AGENDA

REGULAR CITY COUNCIL MEETING
December 12, 2016
5:30 p.m.

CITY HALL COUNCIL CHAMBER
313 COURT STREET
THE DALLES, OREGON

1. CALL TO ORDER

2. ROLL CALL OF COUNCIL

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

5. PRESENTATIONS/PROCLAMATIONS

   A. Presentation Concerning a Proposal for a Tobacco Free Zone at Lewis & Clark Festival Park

6. AUDIENCE PARTICIPATION

   During this portion of the meeting, anyone may speak on any subject which does not later appear on the agenda. Five minutes per person will be allowed. If a response by the City is requested, the speaker will be referred to the City Manager for further action. The issue may appear on a future meeting agenda for City Council consideration.

7. CITY MANAGER REPORT

8. CITY ATTORNEY REPORT

9. CITY COUNCIL REPORTS

10. CONSENT AGENDA

   Items of a routine and non-controversial nature are placed on the Consent Agenda to allow the City Council to spend its time and energy on the important items and issues. Any Councilor may request an item be "pulled" from the Consent Agenda and be considered separately. Items pulled from the Consent Agenda will be placed on the Agenda at the end of the "Action Items" section.

A. Approval of November 21, 2016 Work Session Minutes

B. Approval of November 28, 2016 Regular City Council Meeting Minutes

C. Adopt Resolution No. 16-033 Appointing Matthew Klebes as Enterprise Zone Manager

11. CONTRACT REVIEW BOARD ACTIONS

A. Authorization to proceed with Wastewater Treatment Plant Phase 2 Work to Complete Design Engineering from 80% to 100%, and Construction under a Negotiated Guaranteed Maximum Price

12. ACTION ITEMS

A. Riverfront Trail Funding Request

B. Authorization to Purchase a Utility Easement from SAPA (operating the old Northwest Aluminum Specialties Facility) for Construction of the 18-inch Port Industrial Water Main

C. Approval of Resolution No. 16-032 Approving a Rate Increase of Approximately 0.85% for The Dalles Disposal Company

13. ADJOURNMENT

This meeting conducted in a handicap accessible room.

Prepared by/
Izetta Grossman
City Clerk

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT

AGENDA LOCATION: Item #10 A-C

MEETING DATE: November 28, 2016

TO: Honorable Mayor and City Council

FROM: Izetta Grossman, City Clerk

ISSUE: Approving items on the Consent Agenda and authorizing City staff to sign contract documents.

A. **ITEM**: Approval of the November 21, 2016 Work Session Meeting Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the November 21, 2016 Work Session meeting have been prepared and are submitted for review and approval.

RECOMMENDATION: That City Council review and approve the minutes of the November 21, 2016 Work Session meeting.

B. **ITEM**: Approval of the November 28, 2016 Regular City Council Meeting Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the November 28, 2016 Regular City Council meeting have been prepared and are submitted for review and approval.

RECOMMENDATION: That City Council review and approve the minutes of the November 28, 2016 City Council meeting.

C. **ITEM**: Approval of Resolution 16-033 Designating the Enterprise Zone Manager for the City/Wasco County Enterprise Zone

BUDGET IMPLICATIONS: None

SYNOPSIS: At the November 28 City Council Meeting, City Manager Julie Krueger said that Matthew Klebes would be replacing Daniel Hunter as the Enterprise Zone Manager if the Council and Wasco County Commission had no objections. This is the first step in completing that process, after Council approval Wasco County will need to also approve the appointment. Wasco County has been informed of this action.

RECOMMENDATION: That the City Council adopt Resolution No. 16-033 Designating the Enterprise Zone Manager for the City/Wasco County Enterprise Zone

MINUTES

REGULAR COUNCIL MEETING
OF
November 21, 2016
5:30 p.m.

THE DALLES CITY HALL
313 COURT STREET
THE DALLES, OREGON

PRESIDING:	Mayor Stephen Lawrence
COUNCIL PRESENT:	Russ Brown, Tim McGlothlin, Taner Elliott, Linda Miller, Dan Spatz
COUNCIL ABSENT:	None
STAFF PRESENT:	City Manager Julie Krueger, City Attorney Gene Parker, City Clerk Izetta Grossman, Public Works Director Dave Anderson, City Engineer Dale McCabe

CALL TO ORDER

The meeting was called to order by Mayor Lawrence at 5:30 p.m.

ROLL CALL

Roll call was conducted by City Clerk Grossman, all Councilors present.

APPROVAL OF AGENDA

It was moved by Elliott and seconded by Miller to approve the agenda as submitted. The motion carried unanimously.

DISCUSSION ITEMS

Update on the Wastewater Treatment Plant Upgrade Project

Public Works Director Anderson reviewed the staff report and introduced Preston Van Meter from Kennedy Jenks and Tom Paul from Mortenson.

Van Meter and Paul reviewed the status of the project (see attached PowerPoint) saying they were continuing to look for cost savings and funding options. They reminded Council that Phase I and II were combined and further upgrades had been pushed out.

They said issues that have been encountered that have increased the cost of the project have been unanticipated needs such as the need to replace the existing IPS piping and the force main because they are too small, the need to provide ventilation in the IPS building, the need to build a separate building for the screening systems rather than doing expensive upgrades to the existing structure and electrical systems, and the need for more emergency back-up power capacity through the addition of an additional back-up emergency generator. As these challenges are addressed, systems will be constructed that will allow for easier upgrades later.

Anderson said the ODOE CHP Tax Credits would have to be sold, and there were entities that could be interested. He said they could sell for 80 cents on the dollar. He said the credits wouldn't be available until the project was complete, so the City would have capital outlay and then be reimbursed.

Anderson said the plant was currently out of compliance for being able to pump the amount of water that results during a 5-year storm event.

Anderson said a contract should be ready for Council consideration at the December 12 City Council meeting.

Councilor McGlothlin said he felt confident they were making a sound decision for the community.

Rick Wolf – Plant Manager said for him the bottom line was a safe efficient operation. He said he was excited about the upgrades and the process had been a positive one.

Spatz retired from the meeting at 6:57 p.m.

Mayor Lawrence asked about how information would be presented to the public and recommended a comic book type brochure explaining the how and why of the project.

Paul said they would work with the City on disseminating the information.

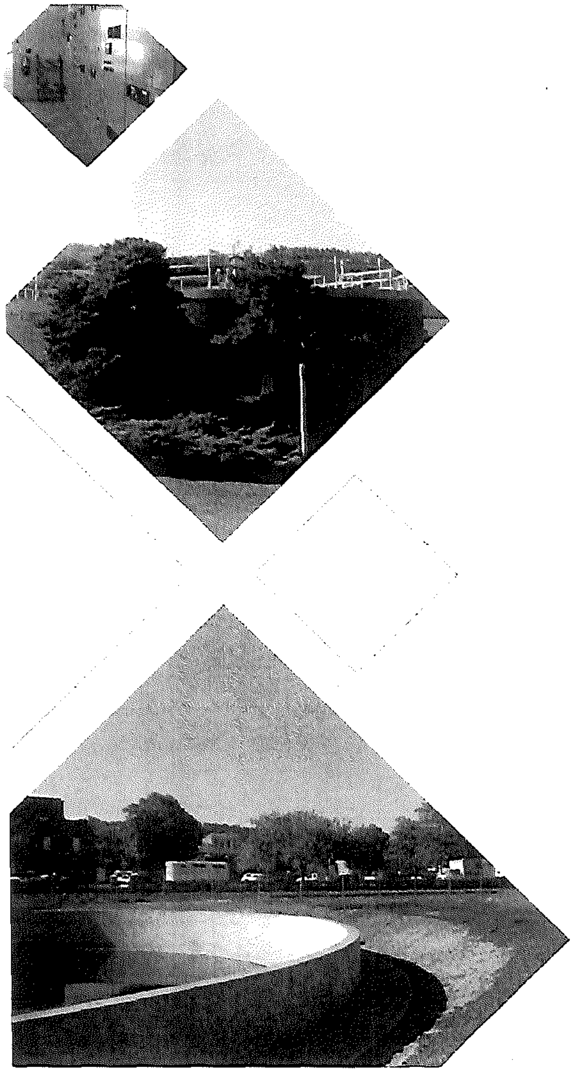
ADJOURNMENT

Being no further business, the meeting adjourned at 7:04 p.m.

Submitted by/
Izetta Grossman
City Clerk

SIGNED: ____________________________
Stephen E. Lawrence, Mayor

ATTEST: ____________________________
Izetta Grossman, City Clerk



City of The Dalles
Wastewater Treatment Plant Upgrade

City Council Work Session

November 21, 2016

Mortenson construction

Kennedy/Jenks Consultants

CITY OF THE DALLES OREGON

Agenda

- Where we started – 2013 Facilities Plan
- Where we left off – Alternative 3D Carbon Diversion
- Current project status
- Review equipment selection and pricing
- Review challenges discovered during design
- Current GMP status
- Next Steps

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Where we started- 2013 Facility Plan

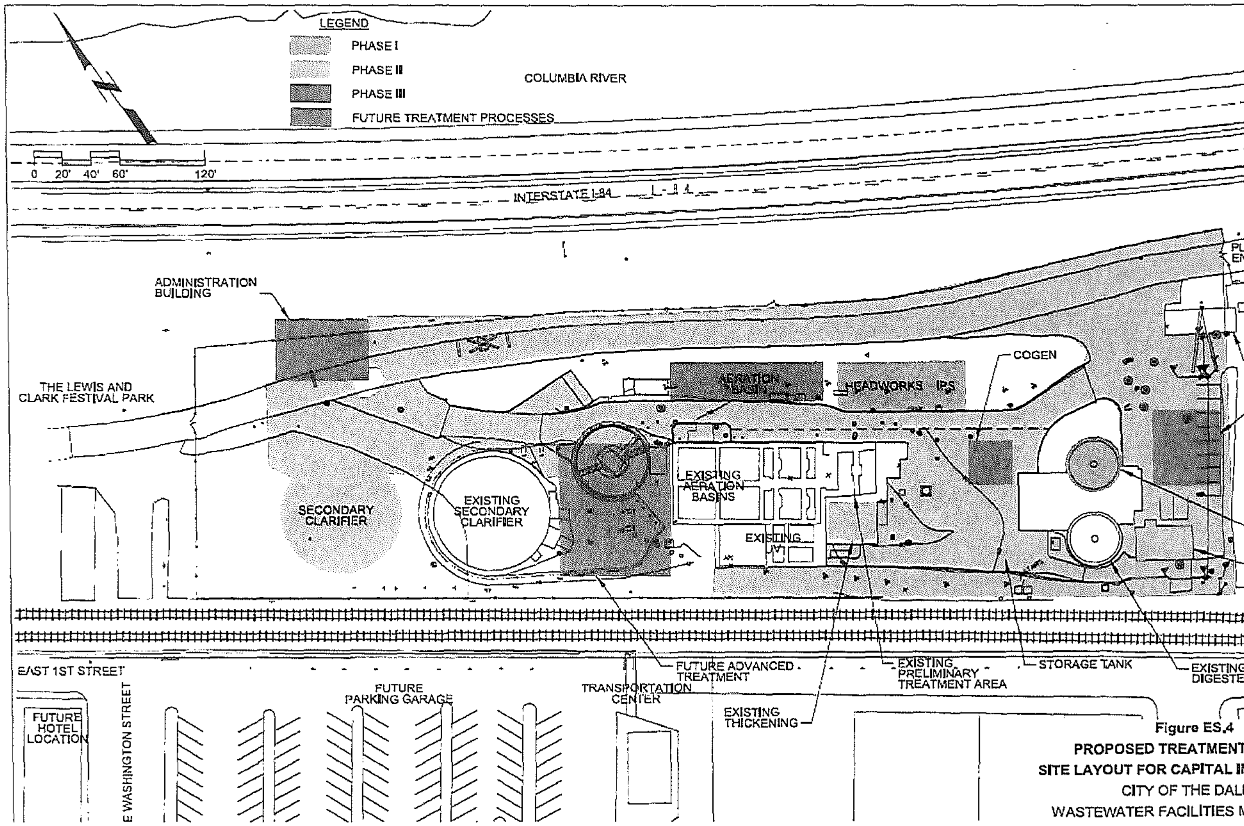

Figure ES.4
PROPOSED TREATMENT FACILITY
SITE LAYOUT FOR CAPITAL IMPROVEMENTS
CITY OF THE DALLES
WASTEWATER FACILITIES MASTER PLAN

Phase Construction	2013 Facility Plan	Current Estimated Plan
Phase 1	$4.88	$7.80
Phase 2	$3.38	$4.73
Phase 3	$4.73	$5.17
Future Phase		
Total	$12.99	$17.70

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Where we left off – Alternate 3D

- Proceed with Alternative 3D including Carbon Diversion
  - Estimated project cost: $8,732,000
- Update Facility Plan and Submit to DEQ – complete
- Further define outside funding sources
  - Target $750,000
  - DEQ, ODOE, ESI
- Regional Feedstock Study near completion
  - Local feedstocks available
  - 6000 gallons/week FOG nearly doubles gas production

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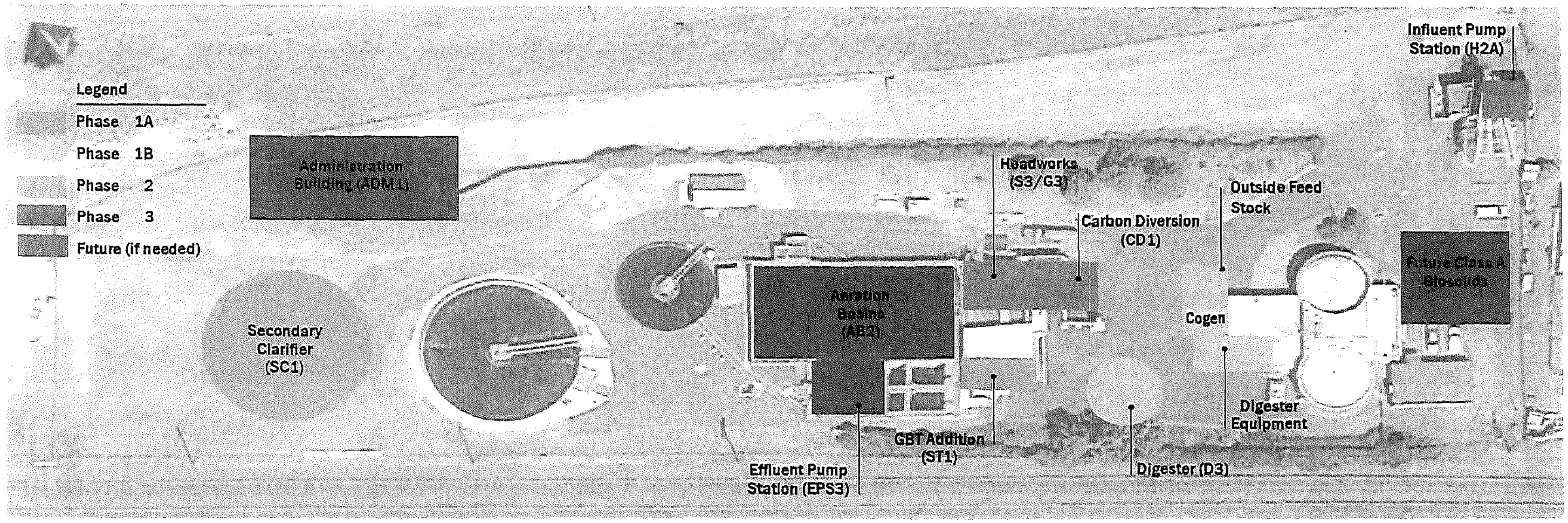
Alternative 3D – Carbon Diversion



