

A regular meeting of the Astoria Common Council was held at the above place at the hour of 7:00 pm.

Councilors Present: Nemlowill, Jones, Price, Brownson, and Mayor LaMear.

Councilors Excused: None

Staff Present: City Manager Estes, Parks and Recreation Director Cosby, Finance Director Brooks, Police Chief Spalding, Fire Chief Ames, Deputy Chief Halverson, Public Works Director Harrington, Support Engineer Moore, Library Director Pearson, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

## REPORTS OF COUNCILORS

**Item 3(a):** Councilor Jones had no reports.

**Item 3(b):** Councilor Price had no reports.

**Item 3(c):** Councilor Brownson reported that Governor Brown signed House Bill 327 legalizing full recreational immunity for Oregon cities. In 2016, a court case exempted employees and volunteers from the immunity, which cause some parks in Oregon to close. This is good news for Astoria's parks. The law covers any individual who opens their land up to the public. He reported that the Port of Astoria has terminated its lease with the Washington Group for North Tongue Point. Hyak, LLC [2:42] has purchased North Tongue Point where they will build tugboats. This is a major development for the area. He recently met the students from Waldorf, Germany at an annual event. He announced that the Fire Department would be hosting its annual Christmas food drive that week.

**Item 3(d):** Councilor Nemlowill commended downtown business owners and the Astoria Downtown Historic District Association (ADHDA) for their efforts on Plaid Friday. It was great to go shopping in downtown Astoria early on the morning after Thanksgiving. There were a lot of people downtown spending money locally. She attended retirement parties for former Public Works Director Ken Cook and Fire Chief Ted Ames.

**Item 3(e):** Mayor LaMear reported that the Christmas lighting downtown was fun. Tim and Melba O'Bryant [4:36] and the Christmas Club put in a lot of time, effort, and money to get all of the lights up. The Taskforce on Homelessness Solutions began meeting. The first meeting had about 20 attendees and it was a good opportunity for many different viewpoints to be shared. The next meeting will be in January 2018. She announced that for the third time, she would play the Mayor in the Nutcracker.

## CHANGES TO AGENDA

City Manager Estes requested Item 6(f): Authorization to Award Contract to Arbor Care Inc. to Remove and Replace Priority One Hazard Trees be postponed because Parks Staff needed time to respond to citizens' questions before Council considers the contract. The agenda was approved with changes.

## CONSENT CALENDAR

The following items were presented on the Consent Calendar:

5(a) Parks Board Minutes of 8/23/17

5(b) Resolution to Adjust Budget and Transfer Resources to 7<sup>th</sup> Street Dock Fund to Pay Off 7<sup>th</sup> Street Dock Loan (Finance)

5(c) Oregon Community Foundation Grant (Library)

Councilor Price requested Items 5(b) and (c) for further discussion.

**City Council Action:** Motion made by Councilor Brownson, seconded by Councilor Nemlowill, to approve Item 5(a) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**Item 5(b): Resolution to Adjust Budget and Transfer Resources to 7<sup>th</sup> Street Dock Fund to Pay Off 7<sup>th</sup> Street Dock Loan (Finance)**

Councilor Price asked how much the City would save by paying off the loan eight years early. Finance Director Brooks said she did not have the exact amount, but the savings would not be a lot. The City is the only property owner that maintains a balance because the other property owners paid the loan off early.

Councilor Price stated whether the savings was a little or a lot, paying off a loan early is good for the City. City Manager Estes confirmed Staff would follow up with City Council on the exact savings amount.

**City Council Action:** Motion made by Councilor Price, seconded by Councilor Brownson, to approve Item 5(b) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**Item 5(c): Oregon Community Foundation Grant (Library)**

Councilor Price congratulated the library on another grant. This \$12,500 grant is for the documentation on historic materials in the basement of the library.

**City Council Action:** Motion made by Councilor Price, seconded by Councilor Jones, to approve Item 5(c) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**REGULAR AGENDA ITEMS**

**Item 6(a): Public Hearing and First Reading: Ordinance Modifying City Code 6.510 Adding Additional Towing Authority to Vehicle Seizure and Impound Section (Police)**

On October 27, 2017, the Astoria Police Department received a noise complaint, concerning a car alarm on a car parked for over 24 hours on Commercial Street adjacent to the Commodore Hotel. The alarm would sound and then reset and sound again. The car was licensed out of state and we were unable to locate the owner. We were unable to address the noise complaint, as there was no provision in the City's ordinance to tow the vehicle. Other cities have enacted ordinances to address this nuisance.

The additional language proposed will provide officers with a tool to abate these nuisances. It is recommended that Council hold a public hearing and consider holding a first reading of the ordinances amending City Code 6.510.

Mayor LaMear opened the public hearing at 7:11 pm and called for public testimony on additional towing authority.

Troy Haskell, 640 44<sup>th</sup> Street, Astoria, asked who would tow the nuisance vehicles.

City Manager Estes explained the City has a retainer contract with a towing company. The Police Department would contact the towing company to remove the vehicles.

