

**CITY COUNCIL MEETING
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June 18, 2019**

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City of Dundee
City Council Meeting Minutes
June 18, 2019

Call to Order

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

Council and Staff Attendance

Present: Mayor David Russ; Council President Tim Weaver; Councilors Kristen Svicarovich, Patrick Kelly; and Ted Crawford. Absent: Councilors Jeannette Adlong and Storr Nelson. Staff members: Rob Daykin, City Administrator; Dan Olsen, City Attorney; and Melissa Lemen, Administrative Assistant.

Public Attendance

Gary Eastlund, CIC ARM CRM, Risk Management Consultant, Hagan Hamilton Insurance; Natalie Jennings, HBH Engineers; and P. Scott & Jutta Barney, 23610 NE Hagey Road.

Agenda Changes

None.

Public Comment

None.

Consent Agenda

A **motion** was made and seconded to approve Consent Agenda Item 5.1 City Council Minutes, June 4, 2019, and Item 5.2 Financial Report Ending May 31, 2019. **The motion** passed unanimously.

Old Business

Dundee Insurance Program

Gary Eastlund, CIC ARM CRM, Risk Management Consultant, Hagan Hamilton Insurance, introduced himself and discussed that he represents the CIS Insurance Program. He explained that he is present tonight to answer any questions which Council may have. It was noted that the Stewardship Report was provided to Council at the previous meeting on June 4, 2019, and a copy included in tonight's agenda packet as well.

C. Crawford inquired about insurance coverage for City events, specifically with regard to food and wine events. Eastlund discussed that coverage is dependent upon the type of event; though many types of social events are covered, it would be a good idea for them to review coverage for specialty events. He discussed that the liquor liability exposure is a host liquor liability; if liquor is being sold for profit to those in attendance then liquor liability insurance coverage would need to be added. Eastlund also explained that CIS would prefer to assess the exposures and discuss an event size prior to the event.

C.A. Daykin reviewed that concerns have been expressed previously by Councilors with regard to concerns surrounding a significant earthquake event. He discussed that it appears the City is provided a certain level of coverage automatically at this time though inquired about what other cities are doing to protect themselves. Eastlund discussed that some entities are electing to purchase excess coverage. He explained that the City of Dundee has a \$5 million shared limit built into the program. Though he did not have the information available to him at the meeting,

he explained his belief that the policy provides coverage for the first \$500 million, up to \$5 million per entity. Eastlund also discussed that the City can purchase excess layers of \$5 million coverage which would be dedicated to the City, which he noted that some of his other entities have done. The maximum which could be purchased through CIS was noted to be \$20 million, though excess could be purchased through Lloyd's of London or other private markets. Detailed discussion ensued with regard to earthquake coverage; specifically covered items must be included in the basic statement of values, a cost in addition to the cost of the earthquake coverage. C. Crawford inquired as to whether or not water lines are presently covered for earthquake to which Eastlund explained that none of the water lines are included right now because they would need to be included on the property schedule; in doing so the City would be purchasing earthquake and all of the other perils as well, including fire, vandalism, etc. Additionally, Eastlund explained that most communities do not insure a lot of their infrastructure because it is spread out and the only one thing which could damage enough to make it a significant exposure would be an earthquake or possibly a flood. It was noted that the all of the City buildings and the reservoirs are included presently in the schedule. Additional discussion ensued and M. Russ inquired as to what the total value on the City's property schedule is at this time to which Eastlund offered he could provide at a future time. Eastlund explained that an appraisal is done every five years on the insurable properties which are included on the schedule; these properties are then covered for the guaranteed replacement costs. It was noted that if a property is not on the list of covered properties (the Statement of Values) then it wouldn't be appraised; this information is reviewed annually. It was also noted that vehicles and building contents are also included in coverage.