		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
ADM1	Admin Building								[illegible]	[illegible]													
H2A	Influent Pump Station	$804,967														[illegible]							
S3/G3	Headworks (Screening/Grit)	$1,916,281																					
CD2	Carbon Diversion	$894,758																					
AB2	Aeration Basin															[illegible]	[illegible]						
SC1	Secondary Clarifier				$1,476,000	$1,476,000																	
ST1	GBT Addition				$798,000																		
D3	New Digester - 250,000 gallon		$3,049,836																				
CG	Cogeneration		$1,231,960																				
A1	Aesthetic Improvements	$240,000																					
EPS3	Effluent PS Improvements															$653,500	$653,500						
P1A	Phase 1A	$132,274																					
P1B	Phase 1B	$361,501	$311,403																				
FEED	Outside Food Stock (Option)		$500,000																				

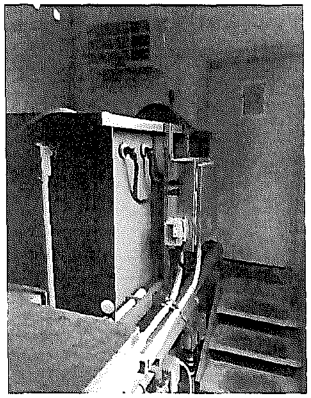
Summary of Phases	
Phase 1A	$4,349,781
Phase 1B	$4,593,200
Phase 2	$3,750,000
Phase 3	$1,482,000
Future Phase	$3,607,000
Total	$17,780,000

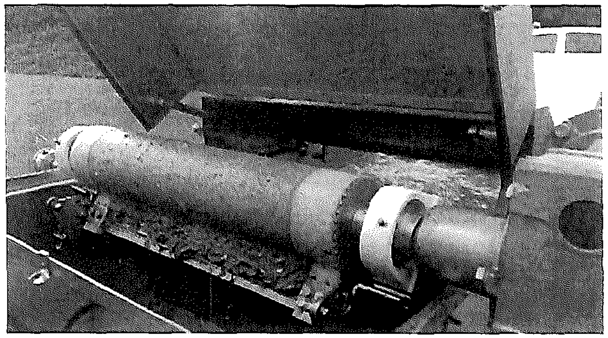
Phase 1B cost excludes Optional Feed Stock

Site Improvements -
Alternative 3D
Carbon Diversion

Benefits of Carbon Diversion

- "Flip" WWTP Economics
  - Make Energy instead of use it
- Delays $2.2M Aeration Basin Expansion to ~2030
- Potential to accept outside feedstocks
  - Revenue from Tipping Fees
  - 6000 gallons/weeks nearly doubles gas production
- Potential Outside Funding





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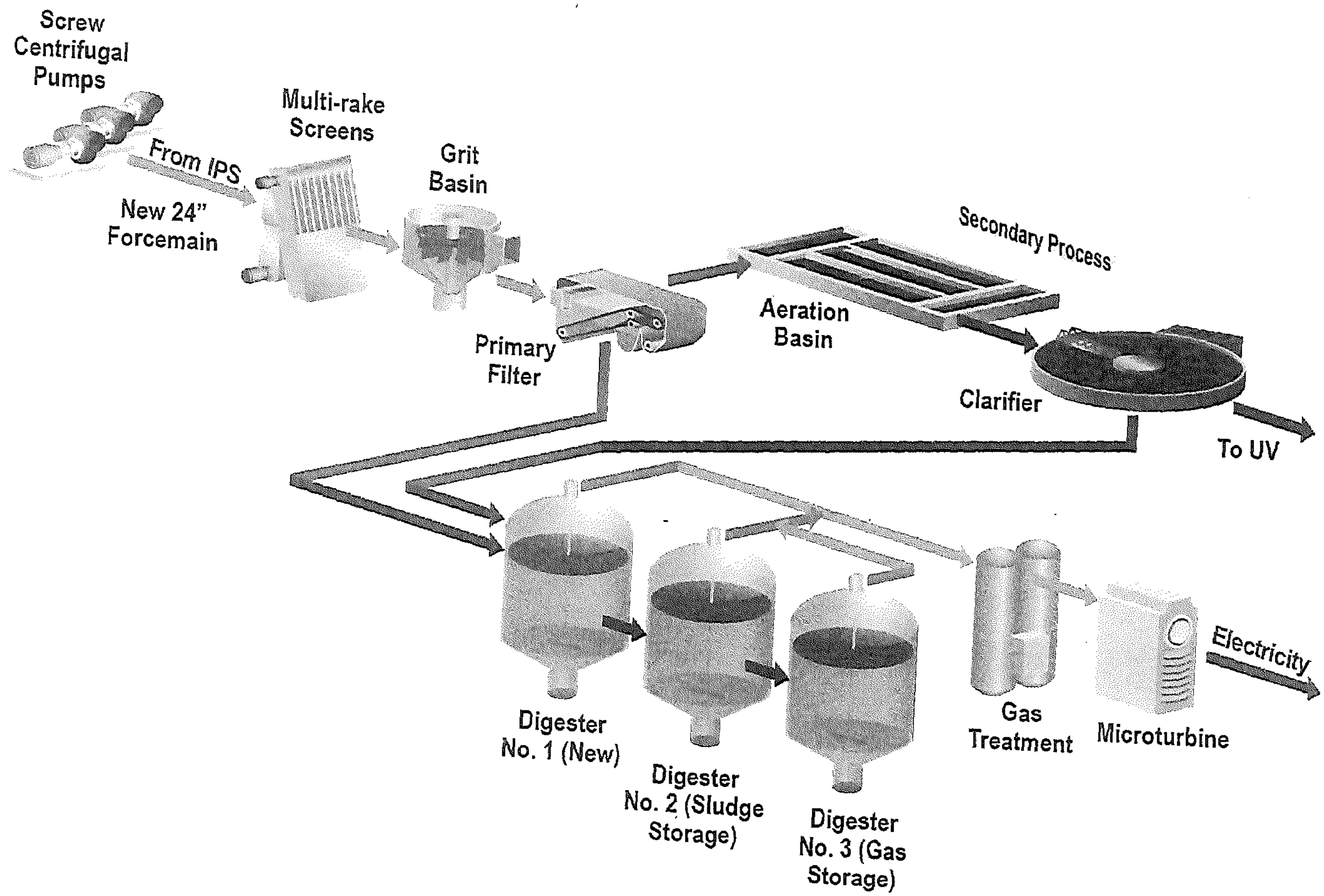
WWTP Process Flow



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Current Project Status

- Facility Plan and 80% Design are complete
- Finalizing GMP pricing
- Working on outside funding
  - Energy Smart Industrial: $25,000 to $50,000
  - DEQ SRF Loan Forgiveness: $300,000 (NET)
  - ODOE CHP Tax Credits: ~$500,000
- Awaiting Regional Feedstock Study
  - Near completion
  - Local feedstocks available
  - 6000 gallons/week FOG nearly doubles gas production
  - Add FOG Receiving Station ~$500,000

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Equipment Pricing Review

- Power of the Progress Design-Build process
  - Allows for negotiated equipment pricing
  - Best Value
- Two Examples
  - Headworks Screens
  - Primary Filters

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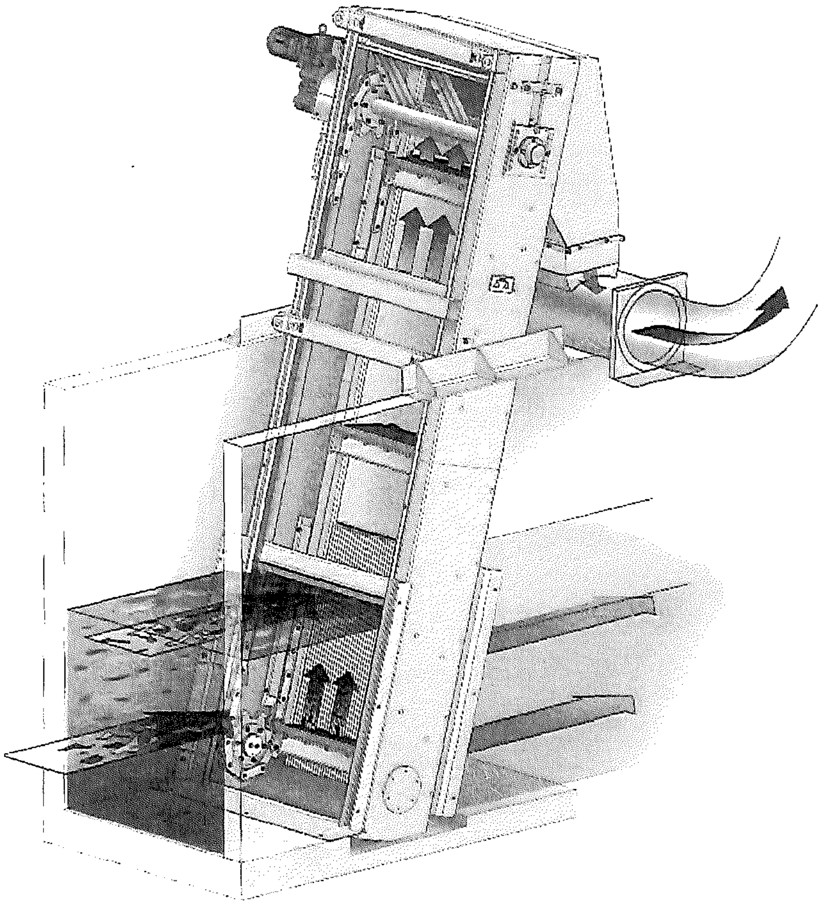
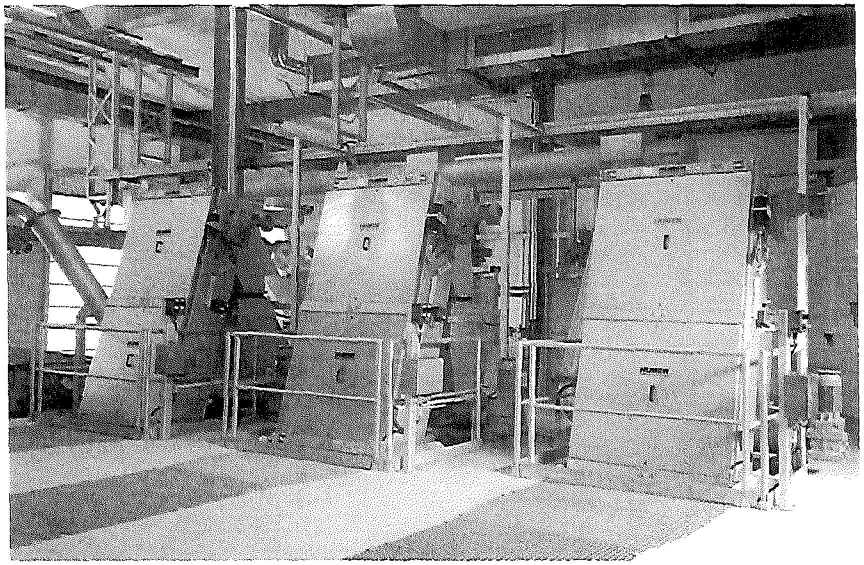
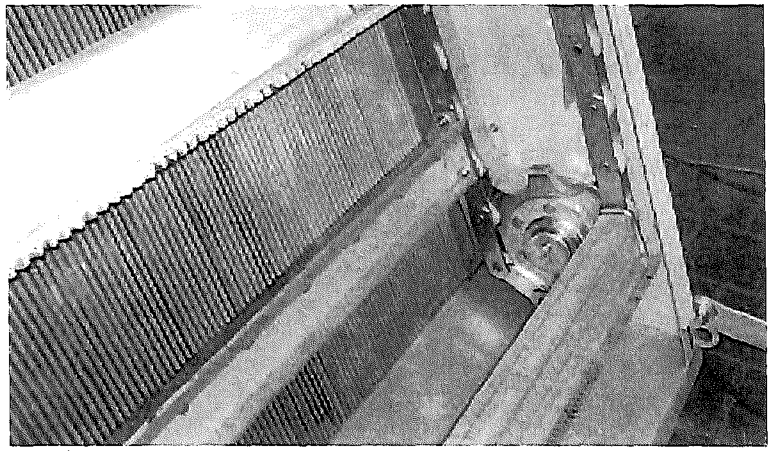
Multi-Rake







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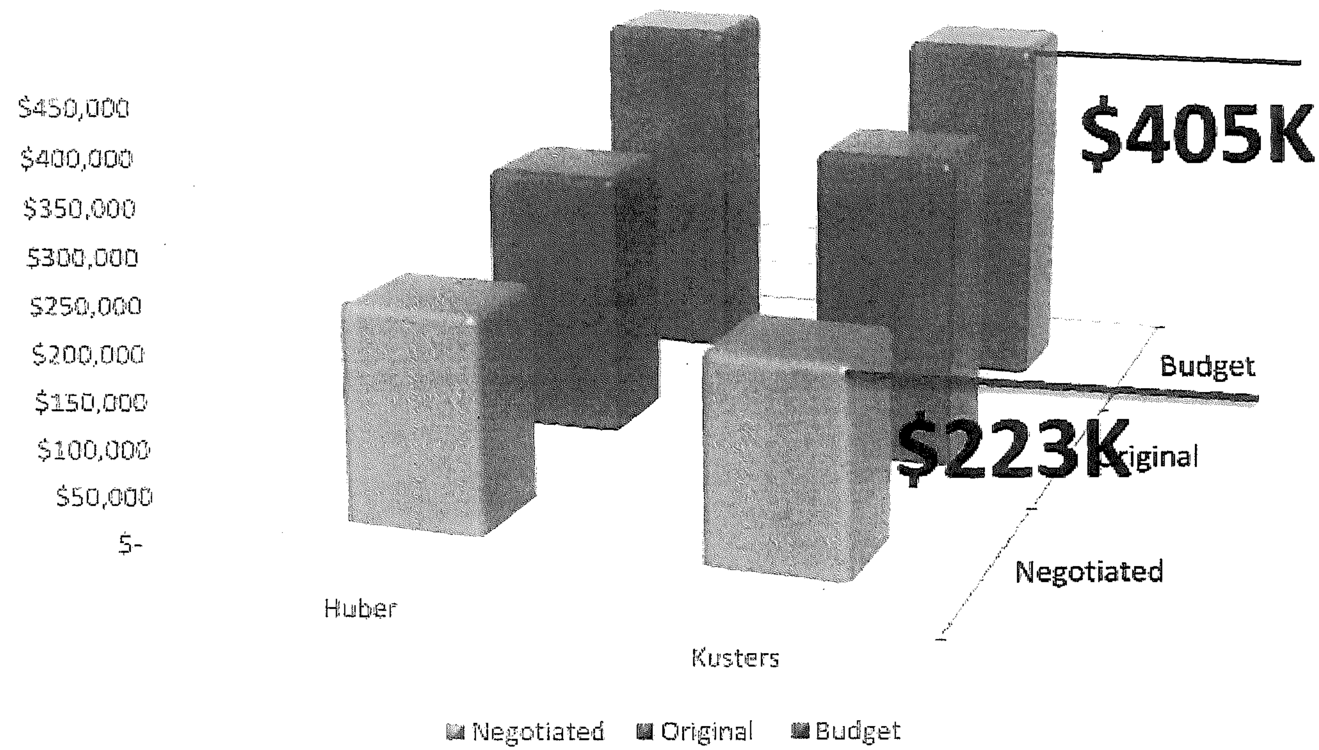
Multi-Rake Screens Quote Reduction