Mr. Haskell said he had witnessed similar incidences in the past and he was afraid that the contractor would not show up at 2:00 am, but wait until morning to take care of the problem.

Deputy Chief Halverson stated the contract with the towing company includes a provision requiring them to respond within half an hour, regardless of the time of day. If the company violates the contract, the City will choose another contractor.

Mr. Haskell commented the City is getting more privatized, everyone passes the buck, and no one holds themselves accountable.

Mayor LaMear closed the public hearing at 7:14 pm.

**City Council Action:** Motion made by Councilor Jones, seconded by Councilor Nemlowill, to conduct a first reading of the ordinances amending City Code 6.510. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

Parks Director Cosby conducted the first reading of the ordinance.

**Item 6(b): Library Foundation Goals Resolution (Library)**

The Astoria Public Library Foundation is seeking a resolution in support of their ongoing fundraising goal of \$3,500,000. The Foundation has been active in the local community partnering with organizations to raise the visibility of the library while building a foundation for seeking funds from external sources. They have contracted with a professional consultant developing a robust fundraising plan. This resolution will provide them a powerful tool highlighting Council support for a library worthy of the citizens of Astoria. It will feature prominently within a professionally developed fundraising packet as they seek larger donations from within and beyond the local community.

It is recommended City Council consider the resolution.

Willis Van Dusen, Library Foundation President, said he and other Library Foundation members were present to answer questions and noted that they recently started a Pennies for Piggies fundraising campaign as a grass roots effort.

David Oser, Library Foundation Vice Chairman, added that fundraising began at the beginning of the year. They have received several capacity-building grants and a number of donations from citizens, which has resulted in a good balance to get started with the Foundation's real work. After expenses, the Foundation has about \$100,000. He listed the Pennies for Piggies committee members and said the campaign raised about \$2,000 in nickels, dimes, and quarters from kindergarten through 8<sup>th</sup> grade classrooms. The campaign was more to demonstrate that school children supported library renovations, rather than raising a lot of funds. The Foundation also had a bake sale at the Senior Center to demonstrate that elderly people supported library renovations as well. At the next meeting, the Foundation will review a plan to expand fundraising efforts in Astoria that will set the stage for reaching their goal of raising \$3,500,000 by the end of 2019.

Mr. VanDusen explained that the Foundation wanted this resolution passed now so they can prepare a packet for individuals and entities with a greater capacity to donate. The resolution will be an important tool in the packet.

Mayor LaMear read the resolution aloud. She confirmed there were no public comments or questions.

Councilor Jones said the resolution was exciting, especially because it would help with grant applications.

Councilor Price noted the packets from architectural and engineering firms were due by Wednesday, December 6<sup>th</sup> at 3:00 pm.

Library Director Pearson added that a committee would review the packets on December 13<sup>th</sup> and decide which firms to interview. The goal was to present Staff's chosen architect to Council by early February.

**City Council Action:** Motion made by Councilor Jones, seconded by Councilor Nemlowill, to adopt the resolution supporting ongoing Library Foundation fundraising goals. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**Item 6(c): Water Resolution to Reflect Rate Increase for Water Customers Outside City Limits (Public Works)**

The City of Astoria owns and operates a waterworks and water distribution system that consists of water treatment, storage, and distribution. Users of the water system are charged rates that reflect costs of ownership and operation of the water system as a public utility. Although owned by and operated primarily for the citizens of Astoria, the system also provides water to water districts and customers outside the Astoria City limits.

As described in Resolution No. 17-17, water customers outside the City limits are charged an additional 10 percent. The additional 10 percent charge was implemented in 1984 and has not been adjusted since that time. Prior to 1984, there was an additional 50 percent charge for water customers outside the City limits.

The current City of Astoria Water Distribution Plan recommends the outlying water districts be required to implement actions to improve the City's efficient use of the transmission pipeline to meet daily demands instead of peak hour needs. Most of the recommended requirements are related to accurate accounting and reporting; however, there is a key recommendation for infrastructure improvements that would require each of the districts to install reservoir storage for peak hour needs and fire flows. To date, the City has opted to continue operation and maintenance as established rather than putting this burden on the water districts.

The current City of Astoria Water Supply Master Plan recommends the City install a clear well tank at the headworks to increase the capacity of the plant, improve disinfection, and improve operational flexibility. Preliminary planning is underway for developing a scope, cost and funding strategy for construction of a clear well and initial discussions expect the cost to range from \$1-2 million. In consideration of water system infrastructure needs as well as operation and maintenance burdens as a result of serving water customers outside city limits, Staff presented a proposed rate increase for these customers at the November 6, 2017 City Council meeting. Council provided Staff with direction to prepare an updated Water Resolution that reflects an increase of 2.5 percent increasing the percentage rate for out-of-city-limits customers from 10 percent to 12.5 percent on July 1, 2018.

The funds obtained from this increase will be focused on capital improvement projects and maintenance/operations at the water system headworks.