C. Svicarovich inquired as to whether it would be possible to insure specific water/sewer trunk lines to which Eastlund affirmed. He discussed the importance of assessing what could potentially be the biggest exposure and cause the most disruption. He explained that coverage would be available for this and offered to provide quotes based on a valuation perspective if Council would like. Additionally, he pointed out that many of the private insurance companies would not provide coverage for the things which CIS is willing to cover such as underground systems, fiber optics, dams and reservoirs, etc.

Resolution No. 2019-07, Supplemental Budget

A motion was made and seconded to adopt Resolution No. 2019-07, a resolution adopting a supplemental budget for fiscal year 2018-2019. **The motion** passed unanimously.

Resolution No. 2019-08, Budget Transfers

C.A. Daykin discussed that the Resolution was modified somewhat from the agenda packet version; replacement copies were provided to Council. He reviewed that the most significant change was in the sewer fund; the transfer amount was increased after he reviewed a recent report on the amount of revenue expected for the end of the fiscal year. **A motion** was made and seconded to adopt Resolution No. 2019-08, a resolution transferring budget line item amounts within a fund or between funds for fiscal year 2018-2019. **The motion** passed unanimously.

New Business

Water Bill Appeal

C.A. Daykin noted that the representative had indicated that he would be present at the meeting tonight though he is not. Council opted to move forward with a discussion pertaining to his request. C.A. Daykin discussed in detail the information provided in the agenda report beginning on page 37. He discussed the complexities of City's leak adjustment policy and noted that it has been changed multiple times since being adopted first in 2009. C.A. Daykin pointed out that if this leak would have taken place in April rather than March, no excess sewer charges would have

been billed because the winter average would have capped that out. He pointed out that the way the policy is written provides that at certain times of year some customers would be responsible for the excess sewer charges, while at other times there would be no charge. Additional detailed discussion ensued. C.A. Daykin noted his belief that though this type of excess flow increases the City's expenses, the actual cost to the system is extremely minimal and seems disproportionate. Additionally, he suggested that if Bill Kitchens would have been able to access the property (and there hadn't been an eviction process underway), the leaky toilet could have been identified and corrected in a timely manner.

M. Russ pointed out that it is not the City's fault that Kitchens was unable to access the property because of the eviction process, though he did acknowledge that the leak adjustment policy does not seem to be fair to everyone. He also noted that the City is unable to absorb all mishaps as it would be too costly.

C. Crawford voiced that he is in favor of the current policy as it encourages people to repair their leaks, though he discussed his belief that many citizens are unaware of the leak adjustment policy. M. Russ voiced his opinion that Council should stand by present policy unless a decision is made to change the policy. Additional discussion ensued and the question was raised as to whether Kitchens could have had the water shut off at the property. City Atty Olsen explained that water cannot be shut off during the eviction process; after the eviction and appeal then this may have become an option.

C.A. Daykin discussed the uniqueness of the situation and could not recall a similar argument where someone had claimed that because of the circumstances that they were unable to do the right thing. C. Weaver suggested that cleaning up the leak adjustment policy may be a good idea. Lengthy detailed discussion ensued. The consensus of Council was to split the total calculated excess sewer charges in the amount of \$226.16 for the month of March with Kitchens. **A motion** was made and seconded to approve an adjustment of \$113.08 to the sewer charges for Bill Kitchens. **The motion** passed unanimously.

C.A. Daykin inquired as to whether Council would like to revisit the leak adjustment policy with regard to sewer charges based on timing of a leak. The consensus of Council was to include a review of the policy as a discussion item for a future meeting when all Councilors are present.

Outside Water Request

C.A. Daykin discussed the complexities and details included in his agenda report pertaining to this outside water request. He discussed that the Barney's contracted with HBH to complete an analysis of the Hagey Road line, and that Natalie Jennings, P.E., is here tonight to speak to the issue and present her report. He pointed out that Jennings is also the same engineer who assisted the City as recently as 4-5 months ago on analysis of the overall system capacity for the City of Dundee while working for Murray Smith.