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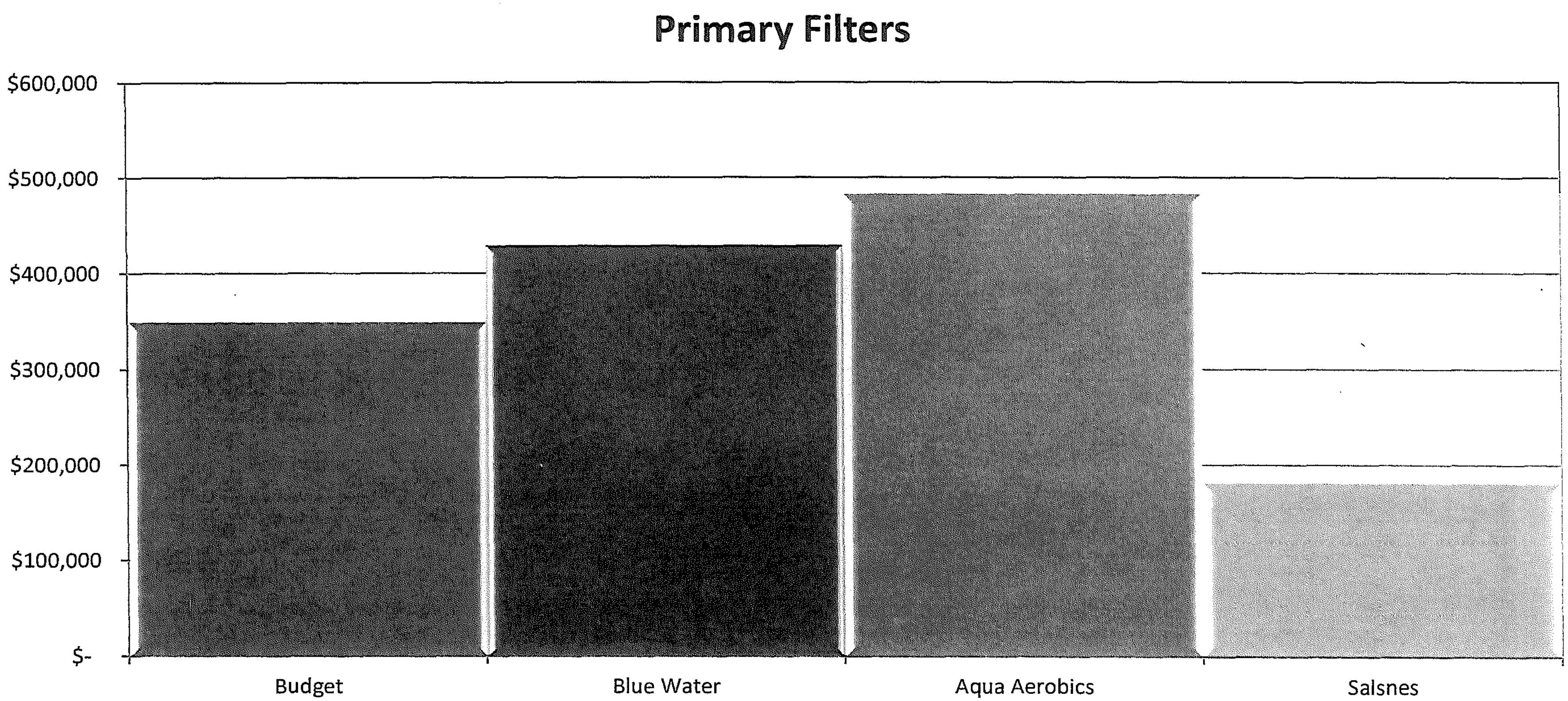
Primary Filter Quote Packages



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Equipment Pricing Summary

Equipment Item	Cost
Initial Equipment Budget	$1,810,690
Negotiated Equipment Pricing	$1,524,507
Total Savings	**$286,183**

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Other Benefits of the PDB Process

- Reduces cost of overall program
- Utilized equipment vendors in design to save $$
- Other Cost Savings
  - Electrical Contractor Quotes
  - I&C Contractor Quotes
  - Concrete pricing
- Committed to using local Contractors
  - East Cascade Electric
  - Hood River Sand and Gravel
  - Crestline Construction

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Major Design Challenges

1. IPS Piping and HVAC
2. Existing force main from IPS to Headworks
3. Headworks and Primary Filter layout
4. Headworks Electrical Room
5. Existing Standby Generator sizing

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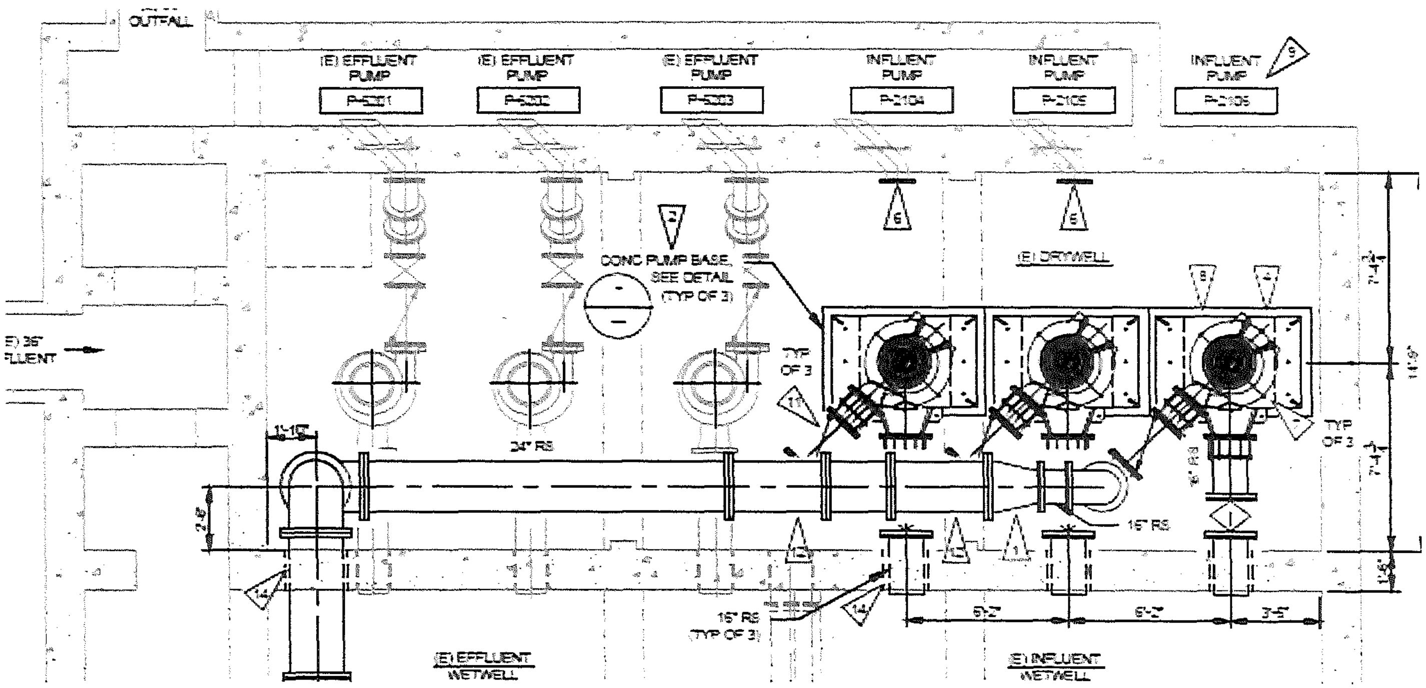
1. IPS Piping and HVAC



Additional Cost: $332,000

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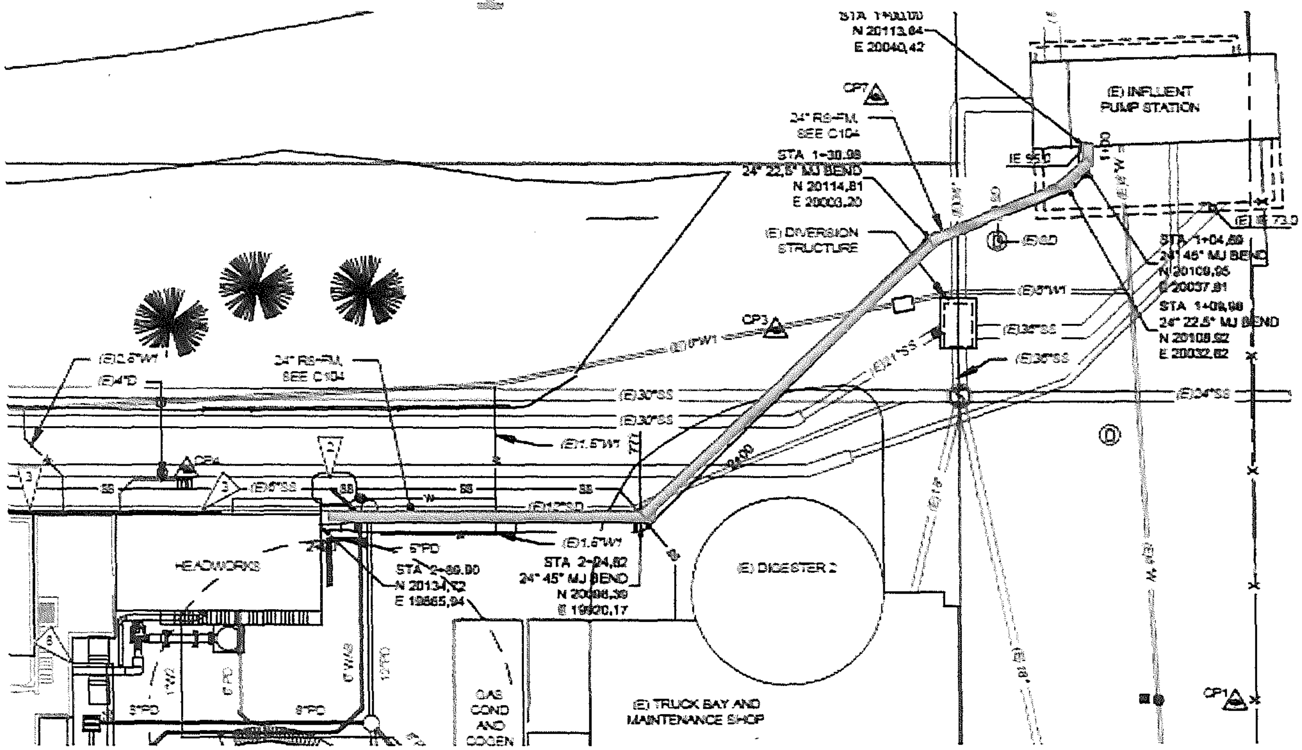
2. Force Main Replacement