It is recommended that City Council consider the revised Water Resolution to update the water rate for customers outside the City limits.

Engineer Moore displayed a map showing Astoria city limits, Bear Creek Dam, the transmission main, water districts, and other meters outside city limits. She pointed out which water lines were maintained by the City and which lines were maintained by customers outside city limits. The resolution reflects the guidance given to Staff by Council at the last meeting. Staff may look for a grant to fund a rate study and any future rate increases would be presented to Council for consideration.

Mayor LaMear understood the additional funds would be used to install reservoir water storage and that either the water districts would have to install their own storage or Astoria would have to increase capacity. Engineer Moore stated that was correct, but clarified that the current Water Distribution Plan recommended the water districts build their own storage facilities to help the City run its system more efficiently and cost-effectively. The City has not required the districts to do this for several reasons. Therefore, the City is considering improvements to the clear well located at the head works with the sand filters so that service can be buffered to outlying water districts without storage.

Councilor Nemlowill asked why the City was not implementing the Water Distribution Plan. Staff explained the cost to the water districts would be much greater than the rate increase.

City Manager Estes confirmed for Councilor Nemlowill that the additional funds would go to the fund that Public Works uses to operate the water works. The City needs to get a full cost estimate for the clear well project so that Staff can begin the planning process.

Engineer Moore said she did not have a specific timeline for the clear well project, but Staff plans to work towards grant resources as time allows.

Director Harrington added that the extra 2.5 percent in revenue from the rate increase would only total \$12,500 per year. The clear well project will cost between \$1 million and \$2 million. He believed the rate increase revenue would go towards operations and possibly the start of the study done for the wastewater plant's concept plan. Once Staff gets a more accurate price, they will begin contacting funding agencies.

Councilor Nemlowill said Council and Staff have talked about the cost of operations and a capital improvement project, but she was not sure how the increase in revenue would make its way into a capital project. The last discussion was not reflected in Staff's memorandum. Council and Staff had discussed a total increase of 7.5 percent, but this resolution is for 2.5 percent. She wanted to make sure this was clear to Astoria's water customers outside the city limits. She asked if Council was still comfortable with this.

Director Harrington stated Staff's original proposal was to increase the rate by 5 percent each year for three years to get the total surcharge to 25 percent. Staff was directed to change the proposal to a one-time increase of 2.5 percent and refrain from requesting another rate increase until Staff had a better justification of costs.

Councilor Nemlowill asked if the 2.5 percent increase was necessary, considering it would just be a drop in the bucket. City Manager Estes said it was up to Council to decide what was appropriate.

Councilor Price said she did not believe Council was ready to institute this policy at this time. The memorandum states the Public Works Department is in the preliminary planning stage for developing the scope, cost, and fundraising strategy for the clear well. She did not believe the water districts would balk at a 2.5 percent increase, but such an increase would not significantly contribute to the project. Council has been very thoughtful when raising rates and fees on extracurricular activities, but must be even more thoughtful about raising rates on a necessity. She believed Council should allow Staff to do what the memorandum states they intend to do. She preferred that a fully formed project be presented to Council before they make a determination about how much the rates should be raised. She also believed the City should have two-tiered rate system, one for districts and customers for whom the City provides maintenance and infrastructure and one for whom the City does not. Even though the surcharge has not changed since 1984, the water rates have changed many times over the years. If the clear well is to be built to provide more stable supplies during dry periods or fire, all water customers should contribute, not just the customers outside city limits. The City has already given notice to the water districts that an increase was likely and Council could wait until July 2018 to review a full proposal.

Councilor Jones believed the last discussion reflected a good compromise. He interpreted the lack of a large crowd to mean that those who spoke in opposition at the last meeting were satisfied with this compromise. He believed Staff made a good case that the outlying water districts have been grossly undercharged for three decades. The industry standard is clearly well above what Astoria currently charges, as well as what has been proposed. He did not want to hold off on considering a 2.5 percent increase because it was unlikely that Staff would come back with an analysis showing the rate should be lowered. Rather than putting this off for another year, he believed this modest increase was reasonable. Every \$12,500 really matters considering all of the budget issues the City has dealt with throughout the year. He was in favor of the proposal.

Councilor Brownson said he was fine with the compromise made at the last meeting, but he did not understand the justification for the rate increase. The amount of additional revenue to the City would not make a dramatic impact and would cause a hardship for some of the outlying customers. He asked for details about rate change in 1984. Director Harrington stated the surcharge was decreased from 50 percent to 10 percent and Staff was unable to find records indicating the reason.

Mayor LaMear asked Staff to come back with an estimation of how much it would cost each water district to install their own storage. It could be cheaper for the outlying districts to contribute to the clear well than to install their own facilities.

Director Harrington noted the water districts would have to acquire land and run pipe to their storage facilities, which he believed would be more than the cost of a small \$1 to \$2 million clear well.

Mayor LaMear believed this needed to be made very clear. Astoria is not trying to gouge these customers because they live outside city limits.