Natalie Jennings, P.E., and the property owners, P. Scott and Jutta Barney, approached Council. She reviewed that she completed the water reuse evaluation for the Riverside Development and is familiar with the City's system and water usage. Jennings discussed that she used the same numbers from the previous analysis as in the one she recently completed, though indicated that she was even more conservative in the recent analysis and factored in the use of irrigation water even though this is not allowed by the City for those outside the City limits. Jennings reviewed that her conclusion is that there is plenty of capacity even if all of the potential users were to come on line. She discussed that the 2" line in Hagey Road is capable of providing approximately 64 gpm, which she noted is the same amount that the last engineer determined was the capacity of that pipe. Additionally, Jennings pointed out that there is really high pressure in

that area which she indicated was a factor in the carrying capacity of the pipe. C. Svicarovich asked for clarification that the water line is used for domestic water and not for fire flow (no fire hydrant is present) to which Jennings confirmed; there wouldn't be much fire flow availability.

M. Russ inquired as to whether or not a cause for the fluctuation in water pressure was ever determined. C.A. Daykin discussed that the City bought an instrument to measure pressure. He explained that the City took measurements and then provided the device to the end user and asked him to record the results which he did to some extent but not consistently. C.A. Daykin discussed that the City never found any variations in pressure that was significant and the property owner has never complained about the issue. He explained that the City speculates that what the property owner had actually experienced in the past (which he thought was maybe excess water being used by the other users) were actually water line breaks which the City subsequently repaired; potentially the property owner experienced loss of pressure during those time periods when the water was leaking or the line was being repaired.

C. Svicarovich inquired about what the next steps would be for the property owners making the request. C.A. Daykin explained that if approved by Council, the property owners would need to make application and pay the system development charge, and would be responsible on a time & materials basis for the actual connection and installation of the meter in the right-of way. Additionally, from the meter the property owner would be responsible for their own plumbing to their house. It was noted that there are presently 13 users on the water line.

M. Russ expressed concern about ensuring a buffer to the number of users on the line so that the City doesn't become obligated to upgrade the system. Council engaged in a lengthy discussion about the pros and cons of adding a new user to this water line. Looping the system was discussed as one potential option for this water line in the future if replacement were required. C. Svicarovich expressed concern that presently there are 13 users, with 18 maximum, and 10 potential properties in this area which could at some point request to be added to the line. Discussion ensued and Jennings pointed out that the previous engineer who based their analysis on 4.7 gpm/household used a figure five times the industry standard of what people use for water; she would not consider 18 the carrying capacity of the 2 inch pipe. C. Weaver inquired about the age of the water line to which C.A. Daykin discussed that he is not aware of the age or what material the pipe is made of.

C.A. Daykin explained that back in 2016 the City discussed potentially instituting some sort of a rom financing plan for potential improvements to the system though there was never a final decision made. Specific improvements to the system was not determined. Discussion ensued and C.A. Daykin suggested that one option could be to consider a special surcharge just for the Dayton Avenue water line users if it's dedicated to putting improvements back into the system.

A motion was made and seconded to authorize connection to City water for the property at 23610 NE Hagey Road. Jennings pointed out that at this time the Barney's are trucking water to their property. C. Svicarovich voiced support of Council having a larger discussion about outside water service connections. She pointed out that outside water service connections have been an agenda item for the last several meetings and shared her belief that as the region continues with hotter and dryer summers this will continue to be the case. C. Svicarovich discussed the importance of revisiting the City's policy statement. M. Russ voice support of this as well and noted that these types of request have become commonplace over the past couple of years. **The motion** passed unanimously. The Barney's expressed their appreciation to Council.

2020 SCA Grant Program

C.A. Daykin discussed the details of his agenda report beginning on page 65 of the packet. He pointed out that this year one big change to the program is the limitation of one application per eligible city. He discussed that once Council makes a decision about which project is of the highest importance as an SCA candidate, Staff will then come back to the second Council meeting in July to discuss costs and/or potential issues which could be associated with that project. C.A. Daykin noted that the two projects which rise to the top of the list for Staff, especially for scoring eligibility for competing for the grant, would be the continuation of Alder Street work, and completing work that's been started on Charles Street to shift over to Myrtle Street. C.A. Daykin pointed out that while both projects have their challenges, he would not propose the Alder Street project at this time due to the complexity of those issues. The details associated with both projects were reviewed.