Additional Cost: $197,000

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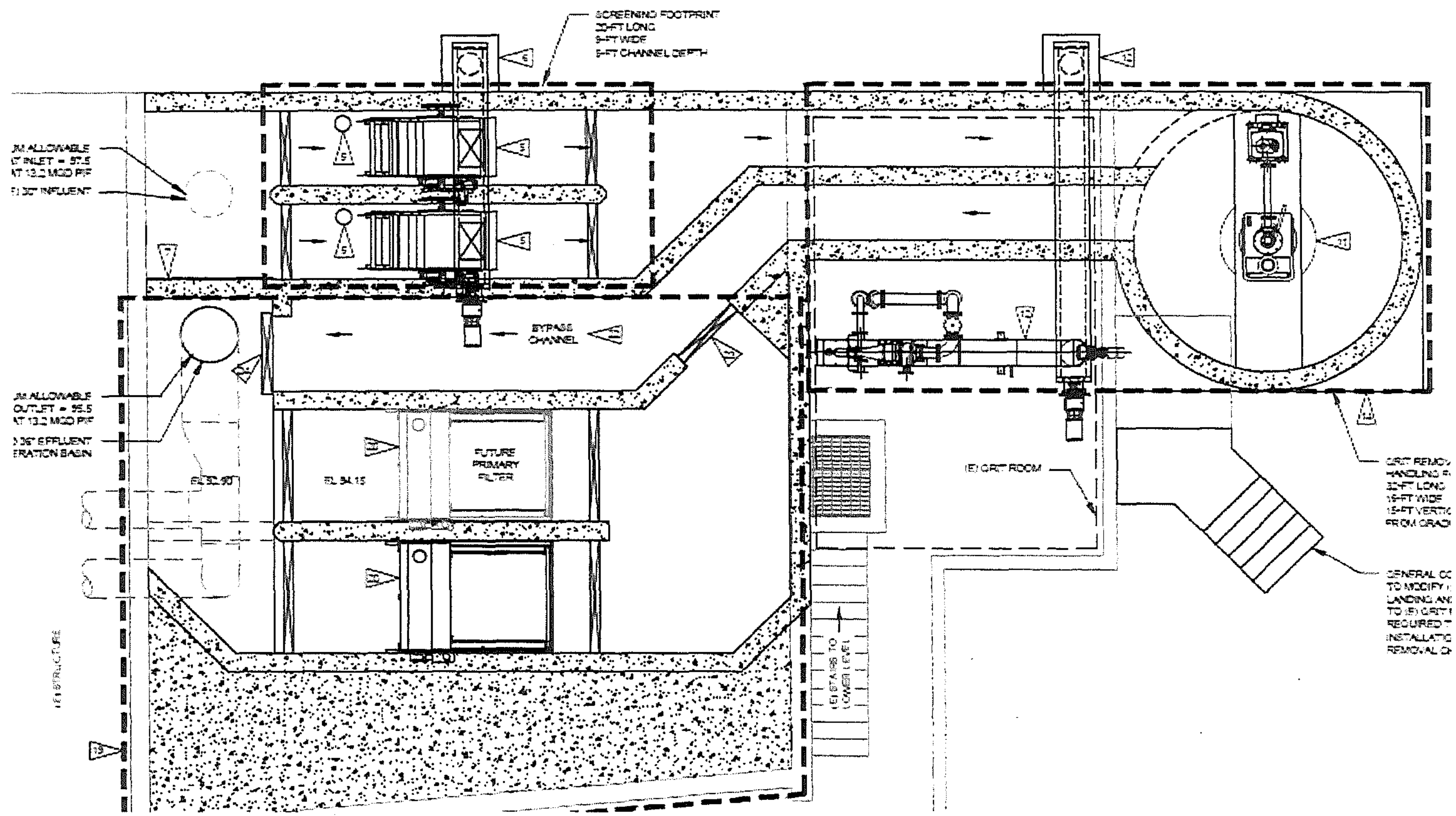
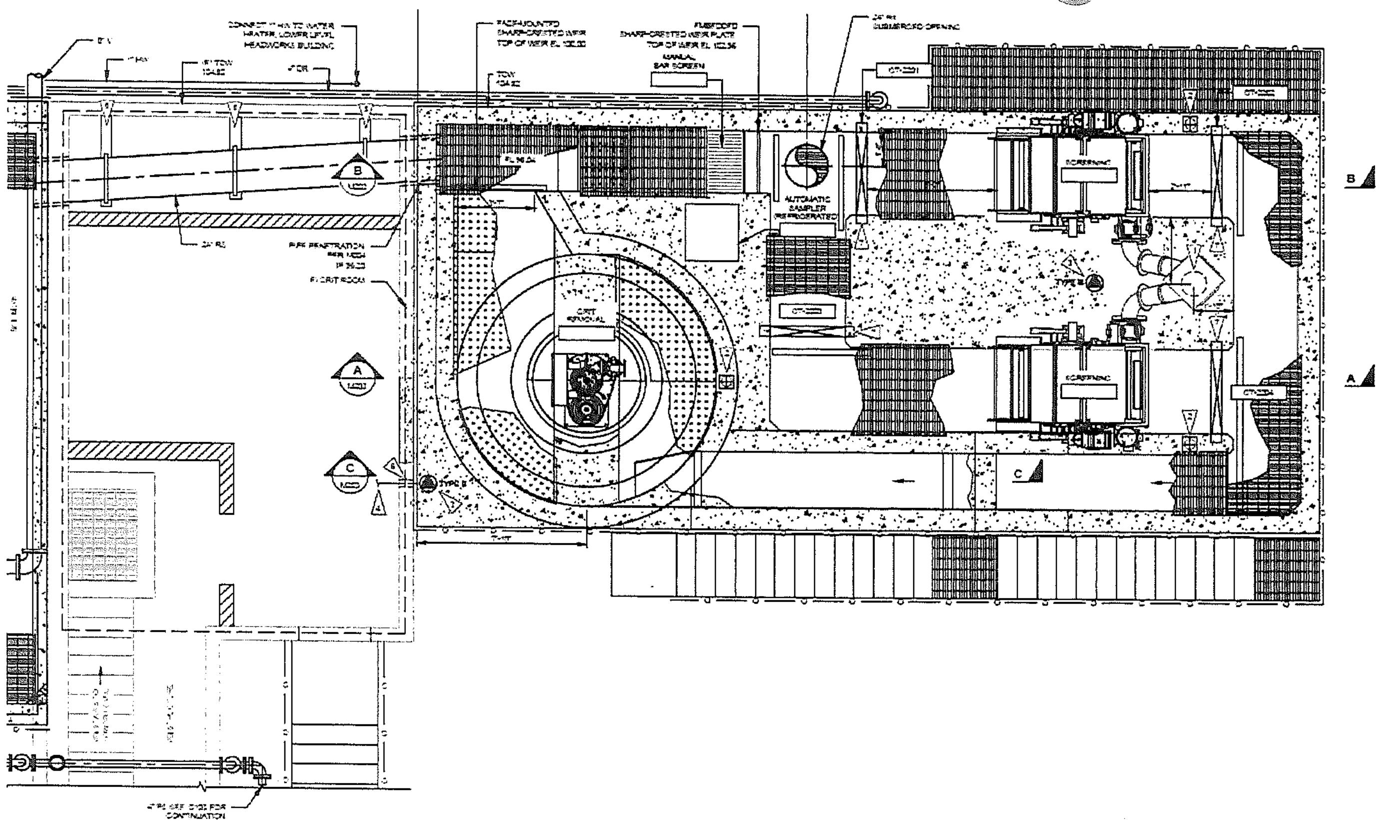
3. Original Headworks Concept



3. Current Headworks Design



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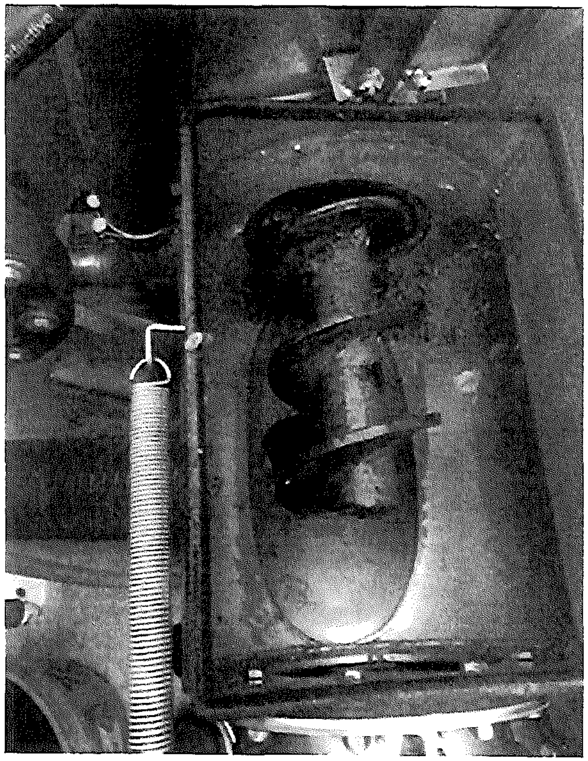
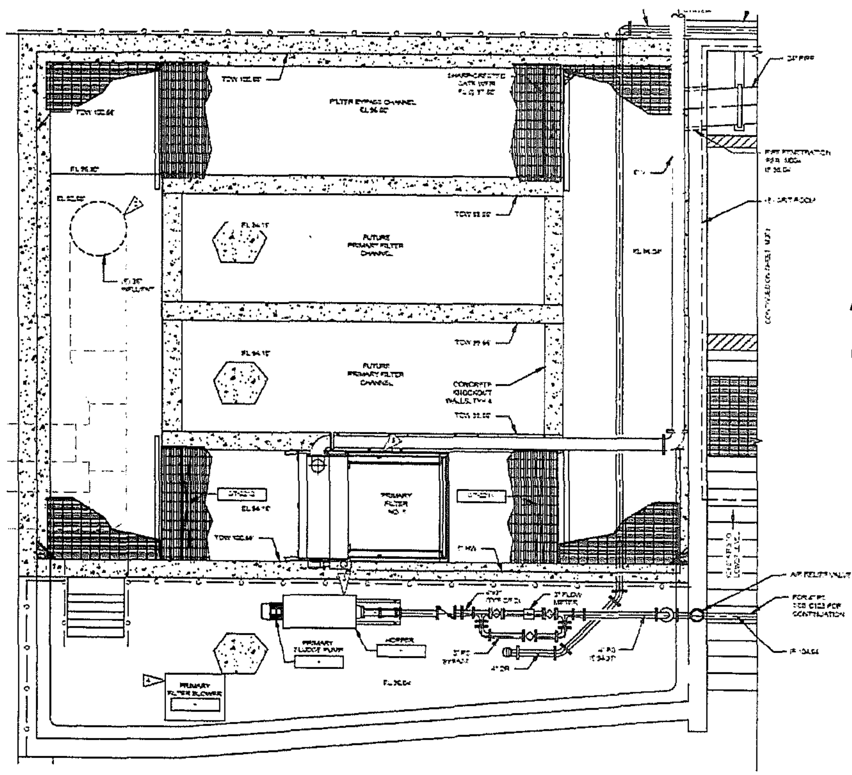
3. Current Primary Filter Design





Additional Cost: $620,000

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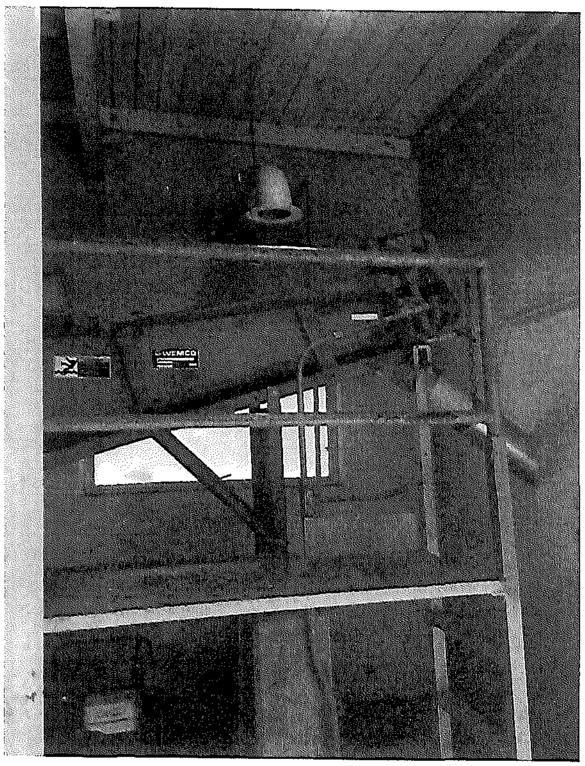
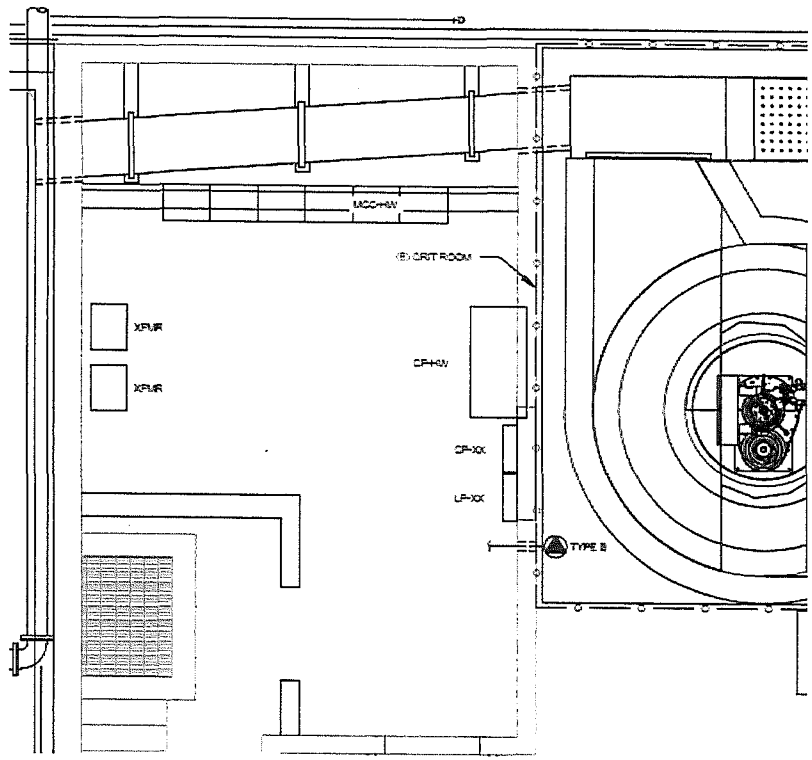
4. Headworks Electrical Room





Additional Cost:
$240,000

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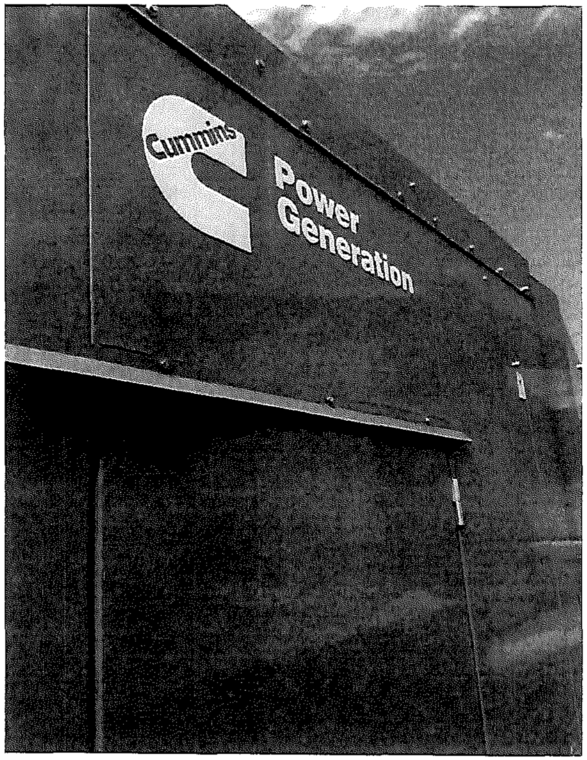
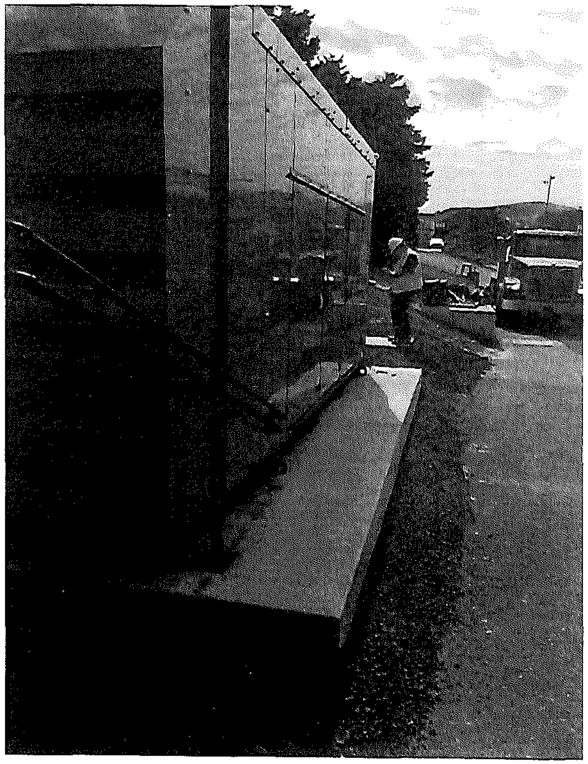
5. Existing Standby Generator Sizing





Additional Cost:
$251,000

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Major Additional Cost Items

Item	Cost
IPS Piping and HVAC Modifications	$332,000
New Force Main from IPS to Headworks	$197,000
Headworks and Primary Filter Design	$620,000
Headworks Electrical Room	$240,000
New IPS Standby Generator	$251,000
Total – Major Additional Cost Items	**$1,640,000**

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Guaranteed Maximum Price (GMP)

Item	Cost
Influent Pump Station and New Force Main	$1,508,415
Headworks (Screens and Grit Removal)	$2,951,071
Carbon Diversion (Prim. Filter/Cogen)	$1,751,397
New Digester and Exist. Digester Mods	$2,433,536
Site Work	$990,081
Phase 1A/Phase 1B Preconstruction Services	$1,022,274
Sub-Total	**$10,656,776**
Design-Build Contingency	$529,366
Total Design-Build GMP	**$11,186,143**