Director Harrington explained that Staff was pushing for equity. The consultant that completed the rate study said a 25 to 50 percent surcharge was the industry standard imposed by cities without justification. Cities typically only hire consultants to conduct studies that justify rate increases over 50 percent. Astoria could spend a lot of money on such a study, so in this case, instead of hiring a consultant to complete a study, Staff simply asked for their professional opinion on industry standards. Staff then targeted the very low end of that standard to avoid questions about justification. Staff also compared their rates and proposed rates to other cities in the area and found they were all well above Astoria's.

City Manager Estes added that the current proposal was a compromise that came out of the last meeting and Staff wanted further dialogue.

Councilor Nemlowill wanted to review the minutes of the November 6, 2017 City Council meeting because she wanted to know why the City was not following the compromise and strategy that Council agreed upon. Perhaps Council said it did not want to move forward without more clarity. Two and a half percent does not make much sense in the scheme of things, but 7.5 percent would be more substantial and would be half of what Staff originally proposed. She believed Council and the water customers met in the middle, but if Staff was not following that strategy, she did not understand why Council would adopt 2.5 percent.

Councilor Brownson recalled that at the November 6th meeting, Council agreed to spread out the 7.5 percent over three years, and review the initial 2.5 percent increase after one year.

City Manager Estes confirmed that Councilor Brownson's recollection was correct. The entire three-phased approach cannot be approved in one resolution.

Councilor Nemlowill apologized to the water customers for the lack of clarity. She proposed that Council postpone voting on the resolution.

Councilor Brownson said postponing the vote would be fine with him since the rate increase would not be implemented until July. If this is about developing additional infrastructure that serves the outlying customers, he wanted to see a cost analysis showing this would be a shared burden.

City Manager Estes explained that the clear well was only one impact being addressed. There are additional daily costs incurred by serving water customers outside city limits.

Councilor Brownson stated he would like to see specific details about those costs. Staff had indicated to Council that it was more difficult to serve outlying customers even though the City does not read their meters or take care of their infrastructure. This did not seem relevant.

Councilor Price asked if chemicals were added to the water any place other than the dam. Director Harrington explained that Staff must augment the chlorine at other reservoirs as necessary. This is done mainly for customers in town.

Mayor LaMear asked for details about the maintenance the City does for the outlying water districts. Director Harrington explained that the City is responsible for and maintains the water system, which was built in the late 1800s. The system was privately owned before Astoria purchased it. At some point, the City decided to serve the outlying areas with water, which is to their advantage. The City of Gearhart created their own water system. Their water rates are very high, plus the residents are paying a water bond through their property taxes. There are costs to develop a water supply, treat the supply, and have administrative staff. These are all things Astoria does for its outlying customers. The water districts have to maintain their own lines and be accountable to the State, but not for water treatment. The clear well is big part of water treatment. Many of the recommendations in the Water Supply Master Plan completed 20 years ago have been completed, but the City has not been able to afford the clear well.

City Manager Estes added that Staff's rate strategy was developed by FCS. The rate strategy did not take into consideration the rates of the water districts outside City limits. When questions arose about whether these water districts should pay more, Public Works contacted FCS, who stated the industry standard was typically an increase of between 25 and 50 percent without conducting any research. Public Works Staff originally proposed

an increase of 25 percent. If City Council believes a detailed analysis is more appropriate, the cost will be about \$50,000.

Councilor Price stated she did not need a detailed analysis. Generally, a department proposes a project and requests rate changes from City Council, but that is not the case here. City Manager Estes confirmed that is correct.

Councilor Price said the first memorandum was muddy. Council had said departments should look for additional revenue. If Public Works wants to raise rates because the rates are out of date, then Council and Staff could discuss that issue and come to an agreement. However, all of a sudden, the clear well project and providing stable water supplies is being discussed. The clear well project is really just a thought because it is in a master plan and it is something Staff would eventually like to get to. The project is nowhere near thought out yet and the City does not know how much the project will cost or how much the rates would need to be raised to fund the project. And so, since that project is not panning out at this meeting, the discussion has turned back to raising rates because Astoria needs to get their rates in line with all of the other communities. She believed Staff should come back to Council with what Staff really wants, not an analysis of who would do what and where. This would allow Council to make a clear statement to the water districts about why rates are being raised.

City Manager Estes stated that at the last meeting, City Council focused on the clear well and the expenses related to serving the outlying customers. This proposal was intended to more equitably charge appropriate rates to water customers outside city limits. Staff asked Council to consider this. However, if Council wants the exact costs of providing water service to the outside customers—

Councilor Price continued that she just wanted a thorough and reasoned justification for the rate increase. If the justification is to bring the rates in line, then she wanted to have a public hearing about that and stop talking about projects that may or may not happen. Council and Staff are not on the same page because the discussion has gone back and forth. We have time to start again because the rate increase would not be implemented until July 2018.

Councilor Nemlowill stated the focus on the clear well in the memorandum threw her for a loop. Operations expense is a good argument. She believed a different funding mechanism would be more appropriate for a new capital improvement project like a clear well. Increasing a rate would just add funds to an operations fund.

