summer. However, waiting may lead to an increase in the cost. Also, there are fewer firms doing this work than there were in the past, due to the economic slump, and contractors are already busy. CIS, the City's insurance carrier, will cover this, and will probably eventually go after the general contractor, McClure & Sons, Inc. A FEMA claim has also been filed, but that only covers up to 75 percent of losses.

Resolution No. 2016-04, U.S. Bank Loan

This was presented in previous meetings. The IFA loan at 4.04% interest will be refunded with a loan through US Bank at 2.6% over seven years. The net interest savings is estimated at \$31,500. US Bank is willing to loan additional funds for other projects: placement of a new storm water main across the highway from Seventh to Eighth streets (associated with Phase 1 of the TE project and originally budgeted \$100,000 to be paid with a loan from the Water Fund), storm system improvements at Charles Street (\$50,000 estimate), and an estimated \$75,000 of I & I repairs (previous plan to use a \$600,000 DEQ loan which is requiring additional engineering and environmental reviews). The current request is for authorization to execute and deliver a full faith and credit financing agreement in a principal amount not to exceed \$970,000, designation of an authorized representative and special counsel, and related matters. The City's debt ratio was discussed. As this loan will be replacing another loan and changing rates, the City's debt ratio will be sufficient after the adoption of the resolution. **The motion** was made and seconded to approve Resolution No. 2016-04, authorizing the execution of a loan with U.S. Bank in a principal amount not to exceed \$970,000. **The motion** passed unanimously.

Dundee Local Government Dinner

Five restaurants were invited to respond to a Request for Proposal for catering services for the Local Government Dinner on August 18th. Additional responses have been received – Red Hills Provincial Dining, Babica Hen, and Red Hills Market. The proposals were discussed. Consensus was that all the businesses that responded would be a good choice. **The motion** was made and seconded to accept the proposal from Red Hills Market. **The motion** passed unanimously.

New Business

Waste Management Rate Request

Dave Huber and Evan Burmester from Waste Management (WM) made a presentation to the Council, including a PowerPoint presentation not provided prior to the meeting. Burmester gave a report on the year end review of costs and expenses for the year of 2015. WM provides services for 1,000 residential customers (up from 961 in 2014), 52 commercial customers (46 in 2014), and 36 industrial customers (30 in 2014). WM serves Dundee, Newberg, Yamhill County and a portion of Washington County. In 2015, 6.8 percent of labor hours were in Dundee, which has 10.6 percent of the customer base. Ideally, the operating margin should be around the target of 10 percent. The last rate adjustment was in August, 2014. Revenues for 2015 were up across the board. There was, however, a decline in revenue from recycling sales – less than half the revenue of 2014. It is projected that 2016 will see no revenue from recycling sales as the market is gone.

WM is currently paying to dispose of the recycling materials. Expenses have all increased in 2015, especially disposal costs. If there is no rate adjustment for 2016, revenues are not anticipated to increase. However, a CPI increase in labor costs of 1.23 percent is anticipated. There will also be some capital expenses for next year related to changing from back-load to front-load equipment. Growth in the customer base is not factored in for revenue, and would also affect expenses. C. Crawford expressed concerns that not considering changes in the customer base does not provide a balanced outlook. Burmester said that in the future, those numbers can be factored in for Dundee, although WM does not usually do so for their other municipalities. C. Svicarovich asked about the increase of labor costs in relation to the mill closure. Burmester stated that the mill was in the Yamhill County jurisdiction and did not affect WM services in Dundee; however, the main changes in costs related to the closure were in administrative costs. The capital costs related to the new equipment and containers was mainly incurred at the end of the year, and will be depreciated over the next five years. The newer trucks are larger with a bigger payload capacity. As the trucks are 2008 models, there will be no depreciation for them. The recycling sales change is not related to the economy, but is an indication that the markets for plastics and the markets in China have decreased steadily. The 2015 operating margin was 8.4 percent, and is estimated to be 6.76 percent in 2016 if there is no rate increase. WM is asking for a 3.6 percent rate increase, effective July 1, 2016, to help bring the operating margin closer to the target of 10 percent. The 3.6 percent will help offset the CPI increases over the past couple of years, as well as other expense increases. For the most common service levels, residential rates would increase by about 66 cents per month, commercial rates would increase by about \$5.61 per month, and drop box rates would increase by about \$7.51.

