

**DALLAS CITY COUNCIL**  
**Monday, May 20, 2013**  
**Council Chambers**

The Dallas City Council met in regular session on Monday, May 20, 2013, at 7:00 p.m. in the Council Chambers of City Hall with Mayor Brian Dalton presiding.

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

Council members present: Council President LaVonne Wilson, Councilor Jim Brown, Councilor Jim Fairchild, Councilor Kelly Gabliks, Councilor Beth Jones, Councilor Kevin Marshall, and Councilor Murray Stewart. Excused: Councilor Ken Woods, Jr. and Councilor Lawson.

Also present were: City Manager Ron Foggin, City Attorney Lane Shetterly, Chief of Police John Teague, Fire Chief Bill Hahn, Community Development/Operations Director Jason Locke, Engineering and Environmental Services Director Fred Braun, Finance Director Cecilia Ward, and City Recorder Emily Gagner.

Mayor Dalton introduced four kindergarteners from Oakdale Heights Elementary School who led the Pledge of Allegiance.

**COMMENTS FROM THE AUDIENCE**

Mayor Dalton asked the audience members to limit their speeches to three minutes.

Mayor Dalton stated the Oakdale Heights students had been studying about the importance of caring for the Earth and the community. He noted for their spring field trip, the students planted flower bulbs in the Dallas City Park and were litter police and picked up trash in the park. Mayor Dalton invited the four students to read their essays. Atticus Tesch, David May, Hannah Griffith, and Addison McGrady read essays about their experiences of helping keep our community clean.

Joe Koubek, 565 SE Mifflin St, Dallas, Oregon, read a statement regarding garage sale permits, a copy of which is attached to these minutes and incorporated herein.

Randy Wisnia, 313 SE Oak Street, Dallas, Oregon, presented a handout and read a statement regarding the condition of the southeast end of Oak Street, a copy of which is attached to these minutes and incorporated herein.

**PUBLIC HEARINGS**

**PUBLIC HEARING REGARDING THE SALE OF PROPERTY LOCATED AT 11235 ORRS CORNER ROAD, RICKREALL, OREGON**

Mayor Dalton opened the public hearing open at 7:13 p.m.

Mr. Locke reviewed the staff report.

David Shein, 1680 SW Bridlewood Drive, Dallas, Oregon, stated he didn't believe the City had any business being in the landlord business, so this was long overdue. He recommended moving forward expeditiously.

Mayor Dalton closed the public hearing at 7:15 p.m.

**RESOLUTIONS**

**Resolution No. 3271** – A resolution declaring real property located at 11235 Orrs Corner Road, Rickreall, Polk County, Oregon not needed for public use and authorizing the sale thereof.

A roll call vote was taken and Mayor Dalton declared Resolution No. 3271 to have PASSED BY A UNANIMOUS VOTE with Councilor Jim Brown, Councilor Jim Fairchild, Councilor Kelly Gabliks, Councilor Beth Jones, Councilor Marshall, Councilor Stewart, and Council President LaVonne Wilson voting YES.

**CONSENT AGENDA**

It was moved by Councilor Marshall *to approve the Consent Agenda as presented.* The motion was duly seconded and carried unanimously.

Items approved by the Consent Agenda: a) the May 6, 2013, City Council meeting minutes; and b) award the 2013 Street Resurfacing Project contract to North Santiam Paving, Inc. and authorize the extra work to repave SE Oak Street.

#### **ITEMS REMOVED FROM THE CONSENT AGENDA**

There were none.

#### **REPORTS OR COMMENTS FROM THE MAYOR AND COUNCIL MEMBERS**

Councilor Jones pointed out a Freedomfest poster that had been distributed. She asked anyone interested in judging to contact her.

Mayor Dalton noted the Relay for Life event had been held the past weekend. He indicated they had raised \$80,000 so far, with a goal of \$100,000 for the year.