City Manager Estes confirmed that Staff could frame the proposal again. Staff is trying to provide answers to questions that were raised by City Council. This is not a huge pressing issue for Staff at this time, but the water districts would like to know where this issue would end up.

Mayor LaMear called for public comments.

Richard Elfring, said he serves on the John Day Water Board. The district gets its water from the City and pays the City rate, just as residents of Astoria pay, plus an additional ten percent. An additional 2.5 percent has been proposed. The City provides water treatment and water from the reservoir, which he believed was included in the basic rate. The only thing the City provided in exchange for the additional ten percent is meter reading. The City does nothing beyond the meter. The John Day Water District provides the meter and must live up to the State's standards. The district also delivers water to its customers, repairs its water lines, and currently employs four, part-time and two almost full-time staff. An equipment company does most of the district's heavy digging. As a board member, he would be willing to consider a compromise if the City were willing to be available at 2:00 am to assist when a water main breaks. Everyone will have to pay for the clear well and he assumed the cost would be included in the water rates because the State will require it. The John Day District is a suburb, not a rural area, and people in the district live on Astoria's water. The district could discuss changing that situation and if they come up with a good enough proposal, the City of Astoria might take over the district entirely.

Sean Fitzpatrick, 1046 Grand Avenue, Astoria, said he understood the water department was not a for-profit entity and that rates were based on overall costs. If overall costs were spread among all uses and the industry standard was between 25 and 50 percent higher for users outside city limits, then users inside the city limits are subsidizing the costs to the outlying districts only being charged ten percent. He asked if this was correct.

City Manager Estes confirmed Mr. Fitzpatrick was correct. Costs in excess of the ten percent being charged to provide water to outlying customers are borne by City of Astoria residents.

Mr. Fitzpatrick stated he also understood that industry standards were based on many communities doing many of the same things and recognizing what costs generally run. Therefore, 25 to 50 percent was likely equal to the costs of providing service to other areas. It is the City's responsibility to maintain the delivery system out to the water district's master meters and the City pays its employees to go out and read those meters.

Director Harrington said that was correct and noted the map indicated the location of the meters outside city limits.

Troy Haskell, 640 44<sup>th</sup> Street, Astoria, said he grew up in Astoria. He has dug ditches at 2:00 am because the water lines are 200 years old. Everyone knows that within the next 20 years, the population will almost double. He asked why the City was not considering the big picture. This proposal seems to be baby steps. He suggested the City look at the whole district and rezoning Astoria. John Day is a suburb and everyone he knew who lives there works or goes to school in Astoria. So, John Day should be included in Astoria's zoning. The City knows the infrastructure is bad, so why has the City not made plans to renovate six city blocks each year. Houses are falling down and homeowners are responsible for redoing their own plumbing, but the City is not installing new infrastructure at the same time. The City is just causing extra problems because new plumbing is being hooked up to old infrastructure. If the City does not start looking at the bigger picture, nothing will be accomplished today. The clear well has to be done. There is a prediction that Astoria would not have water in 50 years and water would cost \$5.00 a bottle. Astoria has more water than it knows what to do with, but there are restrictions against collecting rainwater. Rainwater is cleaner than most chemicals added to most water as long as the barrel is kept clean.

Bill Young, Astoria, Olney-Walluski Water District, said there has been no increase on the surcharge and he did not understand why anyone would expect that to change. The demand charge for his water district increased by 235 percent between 2001 and 2016. Every time there is a rate increase, the amount is compounded by the ten percent surcharge. It does not seem to be good accounting to say the districts are not paying their fair share of the upkeep. If districts were not paying their fair share, the ten percent would have been questioned a long time ago.

Director Harrington explained that the City does not have the money to do more improvements each year. Staff prioritizes improvements based on the most urgent needs. Public Works is grossly underfunded. Cannon Beach is implementing 40 percent increases right now to fulfill their needs. Staff is currently doing an asset inventory review and is finding so much deferred maintenance on infrastructure that it is difficult to decide where to begin. The City is fortunate to have received about \$30 million in grants just since he has been working for Astoria. Without those grant funds, many of the projects never would have happened. The Combined Sewer Overflow (CSO) project is an unfunded mandate being charged on top of the existing water and sewer rates, which is a hardship on everyone. Staff understands the hardship to citizens and works daily to deal with that. The only way to manage is with additional funds. This proposal was more along the lines of trying to be equitable so that everyone paid their part. The clear well was only brought up as an example because it will have the most impact on how the City manages the water directly fed to outlying districts. In the event of a boil water alert, the clear well would provide a supply of treated water that could give the water facilities some operational leverage while the issues are resolved.

Mayor LaMear said she believed 2.5 percent was too low, but that was the compromise agreed upon at the last meeting. The inflation rate since 1984 is more than 2.5 percent. This is a beginning to helping the Public Works Department meet needs.