M. Russ voiced support of the Alder Street project in an effort to complete the improvements in this area. C.A. Daykin discussed his thought process with regard to the completion of the work on Alder Street and noted that if this were done ahead of the Ninth Street improvement there will need to be some design coordination at that intersection. Discussion ensued and C.A. Daykin pointed out that the four lots which are part of the Alder Street project had executed construction deferral agreements with the City for street improvements; it is up to Council to determine how best to utilize that instrument already in place. The full history of the previous efforts to initiate improvements to Alder Street were discussed in detail. C.A. Daykin discussed that with regard to this project, Council would be challenged to decide how much, if any, should be paid for by the abutting property owners who have the construction deferrals. Additional detailed discussion ensued. C. Svicarovich suggested that additional thought should be given to the intersection at Ninth and Alder Streets, or at what point the improvement would terminate.

The Myrtle Street project was discussed in greater detail. C.A. discussed that one property owner on the corner of Thirteenth and Myrtle was authorized by the City to pour and replace their 4 foot wide sidewalk at the request of their insurance company. However, it was noted that there is not a proper ADA ramp at the corner; this will need to be corrected. C. Svicarovich inquired about sidewalk width in this area to which C.A. Daykin discussed that the City standard is for 5 foot sidewalks, though in this area there is only a 50 foot ROW; Council would need to make a decision pertaining to this. Discussion ensued and the consensus of Council was to move forward with the Myrtle Street project for the SDC grant application. Detailed discussion ensued with regard to potential sidewalk options in this area. Staff will review the planter strip width and additional details of the project and bring this info, along with photos, back to Council at the July meeting. C.A. Daykin discussed that a water line is present essentially under the planter strip on the on the west side of Myrtle Street; trees can only be planted on one side of the street. C. Crawford pointed out that with so many trees already present in the yards of this established neighborhood, removing the planter strip trees would not make an aesthetic difference in this area.

Street Slurry Bids

C.A. Daykin reviewed that a new contractor, Paving Northwest, Inc., was the low bidder for the street slurry project. It was noted that though three bids were received, no responses were received from several other contractors they tried to solicit from, including Telfer and Intermountain. C.E. Reid discussed that two of the bids were very competitive and one was high. He explained that he spoke with Black Line with regard to the fact that the City received higher bids than work being done in McMinnville. Quantity was noted to be the determining factor as McMinnville has over twice as much work to be done as Dundee; if Dundee can increase the quantity of work to be done with larger projects, a better rate would likely be provided in the future. C.A. Daykin discussed the difficulty in increasing the work due to budgetary constraints,

and noted that Staff had been banking on piggybacking onto Troutdale's annual slurry seal work in an attempt to get a better unit price. Detailed discussion ensued and C.A. Daykin explained that this year Troutdale decided not to complete slurry seal work. C. Svcarovich inquired as to whether or not it would be possible for Dundee to piggyback off of McMinnville's project this year to which C.A. Daykin indicated that though they did ask, McMinnville's City Attorney was reluctant to allow that. **A motion** was made and seconded to award the slurry seal project to Paving Northwest, Inc. for the contract price of \$68,511.00. **The motion** passed unanimously.

Council Concerns and Committee Reports

C. Crawford inquired about whether C.A. Daykin has heard back from ODOT with regard to the property underneath the overpass. C.A. Daykin explained that he had reached out ODOT with the hope of discussing the topic with someone who would have some responsibility over leasing the property; though he has not heard back, he offered to reach out to them again. C. Crawford discussed that there is some hope of Phase 3 work to begin at some point and he expressed concern that if that materializes ODOT may want to hold off in order to use that area under the bypass for staging of equipment. He discussed that if the Oregon legislature doesn't appropriate the money this year, it is his belief that the City should more aggressively to lease the property for some type of rest facility. Additionally, C.A. Daykin noted that Staff had heard that the area could be used for staging for the rebuild of the highway in Dundee as well.