Note: GMP under final development

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City of The Dalles Oregon

Outside Funding Opportunities

1. DEQ CWSRF Program
   - Up to $500,000 Loan Forgiveness for Cogen Projects
   - Would need to "federalize" entire project
   - $200,000 in additional costs (SRF documentation)
   - Potential challenges with schedule and permitting
2. Oregon Dept. of Energy CHP Tax Credits
   - Could provide $500,000 or more in outside funding
   - Sell 35% tax credits at up to 90% of face value
   - Requires Cogen completion by Dec. 2017
3. Energy Smart Industrial Incentives
   - Estimate $25,000 to $50,000 in outside funding
   - Working with ESI final incentive calculations

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Considerations

1. If choose to pursue DEQ loan forgiveness need to submit application by 12/9/2016.
   - Plan to submit application to preserve opportunity
2. If/when to build FOG Receiving Station?
   - Improves Cogen economics and increases potential for outside funding
   - Feedstocks available locally, but need further evaluation
   - Could be considered if Project has unused Contingency

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Next Steps

1. Prepare Final GMP
2. City Council presentation 12/12/2016
3. Finalize Phase 2 Contract in Dec. 2016
4. Groundbreaking in January 2017
5. Finalize design in Q1 2017
6. Substantial completion ~ Dec. 2017

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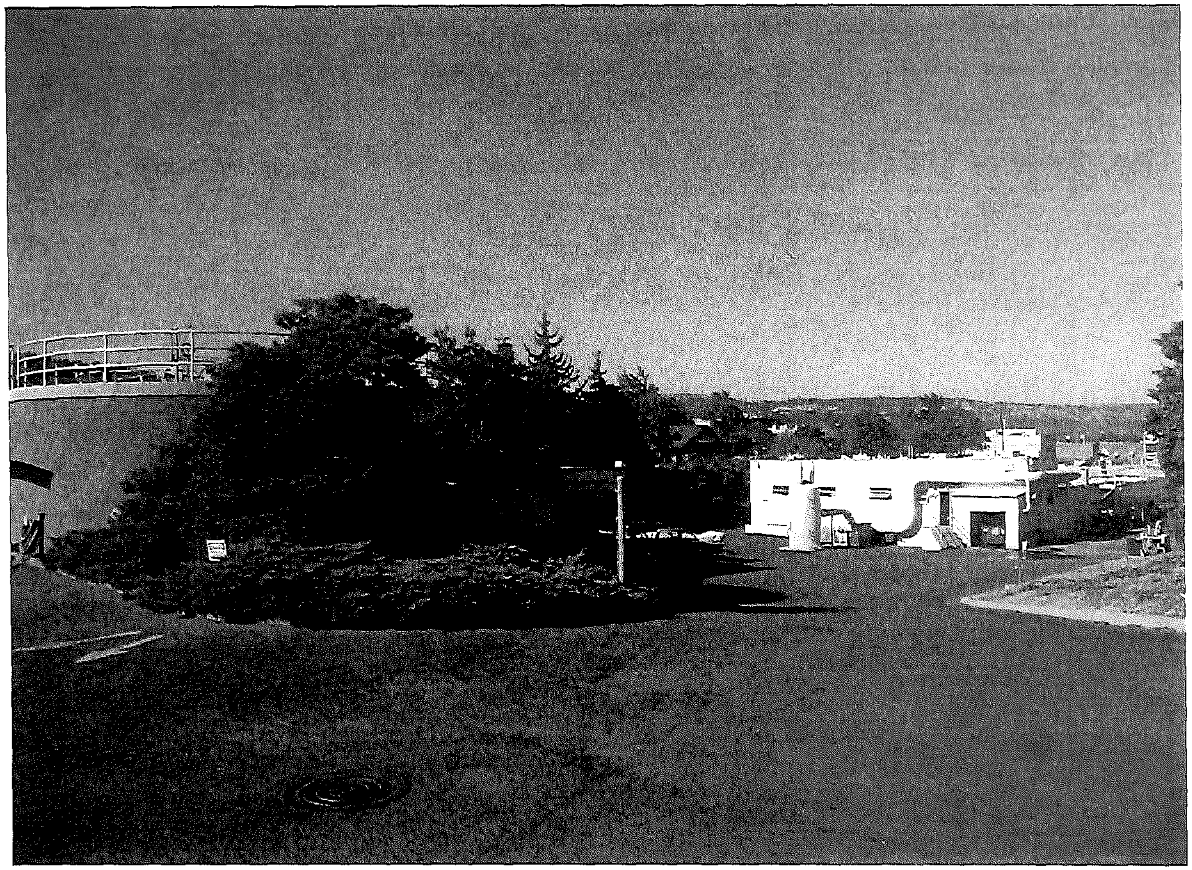
Kennedy/Jenks Consultants

Questions/Discussion



Mortenson construction

Kennedy/Jenks Consultants

CITY OF THE DALLES OREGON

MINUTES

REGULAR COUNCIL MEETING
OF
November 28, 2016
5:30 p.m.

THE DALLES CITY HALL
313 COURT STREET
THE DALLES, OREGON

PRESIDING:	Mayor Stephen Lawrence
COUNCIL PRESENT:	Russ Brown, Tim McGlothlin, Linda Miller, Dan Spatz
COUNCIL ABSENT:	Taner Elliott
STAFF PRESENT:	City Manager Julie Krueger, City Attorney Gene Parker, City Clerk Izetta Grossman, Finance Director Kate Mast, Public Works Director Dave Anderson, Police Chief Patrick Ashmore, Human Resource Director Daniel Hunter, Assistant to City Manager Matthew Klebes

CALL TO ORDER

The meeting was called to order by Mayor Lawrence at 5:30 p.m.

ROLL CALL

Roll call was conducted by City Clerk Grossman, Elliot absent.

PLEDGE OF ALLEGIANCE

Mayor Lawrence invited the audience to join in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Miller and seconded by Brown to approve the agenda as submitted. The motion carried unanimously, Elliott absent.

PRESENTATIONS/PROCLAMATIONS

CH2M (OMI) Wastewater Treatment Plant Operations Update

Public Works Director Dave Anderson introduced Gary Young Director of Operations for CH2M and Rick Wolf Project Manager at the Wastewater Treatment Plant.

Young and Wolf presented a PowerPoint (attached) updating the Council on the operations at the Wastewater Treatment Plant. Wolf said he was pleased with the progress of the upgrade project.

Certifying Election and Ballot Measure Results

Mayor Lawrence read the proclamation certifying the election results (attached).

City Fiscal Year 2015-16 Audit Report – Tonya Moffitt, Merina & Co

Finance Director Kate Mast introduced Tonya Moffitt of Merina & Company. Mast said next year would be the last year Merina & Company would be conducting the audit.

Moffitt reviewed the audit report. Moffitt said the Airport had been separated from the City Budget. She said it was a joint venture much like QLife.

She said there was one material weakness; the Tony's Building had not been put on the assets list. She said this had been corrected.

Moffitt thanked Mast for her work on the audit.

It was moved by McGlothlin and seconded by Miller to accept the Columbia Gorge Regional Airport Audit and the City of The Dalles Audit. The motion carried unanimously, Elliott absent.

RECESS FOR URBAN RENEWAL MEETING

The meeting was recessed at 5:59 p.m. for the Urban Renewal Meeting

RECONVENE

The meeting was reconvened at 6:06 p.m.

CITY MANAGER REPORT

City Manager Krueger introduced Matthew Klebes, Assistant to the City Manager. She said it was his first day and welcomed him.

Krueger reported that the current phase of the Wi Fi project was nearing completion.

She said that the Riverfront Trail project had a donation shortfall and they would be coming before Council on December 12 to request funds to cover that shortfall.

Krueger said she would be working with the County to appoint Klebes as the Enterprise Zone Manager, replacing Daniel Hunter, if the Council agreed. It was the consensus of Council for her to proceed.

CITY ATTORNEY REPORT

City Attorney Gene Parker said he had been working with Human Resources Director Daniel Hunter on updating the City's Drug and Alcohol Policy to meet the new regulations.

Parker updated Council on the Handy case, regarding emails constituting a quorum. He said the Court of Appeals said it had not been proven that there was a quorum, but didn't address the issue of emails constituting a quorum.

Miller said at the League of Oregon Cities Conference they cautioned that two Councilors talking then one relaying to another the conversation could constitute a quorum.

Mayor Lawrence said taking a conversation from one to another could be tricky, and should be avoided.

Parker said Council should be careful with emails and text messages.

Parker reported talking with Leo Kochis, a citizen who felt he would qualify for reimbursement of money he paid to have curbs and sidewalks put in. Parker said Kochis's property was in the area where Council had given refunded to other homeowners recently from a fund they had paid into. Parker said Mr. Kochis had not paid into the fund and at the time he put in the improvements, that was the ordinance. Parker said he did not feel the City should reimburse him for his expenses.

City Manager Krueger said she spoke with Mr. Kochis and he felt he didn't have a choice and had to make the improvements. She said she agreed with Parker, however, they were requesting direction from Council on if Council would like the issue brought before them for discussion.

Mayor Lawrence said Mr. Kochis could bring it before Council if he would like to, however objection should have happened at the time of permitting.

It was the consensus of the Council to not have the item on a future agenda.

CITY COUNCIL REPORTS

Councilor Spatz reported that QLife had received an unqualified audit and thanked Mast for her work on the audit. He said the Sister City Association was in need of a secretary, as he and his wife were going off that board.

Council McGlothlin said the recently installed loop technology cable ran around the parameter of the Council Chamber making it easier for those with hearing aids to hear meetings. He said receivers could be checked out with the City Clerk if needed.

McGlothlin had a written report (attached).

Councilor Miller said she had attended the Sister City Association meeting, the Wastewater Treatment Plant workshop and the Police Department Recognition lunch.

Mayor Lawrence reported on taking the Sister City adult delegation to breakfast. He said he spoke with the American Empress on their last day of the season, and they were ecstatic about the reception they received to the river cruises. He said they loved coming to The Dalles and had many of their cruises booked for next year. He said they appreciated having one person they talk to for all things boat related in The Dalles. Lawrence said Michelle Harmon at the Chamber was doing a wonderful job.

Mayor Lawrence said he and Wasco County Commissioner Hege had met with Columbia Gorge Community College President Dr. Frank Toda about enterprise zone funds and the middle college idea they are working on.

CONSENT AGENDA

It was moved by Spatz and seconded by Miller to approve the Consent Agenda as presented. The motion carried unanimously, Elliott absent.

Items approved by Consent Agenda were: 1) Approval of November 14, 2016 Regular City Council Meeting Minutes, and 2) Approval of Resolution No. 16-031 Assessing the property at 2701 West 10th Street for abatement of junk and hazardous vegetation.

CONTRACT REVIEW BOARD ACTIONS

Authorization for Mini-Excavator Purchase

Public Works Director Dave Anderson reviewed the staff report.

Councilor Brown said he had talked with a Wastewater employee who had some concerns about the power of the excavator. He said it in the future perhaps including the operators in the discussion would be helpful.

In response to a question Anderson said the equipment would be delivered locally and the service work under warrantee would be done locally. He said after that service of the excavator would be done in house. He said the City had just hired a mechanic who used to work for the manufacturer.

It was moved by Spatz and seconded by McGlothlin to authorize the purchase of a new Cat 305.5E2 mini-excavator with a hydraulic quick-coupler from Peterson Cat for an amount not to exceed $67,199.12. The motion carried unanimously, Elliott absent.

ACTION ITEMS

Accept the Public Works GAP Analysis Report

Rob Moody and Danielle Bertrand thanked the Council for the opportunity to work with them. He said all staff was very accommodating.

Mr. Moody said it was important to not lose focus on all that is going right within the Public Works Department. He said the work of Public Works is being done within the budget constraints. He said there was a great deal of pride in the employees for the work they do for the City.

He said the main focus should be culture change; creating a culture of one team, one direction, one set of goals, working in a coordinated fashion. He said clear communication from the top down was important. He said he believed this was very doable with the leadership that was currently in place.

In response to a question, Mr. Moody said culture change takes time; it would be at least 12 to 18 months before change could be noted. He said it was a change that would happen gradually, and wouldn't be noticed day to day, but one day down the road there would be a moment of recognizing the change.

Moody said he appreciated the positive energy of the City Manager and Public Works Director.

It was moved by Miller and seconded by Brown to accept the GAP analysis and direct the City Manager to proceed with implementation. The motion carried unanimously, Elliott absent.

City Manager Krueger thanked TKW for their hard work and support during the analysis process.

Mayor Lawrence thanked TKW for their work on the project.

ADJOURNMENT

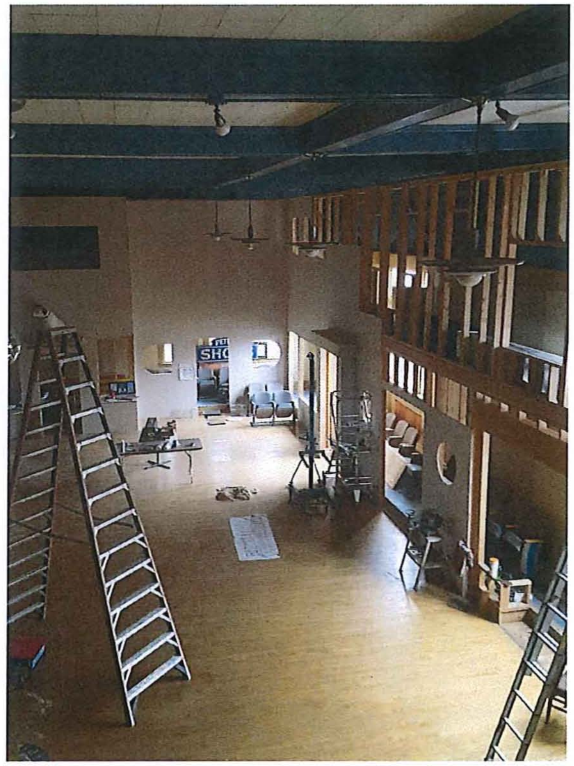
Being no further business, the meeting adjourned at 6:49 p.m.

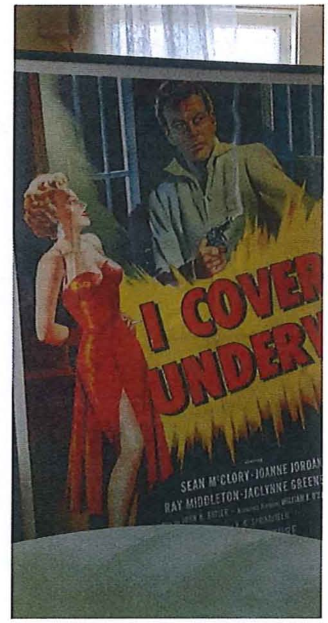
Submitted by/
Izetta Grossman
City Clerk

SIGNED: ______________________
Stephen E. Lawrence, Mayor

ATTEST: ______________________
Izetta Grossman, City Clerk

Councilor Report 11/28/2016
Visitation to National Neon Sign Museum
Homeless report
Airport meeting for November cancelled





I was met at the front door by museum owner David Benko. As we entered the entryway, David quickly shared his vision of a steel ticket booth similar to what once stood at the entrance to many theaters in the day. We moved into a 55 seat theater that will be the second step of the tour. Then, the next stage will take a visitor back in time with a lesson on the history of neon sign making and the evolution of the art of neon glass blowing. The basement will house the working sign production facility with four classrooms. Pictures of the 3rd floor reveal a city under construction that will display the hundreds of displays of neon from around the country.