McKenzie Darr, student body liaison, introduced Lacey McKelvie who will be taking over for Ms. Darr for the 13-14 school year. She reported there would be softball and baseball playoff games later in the week and noted some track team members would be heading to State at the end of the week.

Mayor Dalton invited everyone to view the Avenue of Flags at the cemetery on Memorial Day.

Councilor Stewart commented on the wonderful and beautiful parks in Dallas. He added given the limited staff it was amazing how beautiful they looked.

#### **REPORTS FROM CITY MANAGER AND STAFF**

##### **UTILITY RATE and SDC METHODOLOGY DISCUSSION**

Steve Donovan of Donovan and Associates presented a PowerPoint regarding water and sewer rates and a proposed SDC methodology update.

Mr. Donovan indicated the policy recommendation would be to replace the split season, declining block rate structure with a uniform rate for water. He noted the recommendation would continue a base fee and establish a different commodity rate for commercial and residential customers.

Mr. Donovan stated for sewer, the recommendation was to move commercial customers off the winter water use average method and expand the single customer class to include low, medium, and high strength sub-classes as well as creating a new industrial strength class.

Mr. Donovan stated that 97% of all water sold in Fiscal Year 2011 was sold to residential customers. He showed examples of a single family, a multi-family, a motel, and a large commercial grocery store customer's current water rate and how those compared to the proposed rate revisions. He noted that the current rate structure for these customers had no relationship to the amount of water they actually used to the amount they were billed. He explained the proposed new rate structure would change that. Mr. Donovan added he would not recommend phasing in the new rate structure.

Mr. Donovan reported that 93% of all sewer accounts and 88% of sewer revenue came from residential customers. He showed examples of a single family, a multi-family, a motel, and a large commercial grocery store customer's current sewer rate and how those compared to the proposed rate revisions. He noted the multi-family customers were currently getting a very good deal, adding the larger the complex, the greater the discount currently was. He discussed that in order to alleviate the big rate hit those customers would face, the per dwelling unit rate was reduced but eventually the City needed to get those customers up to where they should be. Mr. Donovan pointed out that once again with the sewer rates, there was no relationship between what a customer was billed and what it cost the City to deliver the service to the customer. Councilor Marshall asked what the net bottom line difference would be to the City. Mr. Donovan indicated it was essentially revenue neutral.

Councilor Stewart asked how the automatic meter reads that were being installed came into play. He stated they would be more accurate and asked if that played a role with the new rate structure. Mr. Donovan indicated that when water meters failed, they failed to the customers' advantage. He reported some people would likely see they were using more water and would change their behavior to change that. Mr. Braun advised that if all the meters were switched out at once, the City could see a three to five percent increase in revenue.

Councilor Brown stated he was trying to get his head around the discounted rates the Committee recommended. Mr. Foggin stated staff was recommending the alternate rates. Councilor Brown indicated he was in favor of fairness and wasn't sure he bought into the idea that putting off the change for three years was a good idea. Mr. Donovan commented he didn't think putting off the rate change was a good idea because the customer had the ability to avoid an increase by not using as much water. Mr. Foggin pointed out that staff agreed with the Committee, but the reality was some people would see an increase. He indicated people who used a large amount of water because of past habits may not adapt quickly, so there could be political fallout.

Mr. Donovan proposed bringing two resolutions to the June 3 Council meeting, one to implement the proposed water rates with one commodity rate, and another to implement the proposed sewer rates with the adjustment for multi-family and motel customers that was discussed. He advised having the resolutions effective June 3, adding water use was seasonal and an immediate effective date would capture the time period when 60-65% of all water was used.

Mr. Foggin stated that one thing discussed by the Committee and the consultant was the need to develop a policy to reduce uncollected bills. He noted staff was looking at requiring a deposit when signing up for utilities and also establishing a late fee and disconnect fee. He advised the City needed to get the aging numbers down so staff was advising the Council adopt policies to accomplish that.