**City Council Action:** Motion made by Mayor LaMear, seconded by Councilor Jones to adopt revisions to the Water Resolution No. 17-17 updating the water rate for customers outside the City limits. Motion failed 2 to 3. Ayes: Councilor Jones and Mayor LaMear; Nays: Councilors Nemlowill, Brownson, and Price.

City Manager Estes said gathering more detailed information about the specific costs related to water customers outside city limits would incur an expense. Therefore, Director Harrington would seek grant funds.



Councilor Jones said Council just voted against an additional \$12,500, but the City has already spent that much in Staff time on this issue. He did not want to spend more over the next six months just to consider another proposal that might not be appropriate. At the last meeting, he supported the original proposal of a five percent increase each year for three years because he believed it would be a reasonable surcharge that would get the City to the bottom of the industry standard. He asked if City Council supported a surcharge increase that would get the City near the bottom of the industry standard rate, regardless of any work at the head waters or other capital improvements. If not, Council should just let Staff know now because they have other valuable things to do with their time.

Councilor Brownson said he would support an increase if he understood it. He cannot vote something he cannot agree with based on how it is presented. In this case, he did not understand the industry standard, other cities' distribution networks and histories, and how their outlying customers deal with water. The water districts have to pay for their own infrastructure over and above Astoria's rate. These very small communities pay piled on costs. Every rate increase is compounded by the ten percent surcharge. The City needs to find a solution to the aging infrastructure, which is a national problem. This proposal does not address that problem, but he was not sure what it addressed.

Councilor Nemlowill said she supported the proposal to increase the rate to 17.5 percent at the last meeting. She did not vote for the 2.5 percent increase because she was not clear whether the City was still following that strategy to get to 17.5 percent. The justification for the increase seems to be a moving target. There are some good reasons to charge more equitable rates to customers, but she believed Staff needed to provide Council with more information.

Councilor Price stated it was unlikely she would vote for an across the board increase. The differences between the two types of water districts should be recognized. She believed the water districts could manage a 2.5 or 3 percent increase. A 15 percent increase should be charged to the customers that do not have their own infrastructure. Everyone is subsidizing the few water districts and customers outside the city limits who are not doing their own maintenance. She did not need any type of analysis on this, just a clear justification, a public hearing, and one rationale.

**Item 6(d): Slow Sand Filter Project Authorization to Award Contract (Public Works)**

The four slow sand filters at the City's water supply system need to be replenished with new sand media in order to properly treat our drinking water. The slow sand filter was last re-sanded in 2010-2011 at a cost of \$898,604.46. The sand filters will be resanded in order of need. While one filter is out of service, the remaining three cells will provide adequate capacity to deliver the City's normal demand for treated drinking water. The project also includes replacing the upper portion of the slow sand filter cell liners. The project plans also include a concrete curb around the perimeter of each cell to keep dirt and rocks from the roadway from getting into the water. The construction phase of the project will take at least 24 months, with construction to start mid-late December of this year.

On September 18, 2017, City Council authorized staff to solicit bids for the project. The following competitive bids were received on November 17<sup>th</sup>:

Contractor	Bid
Big River Construction Inc.	\$1,937,430.00
James W. Fowler Co.	\$2,197,470.00

The low bid was above the \$1,600,000 project budget, therefore per *Oregon Revised Statute 279C – 340 Contract Negotiations*, staff negotiated with the low bidder to bring the contract within the City's project budget. After removing the proposed concrete curbing bid items for all four cells the bid was adjusted down to \$1,499,489.10. As work progresses, the Cell 4 liner will be added back into the project if cost saving measures result in the ability to fund the work within the project budget. Staff will bring a change order for Council consideration if this option becomes feasible.

Over the past five fiscal years, the City has been reserving funds in the amount of \$200,000 per fiscal year for this project. As of July 1<sup>st</sup> FY 2017-2018 (current budget) the fund had a balance of \$1,000,000. With the

accumulation of funds at a rate of \$200,000 per fiscal year throughout the duration of the project (FY17-18, FY18-19 and FY19-20), funds in the amount of \$1,600,000 will be available.

It is recommended that the City Council authorize the award of a contract to Big River Construction Inc. in the amount of \$1,499,489.10 for the Slow Sand Filter Resanding Project.

Councilor Price confirmed that Staff had to value engineer about \$500,000 so that the liner for Cell 4 would not have to be replaced or install a curb. She asked if the liners had been getting more expensive over the years and how much help would the curb have provided. Director Harrington said everything gets more expensive over 20 years. The cost of the liners is a function of petroleum costs, which have gone up, along with all of the other costs associated with that industry over a 20 year period. The cost of sand has gone up as well. Staff expected the price to be between \$1.5 and \$1.6 million, so Staff questioned why the bids were higher. Sand costs are affected by trucking costs, lack of competition, and regulatory requirements. Sand replacement costs are a moving target because Staff must estimate how much sand will be in each cell. The cells are cleaned about every four weeks and about a half inch of sand is removed during each cleaning. If this two year project progresses fast enough, the City could save a little on the amount of sand the filters need. If the sand comes in under budget, Staff will ask Council to approve a change order for the fourth liner, which is the newest liner.