C. Svcarovich requested an update on the Street Light Project to which C.A. Daykin indicated that some progress has been made. He explained that it was determined that the Westbrook PGE approved fixtures could be used though it was then discovered that they are experiencing some difficulty getting the poles to match up (which PGE approves) to the type of design that the City has. C.E. Reid discussed that the pole will work with the bases that have been installed and the concern is with regard to the mast arm. Conversation ensued and specific concerns pertaining to the shorter arm for the sidewalk side were discussed; PGE doesn't have a standard arm so an exception would need to be made which they are looking into. C.E. Reid explained that the height of the arms may need to be adjusted from 23 feet to 21 feet at the intersections over the street, and reduced from 18 feet to 16 feet over the sidewalks. Additional detailed discussion ensued.

C. Crawford expressed concern about an area of clearing that has begun on Ninth Street between View Crest and Red Hills Drive in an area of very steep grade. C.A. Daykin discussed that he is not aware of any application coming forward to the City and offered that Staff will check into the matter and report back to Council. Discussion ensued and Council expressed concerns about the work being done on the steep hillside, and it was noted that parameters could be established to put an appropriate control on that. C.A. Daykin suggested that the easiest thing to do might be to identify the steep slope areas of concern, create a new zoning district, map it out and have new standards for that zoning district; a planning solution would be easier than an engineering solution. C. Svcarovich discussed that one of her concerns would be with regard to how many more of these types of lots remain. She also pointed out that if lot sizes are changed there is the potential for some lots being subdivided at a smaller footprint. She supported than an overlay addressing slope as well as written criteria for that overlay would likely be the best way to move forward. C. Crawford pointed out that there are still several big lots on the hillside that could potentially be developed. C.E. Reid suggested that it might be beneficial to look at things from both an engineering and planning perspective.

C. Svcarovich provided an update that Ste. Michelle Winery has removed their application completely from Yamhill County. She also acknowledged that the County has been reaching out to the City on a more regular basis with updates pertaining to development around the City. C.A.

Daykin discussed that they have extended their range and will provide notice directly to him as well as the City Planner.

C. Svcarovich stressed the importance of an agenda discussion item regarding outside water usage. M. Russ voiced that regardless of projections pertaining to the completion of the Riverside District, he anticipates it will be less than 5 years from once ground is broken that all residential will be in place. C. Svcarovich explained that part of her concern is that a City service is being provided to people who knowingly purchase land not inside the City limits; tax revenue generation is not being received from these property owners. She expressed the importance of protecting City resources though she acknowledged that at this point in time it appears that the City does have water available. Brief discussion ensued with regard to what options are available to the City if water were to become a scarcity. C.A. Daykin discussed that future growth would be impacted until additional supply were developed. C. Crawford pointed out that water to outside users could be shut off given the contractual agreement in place, though this was noted to be a very unlikely scenario. C. Svcarovich pointed out that eventually the Hagey Road water line will need upgraded. C.E. Reid suggested that potentially increasing the surcharge for property owners on this line could provide for future upgrades when needed.

Mayor's Report

M. Russ provided an update with regard to funding for the bypass. He explained that the Parkway Committee suggested that local elected officials contact the State Legislators with regard to their support of the bypass. M. Russ discussed the importance of pointing out to the legislators that the bypass is a federally rated high priority corridor as well as the safety corridor for the Oregon coast to travel inland, and that Spirit Mountain Casino is a designated hazard disaster center. Additional benefits of completion of the bypass were briefly discussed and it was noted that commerce is impacted throughout the State of Oregon. M. Russ discussed that the goal of the Parkway Committee is to get \$150 million from the State to get the bypass shovel ready to the point where the rest of the funding can be obtained from the federal government. He explained that the Governor has allocated \$30 million for the project and has also put a memo out that she would like that to increase to \$150 million.