Mr. Donovan indicated the systems development charge (SDC) methodology review was included in his scope of work, adding the key thing identified was to include a reimbursement fee. He stated SDCs were charged against new development for connecting into our system to ensure there was reserve capacity for new users. He advised per Oregon Revised Statutes, cities could charge a reimbursement fee for existing capacity as well as a fee for planned future capacity. He noted the City currently did not charge for reimbursement. Mr. Donovan reported that as proposed, SDCs would increase by about \$2,100 with the new methodology. He pointed out that when a city proposed a methodology change, the state statute provided lengthy noticing provisions, so an enacting ordinance would not happen for some months.

Mr. Foggin stated staff was currently working on a policy that would recognize drought levels at the reservoir and finished water reservoirs and a plan that would propose a water rate that would step up if a drought was declared. He explained that would come to the Council in the next several months.

It was moved by Councilor Gabliks to *direct staff to prepare a resolution modifying the water and sewer rates as outlined in the staff report with an effective date of June 3*. The motion was duly seconded.

Councilor Fairchild pointed out that it was already May and the Council was talking about implementing the new rates in June. He recommended doing a partial implementation this year and finish in 2014. Councilor Brown advised changing the rate structure in September or October after gardens were harvested.

Mr. Donovan recommended taking advantage of the selling season by having the new rate structure take effect June 3. Councilor Gabliks clarified her motion was for the resolution to take effect June 3. In response to a question, Mr. Foggin stated that staff ran a comparison and a higher water user would see an increase of about \$20 in August versus the current rate structure.

Mr. Braun advised the changes to the rate structure were essentially revenue neutral. He indicated if the Council delayed implementing the new rate structure, the current rates would be increased by the CPI on June 1, which would be an increase of slightly more than what the new structure would be. He explained the low water use customers would continue to subsidize the high water users, so the sooner the new rate structure was implemented, the better. He added the new rate structure was fair because it was based on the actual cost of service.

Councilor Brown stated he was in favor of fairness, adding he didn't think some utility customers should subsidize others. Mr. Donovan indicated that was the goal of the study.

Councilor Gabliks announced she supported her motion that the rates should go into effect immediately. She noted it was early in the season and if she had to pay more because she used more water, that seemed fair. She stated if people didn't want to pay more, they could take measures such as installing a drip system or catching rainwater.

Mr. Donovan indicated from an engineer's standpoint, he wanted to reduce peak use because that would reduce the need for capital improvements, which were the most expensive. He noted this wasn't being done in a vacuum and the City would reach out to customers. He added the Committee wanted to do this in concert with an educational element.

Councilor Fairchild stated that was where he had a problem, noting when he was teaching, he would tell his students and then have to teach them again what he'd already taught them. He indicated he agreed with everything that was being said except the time factor, adding he felt the Council was rushing.

Councilor Marshall advised caution, noting the Council tended to look at facts, logic, and numbers, but they were also dealing with emotional customers. He indicated education was key in a small town, adding bad news traveled fast.

Councilor Jones asked when customers had a chance to address the Council about the rates. Mayor Dalton pointed out the Council was voting on directing staff to prepare a resolution. Councilor Brown commented that the community had been informed through articles.

The motion to *direct staff to prepare a resolution modifying the water and sewer rates as outlined in the staff report with an effective date of June 3* carried with a majority with Council President Wilson, Councilor Brown, Councilor Gabliks, Councilor Jones, and Councilor Stewart voting yes and Councilor Fairchild and Councilor Marshall voting no.

It was moved by Councilor Wilson to *direct staff to prepare policies and procedures in order to address past and minimize future uncollectable water and sewer utility billings*. The motion was duly seconded and carried unanimously.

It was moved by Councilor Gabliks to *direct staff to begin the process for updating the water, sewer, and storm drainage systems development charges*. The motion was duly seconded and carried unanimously.