Councilor Brownson said an anchor trench and new liner would be added to the first three cells, and if those were added to the fourth cell, the amount would be an additional \$123,000. The project would still be under \$1.6 million if the trench and liner were added to the fourth cell. Director Harrington clarified concrete curbing would not be done on the fourth cell.

Councilor Brownson asked why the City was not adding the anchor trench and liner to the fourth cell. Director Harrington said this would put the project over \$1.6 million.

Councilor Price asked if there was another \$75,000 somewhere. Director Harrington explained that Public Works Staff worked closely with Finance Staff on how the revenue would come in. As the City pays out to the contractor over two years, the City will be waiting for the revenue to come in and might even have to slow the contractor down or borrow from the Water Fund. City Manager Estes added that a contingency was necessary in case something went wrong. By the end of the project, Staff will know if adequate savings were available for Cell 4.

Director Harrington said Staff was comfortable with a lower contingency on this project because cells are confined spaces that are unlikely to reveal surprises as work is done.

Councilor Brownson stated it would be better to get a new liner in Cell 4 now, rather than later.

Director Harrington noted that the curbing would help keep the cells cleaner by preventing material from getting in, but Staff has an idea about how to mitigate the problem. Originally, the liner would have been attached to the new wall with stainless steel batten strips. Instead, the liner will be buried under a higher mound that sheds water away from the cells. He confirmed for Mayor LaMear that the liner in cell 4 was 20 years old. The other three liners are 25 years old, but the lifespan of the liners is 20 years.

Mayor LaMear asked if Staff knew when the liners had reached a critical point and needed replaced. Director Harrington said Staff is constantly patching the liners because they are weak and brittle.

**City Council Action:** Motion made by Councilor Brownson, seconded by Councilor Nemlowill to authorize the award of a contract to Big River Construction Inc. in the amount of \$1,499,489.10 for the Slow Sand Filter Resanding Project. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**Item 6(e): Wastewater Treatment Plan Headworks Concept Plan – IFA Grant (Public Works)**

The 2012 Wastewater Facilities Plan for the City's Wastewater Treatment Plant (WWTP) identified the need for a new headworks to provide improved flow measurement, screening, and grit removal to minimize accumulation of materials in the treatment lagoons and improve treatment capacity. Since that time, flow characteristics of the incoming flow has changed particularly in the drier summer months. There has been an increasing number of restaurants and breweries in the City that are discharging concentrated loads to the

sewer system. The cumulative effect of these industries has an impact on the flow into the WWTP. Compounding this issue is the Combined Sewer Overflow (CSO) reduction program.

A concept design is needed to define the project beyond what was provided in the facility plan so a capital improvement project can be budgeted and scheduled for future design and construction. This planning effort is the first step towards understanding the current system limitations and mapping out a path towards continued compliance at the WWTP.

On September 18, 2017 Council authorized Staff to submit a Business Oregon Infrastructure Finance Authority (IFA) application for a \$20,000 technical assistance grant to cover a portion of the cost for a concept design that is estimated to cost a total of \$26,100. The City was awarded a \$20,000 grant from IFA. The estimated remaining \$6,100 is budgeted in the Public Works Improvement Fund.

It is recommended that Council approve the Business Oregon Infrastructure Finance Authority Financing Contract grant in the amount of \$20,000 towards preparation of a Wastewater Treatment Plant Headworks Concept Plan.

Director Harrington said the purpose of the project was to develop a concept plan to identify the configuration, features, and costs of the wastewater headworks, which is different from the water headworks. Astoria does not currently have wastewater headworks. The headworks will remove grit and garbage from the wastewater system, improving the overall health of the treatment plant so it lasts longer. State regulations are changing because things are getting into the waste stream that are very difficult to remove. The best way to deal with contaminants is to prevent them from getting into the waste stream to begin with. Public Works wants to partner with Astoria's citizens to take better care of the waste stream. Installing headworks will prevent the City from having to switch to a mechanical plant, which would be very costly. The agenda packet included a flyer that would be sent out with water bills asking people to refrain from flushing things like medications and diapers. Once the headworks is installed, all of these contaminants will plug up the system. The County will be opening a household hazardous waste facility so that people do not have to flush hazardous materials.

Mayor LaMear asked for an explanation of a headworks.

Director Harrington said the headworks is the first set of works at the head of the water treatment system. He explained that the headworks at the watershed is the lab and slow sand filter. The wastewater headworks will be at the end of the system, but at the head of the treatment plant.

City Manager Estes added that in the future, there would be more regulations on plastics in the wastewater stream. The headworks will prevent some of the larger items from entering the wastewater treatment system and allow Astoria to use the current system longer.

Director Harrington noted that anything that can make it through the waste system and into the river could make it into your food. Plastics are now being found in oysters.