I was very impressed with the attention to detail and quality of the work. After my short tour, I believe this attraction will become a major draw for visitors and residents alike. Very impressive!

Homeless Report
Recent police reports found in The Dalles Chronicle highlight the growing concern of new arrivals to The Dalles. Many of the new homeless display a degree of mental illness and substance abuse issues that will place a heavy burden on our already limited resources. Concerns of aggressive panhandling and large assemblies of person loitering at bus stops frequently used by visiting cruise ships have increased in frequency.

Councilor Report 11/28/2016
Visitation to National Neon Sign Museum
Homeless report
Airport meeting for November cancelled

I have researched our city ordinances and discovered that our laws do not address panhandling or loitering. With growing numbers of homeless around the nation, many municipalities have adopted regulations that add additional penalties and consequences. This action has resulted in litigation against cities with the Supreme Court ruling in favor of free speech for citizens. Courts have repeatedly defended panhandling as a First Amendment right, as long as it doesn't turn overly aggressive or interfere with traffic.

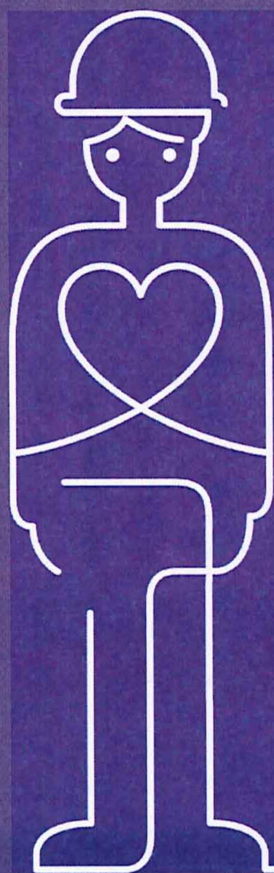
In July, Tennessee outlawed aggressive panhandling, making it a misdemeanor for panhandlers to touch strangers without their permission, block their path, follow them or make threats. Recently, postings on local social media raise a growing concern of overly aggressive behavior by panhandlers at the corner of Fred Meyer at 6th and Cherry Heights. I am not recommending action at this time, but I am bringing this growing problem to your attention as it may require attention at some future time.

I attended the Starlight parade and judged the entries. The "Santa Float" was selected as the People's Choice honoring Gary Honald, a longtime participant in the parade that passed several years ago.

I spoke at the tree lighting immediately following the parade at the Chamber Office and flipped the switch to light the holiday tree.


Operations and Maintenance of The Dalles Wastewater Treatment Plant
November 28, 2016
ch2m
SM

Safety is a core value of CH2M:
Our goal is to send our employees home safe, every day



- **6,000** days without a lost-time accident (16.4 years)
- **0** OSHA recordables
- **0.00** TRR Rate

'15-16 contract year

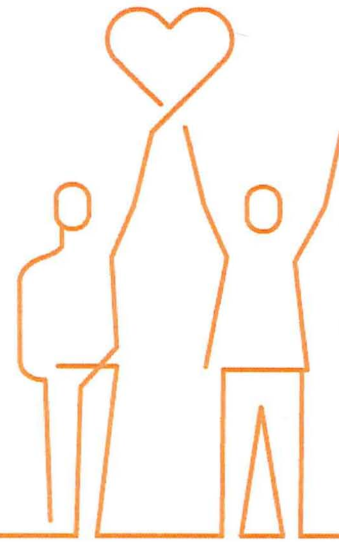
Target Zero. It's Personal.

Who is CH2M?

Founded in Corvallis on 4 simple values:

Take care of clients, deliver great work, do right by employees, and stay true to our integrity and honesty

We have been in the business of Operations Management since 1982, beginning with Lebanon, OR, who we still serve today.



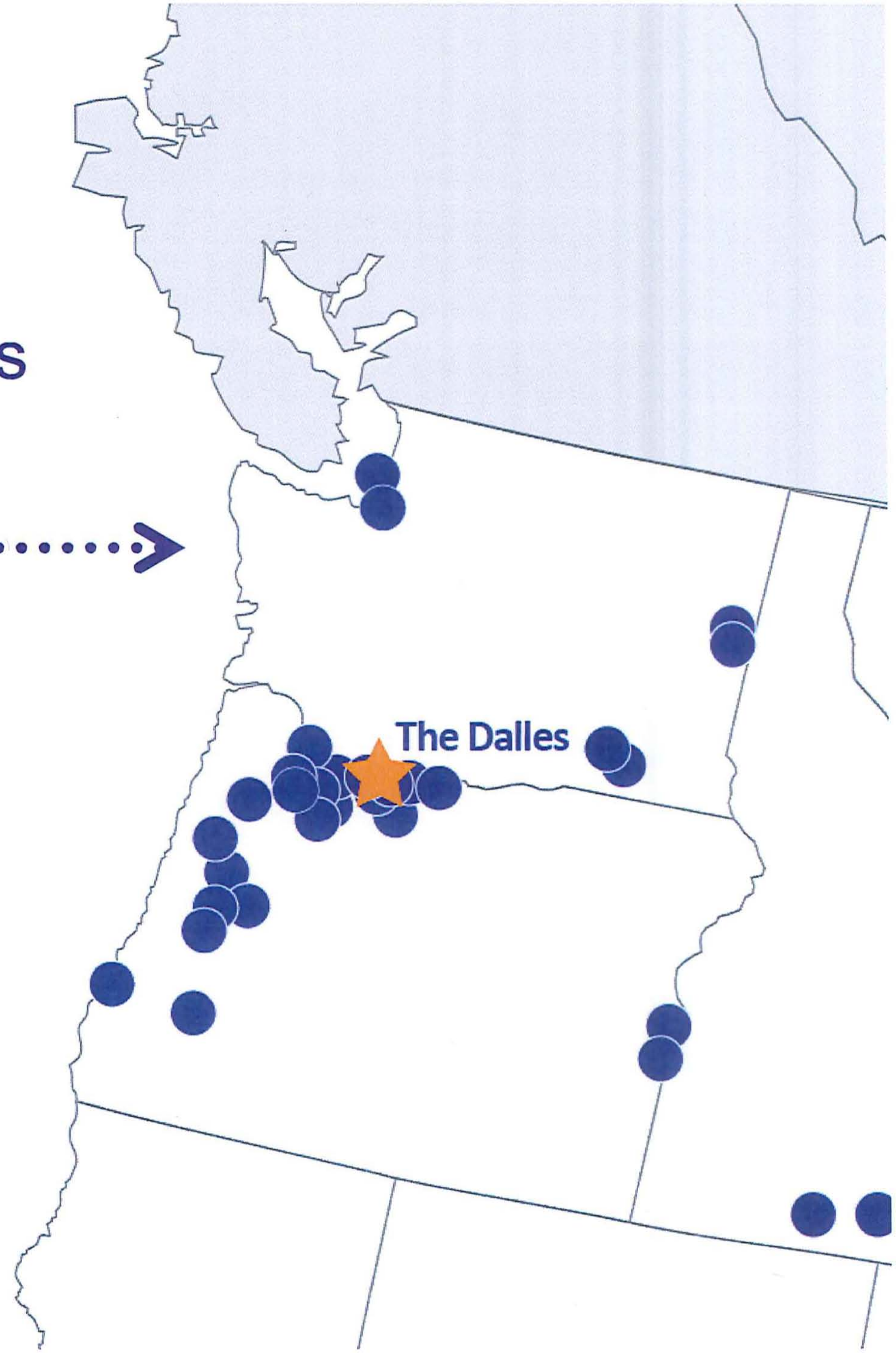
- Leader in Engineering News Record (ENR) rankings
- Repeatedly recognized as a top workplace in the U.S.
- Recognized by the Ethisphere Institute as one of the World's Most Ethical Companies for the eighth year (2009 – 2016)
- Ranked one of the best companies to work for in America by PayScale and Business Insider

2016 WORLD'S MOST ETHICAL COMPANIES® TM
WWW.ETHISPHERE.COM

CH2M's presence in the Pacific Northwest supports The Dalles' success

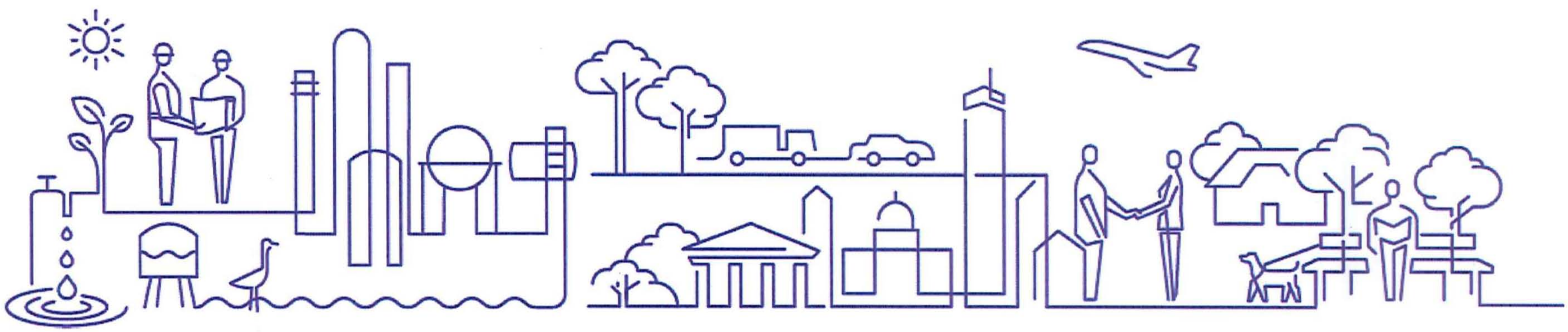
CH2Mers live, work and play in Wasco County

- **150** Oregon Certified Operators
- **403** professional engineers
- **>4,000** staff in the PNW
- **22** clients



What we do for you:

- Wastewater treatment
- Laboratory services
- Land application of biosolids
- Industrial pretreatment
- Regulatory compliance and support
- Facility maintenance
- Odor control – 0% complaints since 2011!



The Dalles Team today

Rick Wolf, Project Manager

Rebel Sprague, Biosolids Disposal

John Wall, Mechanic

Brooke Henrickson, Operator

Mitch Riefel, Operator I

Jess Dirks, Operator

Chris Patton, Lab

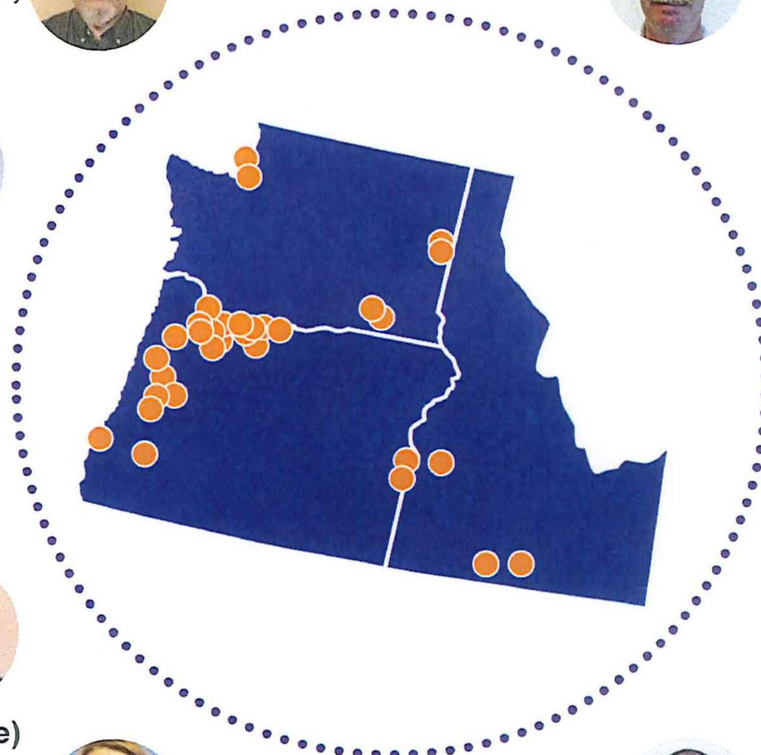
The Dalles has benefitted from more than 300 hours of expert support from CH2M's regional team in the current contract year.

Wayne Heinemann,
IPP & Compliance

Gary Young,
Director of Operations

Jeff Heroux,
Laboratory

Mike Moon,
Regional Manager



Rich Dickerson,
Biosolids

Mike Re,
Facilities Operations

Cliff Leeper,
PW Director
(original The Dalles employee)