M. Russ discussed that Council is past due to review concerns with regard to Unique Auto located at 309 N. Hwy 99W. He explained that they have been in violation of the home occupation issued for the sale of vehicles by putting cars out fairly close to Highway 99W, out in the field and on their driveway. Discussion ensued and the consensus of Council was to revoke the home occupation permit. C.A. Daykin discussed that the City doesn't have a revocation process in the Dundee Development Code. Though Atty Olsen indicated he would need to review the City enforcement provision, he explained that without a revocation process an enforcement citation or the City filing for injunctive relief to prohibit the property owner from violating the Code would be potential options. Atty Olsen explained that often the best course of action is to first get a conviction on the citation as that makes it easier to obtain an injunction if the property owner doesn't comply, if it's not an immediate health or safety issue. C. Svcarovich voiced her opinion that there is a safety issue at Unique Auto. She explained that when cars are parked on the gravel pad (for sale) there are cars which pull off the State highway onto a shoulder area where vehicles aren't allowed to park; prospective customers are then outside of their cars and walking across the field to view the "for sale" vehicles more closely which creates a safety concern in this area. The consensus of Council was for C.A. Daykin to provide a 10-day citation notice to Unique Auto. C. Atty Olsen explained that if the property owner were to file a legitimate application then the citation prosecution could be put on hold. M. Russ supported City Staff looking into a revocation process for the future. C. Crawford inquired about whether there is a required permit renewal process to which C.A. Daykin explained that a permit is a one-time issuance. C. Crawford suggested that a renewal process might be another alternative to a

revocation process though C.A. Daykin discussed that the Code would need to be changed in order for that to be an option. It was noted that business licenses are renewed each year though are not regulatory.

C. Kelly inquired about the gravel lot alongside the Arco gas station. He discussed that vehicles are often parked and advertised for sale in this location. It was noted that the discussed location falls within the County jurisdiction.

C. Svcarovich inquired about whether the City has received any further information with regard to the development to the north of Dundee just outside the City limits. C.A. Daykin discussed that the City recently made contact with the property owner because C.E. Reid had dialogue with ODOT officials about designing that section of highway improvements. C.A. Daykin explained that when he made inquiry about the status the owner indicated that they are still planning on moving forward though they are not quite there yet. He explained to the property owner that ODOT needed to understand what their development is going to be to allow for some limited access to the property. C.A. Daykin discussed that the property owner indicated that he would present some sort of draft site plan to share with ODOT though he has not yet gone through the land use process with the County for approvals; he is presently trying to get the zoning changed from residential first.

City Administrator's Report

C.A. Daykin discussed that since last week the air conditioner at City Hall is not working, though service has been scheduled for this Friday, June 21, 2019. He reviewed that a new furnace was installed last year and at that time it had also been recommended that the air conditioner be replaced as well, though at that time there was no budget capacity. C.A. Daykin also discussed that no funds were put into the budget for an air conditioner this year either. The consensus of Council was to authorize C.A. Daykin to expend funds (even though the funds have not been budgeted) to replace the air conditioner if it makes sense to do so instead of a costly repair.

C.A. Daykin discussed that the City has received response from the advertisement for the public works position. He explained that they will be interviewing three applicants who appear qualified to fill the position, with the goal of filling the position within the next 2-3 weeks in an attempt to keep things running smoothly for the City.

C.A. Daykin discussed that there still have been no applications received for the vacancy on the Planning Commission. He challenged the City Council to try to find someone that might represent from the area to the east across the highway where not much representation is seen from on either the Council or Planning Commission. Brief discussion ensued and C.A. Daykin noted that the position could be opened to people outside of the City as long as they own property within the City up to a continuous twelve month period if Council desires. M. Russ suggested that advertising the vacancy on the Fire Department reader board may be helpful; C.A. Daykin will initiate that process.

Public Comment

None.

The meeting was adjourned at 8:40 P.M.

Attest:


Rob Daykin, City Administrator/Recorder


David Russ, Mayor