**City Council Action:** Motion made by Councilor Price, seconded by Councilor Jones, to approve the Business Oregon Infrastructure Finance Authority Financing Contract grant in the amount of \$20,000 towards preparation of a Wastewater Treatment Plant Headworks Concept Plan. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

**Item 6(f): Authorization to Award Contract to Arbor Care Inc. to Remove and Replace Priority One Hazard Trees (Parks)**

Through the Parks Master Planning process, citizen outreach strongly indicated that trees in Astoria Parks are of high importance. This valuation was reflected in feedback from park users who desire a high level of care and maintenance dedicated to trees and resulted in recommendation 6.2 "survey, inventory, and develop maintenance guidelines for all tree and plant species." To facilitate this recommendation, in 2016, City Council approved a contract with ArborPro to inventory and evaluate all trees on Parks properties.

While we were gratified to learn that the vast majority of our trees, over 1,500 are in good, safe condition; the inventory also brought to our attention the fact that there is a relatively small portion of trees that pose a hazard to the public or infrastructure and should be removed.

The levels of risk associated with each hazard tree is delineated into Priority 1, 2, and 3, based off of a combination of the likelihood of the tree to fall, the likelihood of it hitting something of value (person or property), and the tree's overall condition and position. Using the tree inventory as a guide, staff was able to generate a solicitation for bids to remove all Priority 1 trees (trees presenting a substantial risk).

Acting as good stewards of our natural resources, staff directed bidders responding to the solicitation to provide the cost of replanting a new tree in the same or similar location, at a ratio of 1:1 for each removal. This method will ensure that the City of Astoria's parks and green-spaces are being replenished with new trees as our older species age or fail and require removal. A Solicitation for Bids was advertised in the Daily Astorian and Parks and Recreation Department staff contacted several local and regional arborist companies. The sole respondent to this solicitation, Arbor Care Inc., provided a detailed bid of \$30,000 to remove and replace all Priority 1 trees throughout Parks properties. If approved, work will commence this winter and be completed by spring.

A detailed listing of each specific tree to be removed and its replacement species is provided in the packet. The Hazardous Tree Solicitation for Bids and bid provided by Arbor Care Inc are attached.

Funds are currently available in the Capital Improvement Fund to complete this work as part of implementing the Parks and Recreation Comprehensive Master Plan. However, discussions have taken place about utilizing the budgeted Capital Improvement Funds allocated to implement the Parks and Recreation Comprehensive Master Plan for other projects such as a Combined Recreation Center Feasibility Study or an Ocean View Cemetery Master Plan. Neither will be possible this fiscal year if City Council wishes to remove and replant Priority 1 trees. Although accomplishing these planning recommendations would provide benefits for the future of the Parks and Recreation Department, addressing safety concerns is of higher importance. Further, the Parks and Recreation Department is in the process of rebuilding and stabilizing core services, the City has other large planning and development projects it is focusing on, and the timeframe identified by the Parks and Recreation Comprehensive Master Plan to implement the Combined Recreation Center Feasibility Study is 6-9 years and it is staff's recommendation to focus and reevaluate basic services at Ocean View Cemetery before investing in a future planning.

City Attorney Henningsgaard has approved the contract to form.

It is recommended that City Council authorize the City Manager to enter into a contract with Arbor Care to remove and replant Priority 1 trees and staff strongly advocate that this work be undertaken as quickly as possible to minimize the potential risk these trees present.

This Item was removed from the agenda during Item 4: Changes to the Agenda and will be discussed at a future meeting.

#### **NEW BUSINESS & MISCELLANEOUS, PUBLIC COMMENTS (NON-AGENDA)**

There was none.

City Council recessed into Executive Session at 8:40 pm.

#### **EXECUTIVE SESSION**

##### **Item 8(a): ORS192.660 (2) (h) – Legal Counsel**

The City Council will meet in executive session to discuss legal proceedings.

The Regular Session reconvened at 8:53 pm.

City Attorney Henningsgaard said City Council considered a resolution authorizing litigation to occupy two parcels of property on 7<sup>th</sup> Street. The City has been negotiating with the property owner in an effort to settle


outside of court. If negotiations are unsuccessful, the resolution will allow the City to proceed with the eminent domain process.

**City Council Action:** Motion made by Councilor Jones, seconded by Councilor Price, to approve the resolution directing and authorizing the City Attorney to commence and prosecute legal proceedings to acquire fee title and a temporary work easement at the locations described in the resolution, and upon the following of such proceedings take immediate possession of such property. Motion carried unanimously. Ayes: Councilors Price, Jones, Nemlowill, Brownson, and Mayor LaMear; Nays: None.

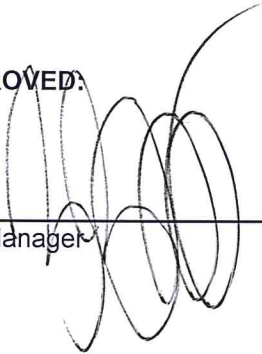
**ADJOURNMENT**

There being no further business, the meeting was adjourned at 8:55.

**ATTEST:**

  
\_\_\_\_\_  
Finance Director

**APPROVED:**

  
\_\_\_\_\_  
City Manager