It was moved by Councilor Brown to *direct staff to prepare a policy and ordinance regarding the establishment of emergency or drought conditions as well as establish a water pricing/rate structure for such conditions*. The motion was duly seconded and carried unanimously.

#### CITIZEN SURVEY RESULTS

Mr. Foggin introduced Barbara Tull from Advanced Marketing Research, Inc.

Ms. Tull presented the results of the citizen survey.

Mayor Dalton asked how Dallas compared to other cities of similar size. Ms. Tull responded it was notable that there were no hot spots and the entire survey was quite positive.

Ms. Tull explained this survey provided baseline data, adding the Council would want to follow up in a year to see what changes there were in the results.

#### STREET ADVISORY COMMITTEE RECOMMENDATIONS

Pete Christensen of the Street Funding Citizens Advisory Committee reported that the Council had established a goal of a minimum PCI of 70 for City streets. He noted PCI stood for Pavement Condition Index and explained a PCI of 85-100 was very good, 70-85 was good, 55-70 was fair, 40-55 was poor, and 0-40 was very poor and required reconstruction.

Mr. Christensen indicated that pavement condition gradually started to deteriorate almost immediately, but once it started to drop, the deterioration sped up quickly. He noted that delays in rehabilitation ended up costing much more down the road.

Mr. Christensen reviewed a scenario where the City would pump in several million dollars to bump the overall average PCI to 85. He stated if nothing was done after that initial expenditure, the deterioration would begin again, but more slowly. He then reviewed a scenario where the City would put in a large amount of cash to repair the streets and then add a small amount for maintenance going forward. In that case, he noted, the PCI would remain essentially constant.

Mr. Christensen indicated the cost to correct the deferred maintenance issues was \$7.5 million in 2008 numbers, so it would be larger now. He stated that one conclusion of the Committee was that there was really no other option than a general obligation (GO) bond to take care of the deferred maintenance issue. He added the Committee considered a special levy every three to five years for maintenance or some sort of street utility fee.

Mr. Christensen indicated this was a different approach than the last time a street utility fee was proposed because last time the Council said it was needed and this time a citizen group proposed it. He stated the Committee was planning to do information sessions with the public and then would incorporate the public's input into the final proposal to Council.

Mr. Christensen asked the Council to accept the recommendation and direct the Street Funding Citizens Advisory Committee to continue to refine the numbers, provide public informational opportunities, and submit a final report by October 2013.

It was moved by Councilor Fairchild to *direct the Street Funding Citizens Advisory Committee to continue to refine the numbers, provide public informational opportunities, and submit a final recommendation by October 2013.* The motion was duly seconded.

Mr. Locke indicated the Committee wanted to make sure the Council understood what they were proposing before they went out and did a lot of informational workshops. He explained the Committee didn't want to market something that didn't have the support of the Council.

Mayor Dalton stated that after a GO bond passed, the Council should consider a street utility fee, adding that would occur only after the streets were repaired. Mr. Locke indicated how the Council wanted to approach it would be discussed at that time. He noted if the Council dealt with the deferred maintenance with a GO bond, they would then need to think about maintaining those streets.

Councilor Brown stated it would be difficult to get brand new streets and then try to tell the people that the City needed a street maintenance fee. Mr. Christensen indicated that would be part of the information push, adding the Committee members would need to explain the need to maintain the newly repaired streets.

Council President Wilson asked Mr. Christensen to bring back to the Council the information they would be taking to the public, including the specific dollar amounts once calculated.

The motion carried unanimously.

#### APRIL 2013 FINANCIAL REPORT

Mr. Foggin asked if there were any questions on the April financial reports.

Councilor Brown thanked staff for the notes regarding the financial report that identified items to look at.

#### OTHER

#### **FIRST READING OF ORDINANCE**

#### **SECOND READING OF ORDINANCE**

#### **OTHER BUSINESS**

There being no further business, the meeting adjourned at 8:57 p.m.

Read and approved this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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Mayor

ATTEST:

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City Manager