Ron Thomas,
Regional Maintenance Technician

Michelle Burkhardt,
Engineering

Jeff Kanyuch,
SCADA

Matt Noesen,
Engineering

7

The Dalles Trivia

785 million gallons of wastewater treated

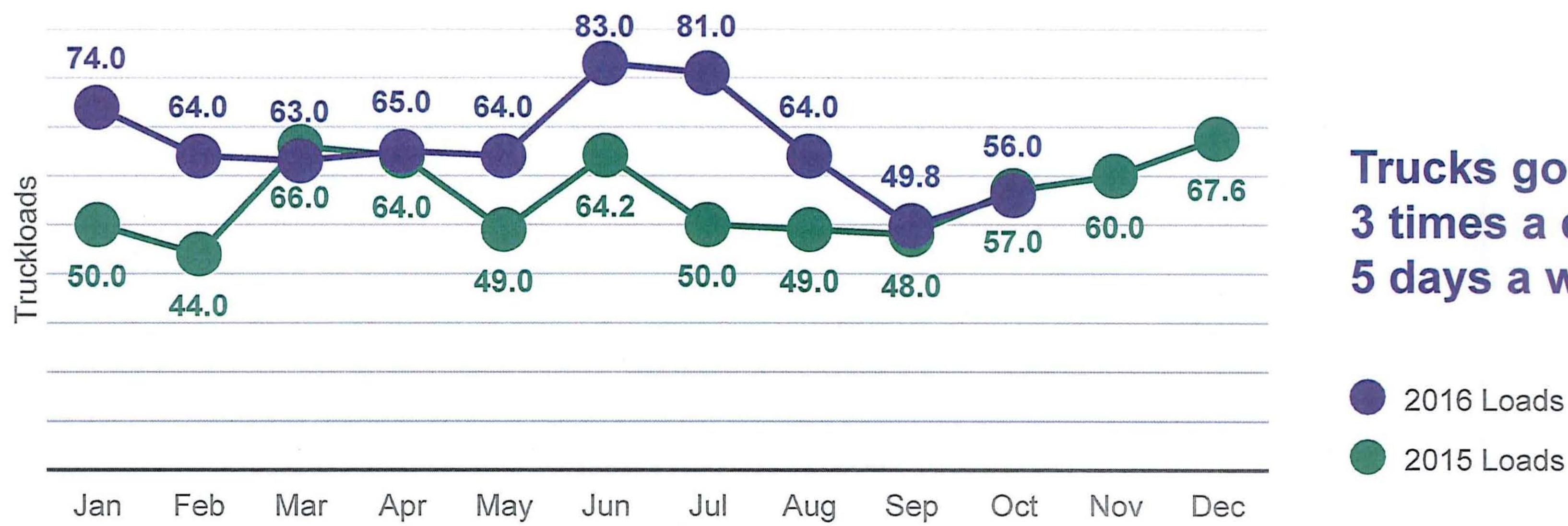
257 tons of biosolids hauled

2,421,700 gallons of biosolids hauled

849 hours of preventive maintenance

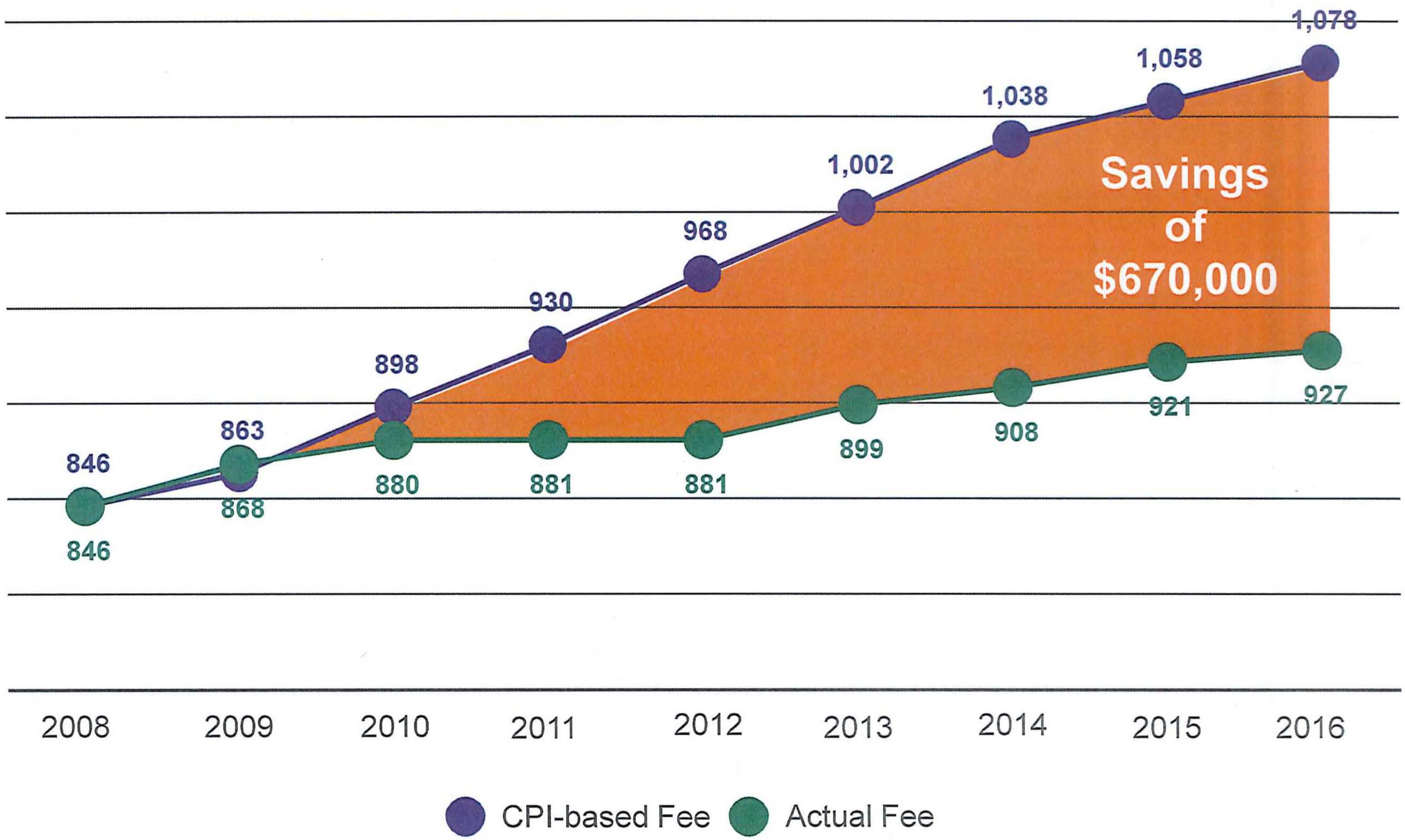
341 hours of corrective maintenance

2,486 total maintenance hrs completed



Trucks go out 3 times a day, 5 days a week

Hard work provides value and savings for The Dalles



9

Best practices and outside-the-box thinking improves operations and lowers costs

Extending plant functionality from Day One:

1. In 1993, justified to DEQ to restore the plant's original capacity rating
2. Installed aeration system at a fraction of market cost
3. Maintained interim clarifier for ~20 years

And continuing today …

1. Applied for $8,000 from local PUD to purchase a VFD for a blower, which provides $1,300 savings annually
2. In 2016-2017 The Dalles will switch to new, less expensive polymer for sludge thickening

Industrial pre-treatment program provides a clear path for responsible industrial growth in The Dalles

- Currently 9 industrial clients representing 9 different industries
- Provide monthly reports to the City on flow and loading
- Provide annual reports to the DEQ
- Plan for and manage impacts of industrial effluent on the plant and the river
  - Cyanide
  - Aluminum
  - Organic loading

Biosolids – the tail that wags the dog

- Beneficial reuse of biosolids
- Benefit local farmers – nitrogen and nutrients for the soil
- Biosolids tracking and monitoring to meet EPA required reporting
- Coordinated hauling to meet plant operations and site conditions
  - Crop rotation
  - Weather
  - Road conditions

Protecting the environment and The Dalles assets

Planned

We prepare for **known** changes:

- FOG Study
- Copper testing
- pH assimilative capacity

Unplanned

And for **unplanned** issues that require reporting to the DEQ:

- Extreme weather
- Equipment issues
- Train derailments

Perfect compliance + Perfect reporting = Regulatory relationship

Committed to the people of The Dalles beyond the job

- Riverfront bike station
- Bench at Thompson Park Aquatic Center and Splash Park
- The Dalles Annual Cherry Festival
- The Dalles Easter Egg Hunt
- Thanksgiving Food Drive
- Install fishing line recycling stations
- Adopt-a-highway
- Installed a handicap drinking fountain in local park
- Columbia Gorge Discovery Center Support

We look forward to continuing our partnership and meeting the challenges ahead

Maintain O&M Excellence

Operations & Maintenance
Biosolids Disposal
Industrial Pre-treatment
Laboratory.

Upgrade planning

Partner with the engineering/design firm to provide an operable, efficient and safe upgrade.

Construction

Maintain compliance through construction, work with engineer and contractor to commission new facilities.

Transition to operations

Establish stable operations, continued operation of updated plant.


Thank you

Land application program provides seamless operations

Removal of biosolids from the WWTP and appropriate disposal is a vital part of operations. CH2M provides sludge-hauling and land-application disposal as part of our service agreement with The Dalles, and, as the sole-provider of these services, delivers accurate tracking and monitoring to meet EPA requirements. This model also means we are not reliant on a third party, and can coordinate to adjust effectively and efficiently to meet operational needs and environmental conditions as they arise.

As part of our land application program, CH2M has developed relationships with local farmers, which means that The Dalles biosolids are re-used, and these local farmers benefit via nitrogen and other nutrients for their soil. One area farmer who hosts one such land application site, and appreciates The Dalles team that delivers the biosolids. The farmer believes CH2M listens to his instructions and requests for distribution of the liquid solids in the fields.

www.ch2m.com
Follow us @ch2m

Strong lab performance and regulatory compliance

Our Perfect Reporting, Perfect Compliance policy has resulted in a strong relationship with the U.S. Environmental Protection Agency (U.S. EPA) in Oregon and the PNW. We are viewed by regulatory agencies as a leader and partner in environmental protection, working together to meet our common goals of protecting the environment and meeting wastewater treatment quality standards.

Because of the biological nature of wastewater, influent variation can greatly impact our effluent. This makes daily process control testing and influent monitoring very important. By monitoring the influent daily, the operations personnel are able to avoid costly and difficult WWTP upsets by making process changes to accommodate changes in loading to the WWTP.

At The Dalles, laboratory and operations associates work tirelessly to maintain compliance, and to complete all mandatory reporting and testing:

Monthly/Ongoing

- Completed monthly calibrations and checks required on Laboratory equipment.
- Completed Discharge Monitoring Report-Quality Assurance (DMR-QA) testing.
- Monthly DMR provided to Department of Environmental Quality (DEQ).
- Completed WP-229 Study for pH, biochemical oxygen demand, total suspended solids, turbidity.
- Completed NP-127 Study for E-Coli.

Specialty Reports and Requests

- Weekly sampling for Kennedy-Jenks for WWTP analysis.
- Completed Semi-annual The Dalles influent/effluent testing.

Dedicated to ongoing operations improvement

As The Dalles continues to grow, CH2M is focused on staying attuned to your needs. CH2M best practices includes monitoring and planning for maintenance in our computerized maintenance management system (CMMS) system, which provides our team with a timeline and recommended maintenance based upon manufacturers' recommendations.

In 2016, we began implementing Condition Assessment review of all client facilities, which expands upon the CMMS to include risk and criticality of each of the WWTP's assets. This assessment helps to prioritize and plan for major repairs and replacements, based upon a risk/criticality matrix. The resulting output will inform The Dalles' capital improvement plan for years to come.

The Dalles WWTP is scheduled to be upgraded in 2017. Project Manager Rick Wolf is engaged in the planning to provide operational strategy advice as the upgrade progresses. His involvement will prepare the WWTP for successful operations after completion, and includes review of blueprints, plant operability, and proposed equipment. After the upgrade is complete, CH2M will work with the engineer, builder, manufacturers, and vendors to provide start-up services and establish stable operations of the updated facility.

Operations Management Services

CH2M at The Dalles, Oregon Wastewater Treatment Plant

A successful partnership since 1993

CH2M has been The Dalles' partner at the WWTP since 1993. Over the past 23 years, CH2M has had only three Project Managers at this project. They've provided stability through a number of changes, growing and changing with you:

- Brewery surge
- Tour boats
- Shifting industrial market

The Dalles is surrounded by the Columbia Gorge Scenic Area, protected areas, and farm land, which means room for growth outside the current city footprint is limited. CH2M understands this and has worked hard to be a good neighbor and to help the city get maximum use out of its existing infrastructure and investment.

CH2M is your partner on environmental issues. We collaborate with the city and various organizations to provide resources, expertise, and assistance when it comes to navigating regulatory issues, or preparing for new industry.

- Oregon Association of Clean Water Agencies (ORACWA)
- Attend Industrial Pre-treatment Program (IPP) conference to be aware of pending changes

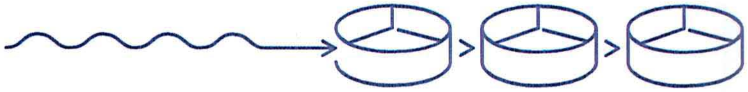
CH2M also supports The Dalles' IPP. Our team assists the Environmental Compliance Manager, Jo Kemper, with planning and management of industrial influent at the WWTP to provide a clear path for responsible industrial growth. We meet personally with clients to understand their business, and work to provide continued compliance at the WWTP without hindering growth in The Dalles. Currently, nine industrial clients representing nine different industries send their effluent to the WWTP, and within the next 18 months there will be an additional two industrial users.

The Dalles Staff: Rick Wolf, Project Manager; Jess Dirks, Operator; Brooke Henrickson, Operator; Chris Patton, Operator & Laboratory; Mitch Riefel, Operator I; Rebel Sprague, Operator, Biosolids; and John Wall, Mechanic.

Our People

The Dalles project has seven employees who deliver world-class operations services at The Dalles Wastewater Treatment Plant (WWTP) every day. In the 2015-2016 contract year, this team:

- Treated **784.4** million gallons of wastewater.
- Produced **257** tons of biosolids.
- Beneficially re-used **257** tons of biosolids via land application at local farms.
- Reached a safety milestone—**6,000** days (16.4 years) worked without incident.
- **Zero** Occupational Safety and Health Administration (OSHA) recordables, and a total recordable rate (TRR) of 0.0.
- Volunteered at The Dalles Cherry Festival and Easter Egg Hunt.



Community Involvement

- Riverfront bike station
- Bench at Thompson Park Aquatic Center and Splash Park
- The Dalles Annual Cherry Festival
- The Dalles Easter Egg Hunt
- Install fishing line recycling stations
- Thanksgiving Food Drive
- Adopt-a-highway
- Installed a handicap drinking fountain in local park
- Columbia Gorge Discovery Center Support

Our approach to providing the best value to The Dalles

The Dalles team focuses on providing service and value to the city by approaching day-to-day operations, as well as project challenges, with a "triple-bottom line" in mind:

- Achieve economic and financial efficiency;
- Act as stewards of the environment; and
- Promote community and individual well-being through our actions.

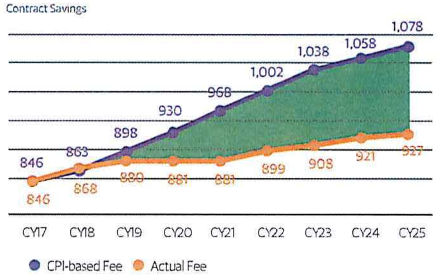
CH2M treats The Dalles wastewater treatment budget like it is our own. Over the past eight contract years, we've consistently kept increases lower than CPI increases, saving more than $670,000 as compared to the contract rate (Exhibit 1).

We've accomplished this by implementing best practices and outside-the-box thinking that improves operations or lowers costs:

- Switching to new, less-expensive polymer for sludge thickening.
- Secured funds from local PUD for a blower that needed a VFD, reducing The Dalles' expenditure.
- Installed aeration system at a fraction of market cost.
- Maintained the interim clarifier for 20 years.
- Submitted the plant for re-rating in 1993, still operating today.

$670K savings

Exhibit 1
Contract Savings



Development and training enables resource-sharing, reduced costs

Cross training continues to be a top priority for our team. In addition to job-specific training, all associates participate in supplemental trainings that help them understand and participate in other job functions at the WWTP. This cross-training allows operations and compliance to continue uninterrupted during vacations and/or illnesses; it also provides employees with opportunities to remain engaged and grow, and allows for sharing resources among other Pacific Northwest (PNW) projects, which lowers costs.

CH2M also supports associates' efforts to obtain and hold State of Oregon certifications for wastewater-related operations as required by state law. This includes paying for training, travel, and other related costs. This provides improved associate retention and recruitment efforts in what has become a highly competitive job market.