There was discussion about the requested increase, including the fact that one percent of the percentage of rates does not equal one percent of the percentage of operating margin, recycling sales history, what the mill shut down did and did not affect, and what the disposal costs include. C. Nelson asked how the efficiencies benefit the customer base. We hear about efficiencies, see new trucks and then see rate increases. C. Adlong mentioned the possibility of monthly trash pickup with weekly recycling and yard debris. This would benefit those who do not fill a small trash container each week. WM can discuss and consider this as a potential option for the future. It might depend on the interest in that kind of service. C. Adlong pointed out that many smaller households, especially those on fixed incomes, may well be interested and could benefit. Mr. Huber explained that the "new" trucks are not really new (2008 models), but the change from rear-load trucks (which were about 13 years old) to the newer front-load trucks required a change of containers for all commercial customers. For the long term, the newer trucks have a larger payload capacity, are more efficient, and are easier on the drivers. The Council expressed their desire to try to keep the rates as low as possible.

C.A. Daykin mentioned that increasing the franchise fee from three percent to five percent, like Newberg has done, can be considered. The concern was expressed that the franchise fee is passed along to the customer base, so this would not necessarily be better than raising the rates. Options were discussed. The franchise fees come to the City and could be used for street repairs. Consensus was against raising the franchise fees.

The Mayor suggested a three percent rate increase. Huber mentioned that it has been two years since the last increase; hopefully it would be enough so WM would not need to come back next year asking for another rate increase. Burmester added that the 4.61 percent increase in 2014 did not maintain the operating margin through 2015. He explained that it is difficult to estimate the CPI for the coming year and labor costs, plus some costs are beyond their control and extremely hard to project. It is also difficult to forecast the recycling sales losses. C. Svicarovich asked what increase is being requested in the other communities. Huber said that it is a comparable increase. Consensus was that the Council wishes to see more information, but could support a

three percent rate increase. When asked, Huber said that they can come back to the next meeting if it would help. It was decided that WM will contact the City Administrator regarding their decision to either accept a three percent rate increase or to bring more information to the Council requesting the 3.6 percent increase. Additional information requested by the Council includes incremental costs per new customer, at what point do additional customers require additional resources, an estimate of potential customer base growth for 2016, and more detail of revenues vs. expenditures.

Utility Rate Review

C.A. Daykin presented a review of city utility rates. He does not recommend any changes in the water rates. He cautioned that it is very difficult to forecast summer water sales, as that takes into consideration the weather and other things that affect water usage. Information about the rates and any increases will be included in the City newsletter, including the chart shown on page 78 of the agenda packet that shows Dundee's rates compared to other jurisdictions. An incremental increase in sewer rates is being recommended. I&I work completed in recent years depleted the sewer utility reserves needed for eventual replacement of MBR panels. Replacement of the membrane units is not eligible for SDC reimbursement. Also, funds will be needed for the high cost of periodic sludge removal from the lagoons, and more I&I work will likely need to be done. More incremental increases are needed as costs increase and needed projects come up. The proposed increase is \$1.50 per month in the base charge for the domestic/low commercial class, with recalculated volume rates. A chart was provided on page 77 of the agenda packet. The costs of the repairs to the WWTP were discussed. Customer water usage can greatly affect the sewer charges. Some jurisdictions have a flat fee per household for residential sewer usage to offset seasonal fluctuations in usage. Daykin explained that the base rate divided by the minimum usage amount (550 cubic feet) determines the volume rate. Rates are based on winter usage, which includes November through the end of April. Changing the winter cutoff date to April 1st was discussed based on the recent weather changes. Consensus was to do so. Storm water rate changes are related to projects that will increase capacity. The increase would be 50 cents per month. The chart showing combined water and sewer rates for cities in Yamhill County was discussed. Monthly utility fees for storm water or streets were not included. Consensus was to authorize increases to storm water and sewer rates as proposed, with the caveat that the irrigation rate for sewer be established at April 1st. Staff will bring a resolution to the next meeting for the approval of the Council.

IFA SDWRLF Leak Detection Application

C.A. Daykin reported that he is submitting a request to the State via IFA for a Safe Drinking Water Revolving Loan Fund (forgivable loan) to pay for a contractor to help with waterline leak detection. An attempt was made a few years ago to do this, but the results were not satisfactory and only part of the system was inspected, so a more comprehensive inspection is warranted. The maximum amount of the grant is \$20,000, so the project will need to be made scalable. The form requires Council authorization. **The motion** was made to authorize the City Administrator to submit an application for a SDWRLF forgivable loan for leak detection program in the amount of \$20,000. **The motion** passed unanimously.

Four Graces Fence

A picture was provided of the location where the Four Graces vineyard wants to build a deer fence on their property line. This line would cut off a gravel road between Alpine and Ione streets that is used by the garbage trucks, which would be problematic. The road could be moved, but it would be simpler to move the fence. The property owners expressed their concern to staff if the City would then own that part of their property. The City Attorney explained that this is not the case and a simple agreement could be created establishing ownership and usage permissions. Discussion included the accuracy of the property lines on the photo and if/how right of way was

involved. Details on the design of the fence are not known at this time. Concerns regarding emergency vehicle accessibility if the road is blocked were discussed. It would be awkward for large emergency vehicles without a turnaround area. It was pointed out that farm equipment needs room to turn at the end of the rows, on the vineyard side. Options were discussed. An informal agreement would not need a new survey; however, a more formal, recorded land use action (such as an easement) would require a survey. Staff was directed to work with the property owners/management and try to find a compromise that will leave the road open and provide a minimal impact to the view of the vineyard from the park and walking trail.

Council Concerns and Committee Reports

C. Adlong asked for an update regarding the Parks Committee and Viewmont Greenway Park project. Daykin said that he is trying to get the TE project moving ahead and the City Engineer is unable to address the issues on the Viewmont Greenway Park project. TE project phase 1 plans should be submitted to ODOT for the review process soon. Work is being done to make certain that all unit pricing is consistent and involves recent and appropriate examples. Staff is working with ODOT, which seems to be going better. However, the initial cost estimates from March 2015 are about 25 percent below current cost estimates. It is unclear why the discrepancy is so great, but staff is looking into it. As the TE project is a priority project, and there are also two other street projects that need to be completed prior to work on the park project. Daykin expects the City Engineer will be able to engage the Parks Committee prior to work starting up this summer. C. Crawford asked about the sidewalk in front of Argyle. If something is done about the sidewalk now, it will need to be torn out and re-done shortly. ODOT was not able to meet ADA requirements with the existing sidewalks, so a compromise was reached to raise the curbs throughout the project. The raised curbs will allow for the ADA requirements to be met. There is a cost increase, but we are working with ODOT. Tony Snyder has been helpful. Regional Solutions were contacted by the Mayor, and they contacted Tim Potter at ODOT. It is too soon to know how quickly ODOT will respond to resolve the funding issues.

C. Crawford mentioned that the Harvey Creek property is back on the market and he has a contact at Trust for Public Lands who may be able to help with possible property acquisition. Consensus was that the Council is still interested. The Mayor asked to be included in any communication on this.

Mayor's Report

The "If I Were Mayor" contest is coming to an end. The City of Dundee is working only with Dundee Elementary this year to ensure a winner from Dundee. There has been very low response from the school kids. The Mayor asked for volunteers to meet half an hour early for the next meeting for judging. C. Adlong and C. Weaver indicated that they should be available.

City Administrator's Report

The first Budget meeting is this Thursday. There is a conflict with the Yamhill County Dinner, but this Budget meeting is only introductions, discussion of process and handing out of materials. For those Councilors who miss the Budget meeting, materials can be picked up the next day.

Chief Stock is investigating the possibility of a new apparatus. He will be verifying that the equipment is what we would be interested in before coming to the Council to request authorization to proceed. This apparatus would replace Engine 31, a pumper truck. The current engine is having maintenance issues. Mayor Russ noted the company that made much of the parts of the truck is defunct, so parts are getting to the point of needing to be machined specially.

Public Comment

None.

The meeting was adjourned at 9:09 P.M.

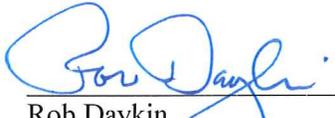
Executive Session:

The City Council entered Executive Session at 9:10 P.M. in accordance with ORS 192.660 (2) (i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing. Executive Session ended at 10:20 P.M. and the Council did not reconvene.



David Russ
Mayor

Attest:


Rob Daykin
City Administrator/Recorder