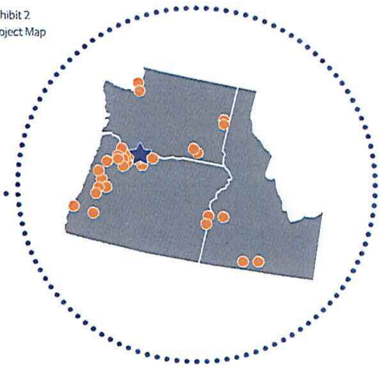
The Dalles WWTP associates have attended various trainings:

- John Wall attended Water Environment Federation (WEF) Short School at Clackamas Community College.
- Rick Wolf attended the CH2M Leadership Summit in Denver, Colorado.
- Mitch Riefel and Larry Spellman attended Oregon WEF Wastewater Short School in Oregon City, Oregon.

Achieving O&M excellence and cost efficiency for The Dalles

Throughout the PNW, CH2M leverages our unique network of operations and maintenance (O&M) resources to benefit our clients. Our regional resource-based approach provides The Dalles access to experienced O&M professionals and equipment that can address a variety of situations that could arise at the WWTP, without paying for all of these resources on a full-time basis. A map of our projects in Oregon, as well as regional resources, can be seen in Exhibit 2.

Exhibit 2
Project Map



Our project associates at The Dalles are supported by CH2M's technical experts and regional O&M specialists. This support includes:

- **Consulting Services** – Process troubleshooting, equipment startups, performance testing, and system improvement recommendations.
- **IT Solutions and Services** – SCADA, telemetry, computer hardware, software and network solutions, and upgrades.
- **Asset Management** – Condition assessments to determine facility asset operating longevity, lifecycle cost and risk, and estimate repair and capital replacement costs.
- **Optimization Services** – Process optimization that lowers energy and chemical costs by benchmarking the Dalles WWTP against a database of more than 100 CH2M facilities, and providing a web-enabled portal for data access and analysis.
- **Purchasing efficiencies** – By working with our network of vendors, we are able to negotiate lower chemical costs for our projects.
- **Major mechanical and electrical repairs** to assist with all major repairs and electrical projects at CH2M PNW projects.

Oil train derailment impacts Mosier WWTP, CH2M responds with resources and plan to get WWTP back online

On June 3, 2016, an oil tanker derailed in the town of Mosier, along the Columbia River. Sixteen cars derailed, and four caught fire. One of the cars tore off the lid of a sanitary sewer manhole, which allowed roughly 25,000 gallons of oil to flow into the nearby Mosier WWTP. The Mosier system was shut down as crews worked to pump out oil and clean the piping network. Rick Wolf provided ongoing assistance for the Mosier plant clean-up, as well as re-starting the facility after clean-up was complete. The WWTP was back in compliance as soon as it was back online.

As a temporary fix, workers trucked sewage from Mosier to Hood River (another CH2M project) for treatment at the municipal plant on Riverside Drive. By June 16, the plant was restored, and shortly after the system was fully functional.

In addition to quick thinking, CH2M had the resources—at hand and in the CH2M network—to provide emergency services to the WWTP in need without putting other projects at risk. "Had the derailment occurred 10 miles on either side of Mosier, it could have as easily been in The Dalles or Hood River," said CH2M project manager, Rick Wolf. "And in any case, we have the necessary staff on-site and in the area to respond."

Perfect workplace safety in 2015-2016

Our safety program has paid off at The Dalles. Associates have worked more than 6,000 hours (equivalent to 16.4 years!) without a lost-time incident. In 2015-2016, we have had zero OSHA recordables, and a TRR of 0.0.

Safety has always been at the heart of how CH2M does business. It's woven into the fabric of our culture and touches how we approach everything—from our people to our clients, our employees, our subcontractors, and the community through a goal we call "Target Zero." Each year, our professionals receive training specific to the inherent dangers they face. In 2016:

- Associates were CPR/First Aid certified on May 28.
- Associates completed Confined Space Training on May 24 and 25.
- Implemented the use of Safety Pre-Task Plans for all job functions.
- Annual fire extinguisher training completed.

Target Zero. It's Personal.

RESOLUTION NO. 16-033

A RESOLUTION DESIGNATING THE ENTERPRISE ZONE MANAGER FOR THE CITY/WASCO COUNTY ENTERPRISE ZONE

WHEREAS, The City of The Dalles is co-sponsoring an enterprise zone with Wasco County; and

WHEREAS, Section 4 of Resolution No. 07-019 dated the 26th day of March 2007 appointed Dan Durow, as the local Enterprise Zone Manager; and

WHERESAS, Section 5 of Resolution No. 15-011 dated the 7th day of October 2015 appointed Daniel Hunter, as the local Enterprise Zone Manager; and

WHEREAS, Matthew Klebes, Assistant to the City Manager for the City of The Dalles has been permanently hired by The City, and the City desires to have him assume responsibility for the services which have been provided by Mr. Hunter;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF THE DALLES RESOLVES AS FOLLOWS:

Section 1. The appointment of Daniel Hunter as Enterprise Zone Manager is hereby ended.

Section 2. The City of The Dalles appoints Matthew Klebes, Assistant to the City Manager for the City, as the local Enterprise Zone Manager contingent on concurrence of the Wasco County Court of Commissioners.

Section 3. Effective Date. This resolution shall be considered effective as of the 12th day of December, 2016.

PASSED AND ADOPTED THIS 12TH DAY OF DECEMBER, 2016.

Voting Yes, Councilors: ______________________
Voting No, Councilors: ______________________
Absent, Councilors: ______________________
Abstaining, Councilors: ______________________

AND APPROVED BY THE MAYOR THIS 19TH DAY OF DECEMBER, 2016.

____
Steve Lawrence, Mayor

Attest:

____
Izetta Grossman, City Clerk

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT

AGENDA LOCATION: Contract Review Board Item #11-A

MEETING DATE: December 12, 2016

TO: Honorable Mayor and City Council

FROM: Dave Anderson, Public Works Director

ISSUE: Authorization of Third Amendment to Progressive Design-Build Agreement for The Dalles Wastewater Treatment Plant Upgrade, Contract No. 2015-004, authorizing a Guaranteed Maximum Price for Phase 2.

BACKGROUND: A progressive design-build contract was awarded to the team of Mortenson Construction/Kennedy Jenks Consultants on February 9, 2015 for the Wastewater Treatment Plant Upgrade – 2015 project. The original project was to consist of constructing improvements to increase influent pumping capacity, improve reliability of the headworks facility, provide digester redundancy, and provide aesthetic improvements to enhance the appearance of the plant from key viewing areas. Council subsequently provided direction, after favorable pilot testing results, to also include the installation of carbon diversion (primary filtration) and Co-Gen systems as part of the project.

Work for the project was divided into three phases. During Phase 1A, the Design-Builder was to "undertake an extensive discover and explore process" with City staff to "evaluate options and develop a design concept that fulfills the project objectives and provides the best long-term value" to the City. Phase 1B was to design the project to 80% completion. Phase 2 will complete the design of the project, from 80% to 100%, and construct the project. Both Phases 1A and 1B have been completed. A Work Session with Council on November 21, 2016 was held to provide an update on the project status, summarize the challenges that have been encountered, present the recommended elements to be constructed, and introduce the Guaranteed Maximum Price (GMP) for completion of the project.

When the design-build team met with City Council in March 2016, the estimated cost of the project was about $6.5 million. At that meeting, Council provided direction to include the design and construction of carbon diversion technology and Co-Gen systems to allow the generation of electricity from the methane gas produced at the plant; it was estimated that adding these systems would cost about $2.2 million. Information was presented to Council in the November 21st Work Session that summarized a number of additional unanticipated challenges related to the project that have been identified for resolution. These additional challenges include:

- a need to construct a new structure to house the headworks (screens and grit removal system) because there was not enough room for the proposed primary filters in the area of the existing headworks (recall the primary filters were added in support of the Co-Gen upgrades approved by Council);
- a need to replace the influent force main from the Influent Pump Station (IPS) to the Headworks because it is too small for the flows from the new influent pumps, and there is additional piping work needed inside the IPS to relocate the influent flow meter to an accessible location;
- a need to install active ventilation in the IPS;
- some additional structural modifications in the IPS are required due to the size of the influent pumps to provide for employee access to the lower level of the pump station;
- the existing backup emergency generator has been determined to be smaller than needed to handle the electrical loads of the upgraded plant so a second generator has been proposed for inclusion in the project; and
- a new electrical room has been included in the design to avoid the potential for a major electrical upgrade of existing electrical equipment to bring the facilities up to current code.

The total cost of addressing these additional challenges is about $1.6 million.

Best-Value Selections

A primary focus in the project has been to maximize value and control costs while ensuring operational efficiency and regulatory compliance; in fact, these efforts began before a contract was even awarded. The City chose to pursue a progressive design-build contract for this project because of the opportunities to make best-value decisions throughout the project with input from both the design engineer and the construction contractor, and the fact that national studies indicated using design-build methods of project delivery lowered total costs of projects by an average 6.1% while also speeding up construction schedules. The design-build method has worked very well on this project as a forum to collaboratively find ways to address challenges and make best-value decisions.

Specific examples of how progressive design-build has helped save money on this project include the following.

- Of the three proposers for this project, the team (Mortenson/Kennedy Jenks) with the lowest overhead/profit mark-up rates (4% vs 6% and 10%) was selected.
- Design engineering for this type of project normally runs at about 20% of the total project cost; it is at about 14% for this project.
- City staff and the plant contract operator (CH2M) have been intimately involved with the design of the project, selection of alternatives, and consideration of cost-reduction opportunities; we've held five workshops to get us to this point.

Examples of processes used to ensure lower costs and best value include the selection of equipment where various manufacturer and vendors were evaluated on a 20-year life cycle cost basis and aggressive bid competition was utilized (equipment purchases are $286,000 below budget), the issuance of RFPs for sub-contractor work and the selection of the best value (and also lowest cost) proposal each time, and local pricing for suppliers of products such as concrete. Because of the design-build process, City staff was involved in each step to ensure lowest cost/best value selections.

- The construction contractor has been closely involved in the design of the project and has often provided input to the design that will improve the efficiency of construction, thereby reducing GMP costs.
- Normally projects are bid for a lump sum price to a construction contractor, or on a price based upon a schedule of bid items. There is always an inherent incentive for the construction contractor to maximize its efficiencies and minimize costs, and these opportunities are only identified after a contract is awarded and work has begun. Under traditional contracting methods, contractors bid for the worse case and strive for the best case. In these traditional projects, any and all savings realized go back to the contractor as additional profit. In this case, with the "shared-savings" clause of the contract, the City gets a chance to share equally in those savings on a 50/50 basis.
- The GMP for this project has been developed in an open-book manner; we have access to all of the contractor's estimating information. We know how many hours of labor and the quantities of materials that are estimated for each aspect of the project; we can challenge any of these values that may appear inflated.
- We have ensured that Contingency money is not included in the estimates for any of the project elements, and all unused Contingency comes back to the City.
- And lastly, under this design-build process, there should not be any change orders like often occur with conventional projects, unless the City requests additional work. The design-build team is obligated to provide the completed project as it's been defined within the GMP. Under a conventional design-bid-build project, change orders are often a significant source of additional costs.

The entire team has been committed to identifying and pursuing cost saving measures, and the shared-savings aspect of this contract is not interfering with that. In fact, shared-savings is providing an opportunity for the City to support and also benefit from construction-related project efficiencies.

Contract "Off-Ramp"

The contract for this project provides an "off-ramp" between Phases 1B and 2. If, for some reason, a GMP acceptable to both parties cannot be negotiated, the original contract provides an off-ramp that allows the two parties to terminate the contract. If that happens, the City pays the D-B team for the design work that was completed, the design can be finished by whatever means the City desires (through a new contract with the existing engineering firm or by selecting a new engineer by RFP), and the City could then solicit bids for construction of the project; essentially, under this scenario, the project has been converted back to a Design-Bid-Build method.

Staff strongly recommends against using the off-ramp on this project. The existing design-build team is thoroughly familiar with the project and understands the site conditions and associated challenges, best-value decisions have been made throughout the project, and aggressive cost saving measures have been identified and implemented. If the project was converted to a conventional Design-Bid-Build project, additional costs would be incurred to complete the design, develop a construction contract and biddable project specifications, bid the project, and familiarize a new construction contractor with the site and the project, all of which would come at an additional cost. Under this scenario the City would be in the middle between the engineer and construction contractor and inherit the associated project risk. The existing team has updated the Facility Master Plan to reflect this project and that updated plan has been approved by DEQ. This design-build team identified the innovative technology that had the potential to make Co-Gen feasible and successfully conducted the related pilot testing. They have proven to be creative, cost-effective, and value-oriented in this project. If the off-ramp were used, the project schedule would be adversely impacted, delaying completion 6 – 12 months, and a lot of work that has been completed (development of contracts, proposals from subcontractors and equipment supply quotes) would need to be repeated.

Guaranteed Maximum Price (GMP)
This project combines most of the work previously planned to occur in two phases into a single project. The next phase of work could be delayed until 2022/2023 which should, barring any new regulations that would require additional capital expenditures, allow the City to complete the currently identified Capital Improvement Plan without the issuance of any bonds.

The proposed GMP for the project is $10,961,600. This cost includes the approved Phase 1A and 1B costs of $132,274 ($5,000 of which was not used) and $895,000 respectively. The proposed cost of Phase 2 is $9,939,326 which includes $410,387 in Contingency. The Contingency represents 4.1% of Phase 2, 3.7% of the total GMP; Contingencies for construction on other projects often runs 10% or more. It is appropriate to include some Contingency in the GMP because there is still 20% of the design to be completed, permits have yet to be obtained which could include requirements, and certain aspects of the project are still uncertain such as whether the existing electrical conduit can be used for the new wiring from the Electrical Building to the IPS and if the existing electrical panels in the IPS can be used for the new pump controls.

A hard copy of the GMP Deliverable is being provided to the Council for review.

Project Funding
Funding for this project is identified in Fund 57, the Sewer Plant Construction/Debt Service Fund. The budget was originally adopted with $8,289,687 allocated in 2016/17 for this project; that allocation assumed the receipt of $831,000 from outside funding. We now know that some of that potential funding cannot be received until after the project is completed, so it has been removed from the available resources. A total of $403,383.00 was paid for work completed under Phases 1A and 1B in 2015/16. A supplemental budget approved on September 26, 2016 allocated another $175,000 from additional beginning fund balances to the project and there are more additional beginning fund balances that can be allocated now that the audits are completed. The City has collected significantly more Sewer SDCs than were budgeted and a planned capital project can be postponed.

The financial plan for the 2013 Wastewater Facility Master Plan anticipated the issuance of two bonds, one in 2014 and another in 2017, to fund the design and construction of these improvements; neither of those bonds, each of which had an assumed interest rate of 4%, has been issued. However, there is an opportunity to apply for a loan from Oregon DEQ that could provide some outside funding to the project. This program for "green energy" projects can provide loan principal forgiveness (essentially turning it into a grant as long as all the rules are followed) for up to one-half the amount of the loan with a maximum of $500,000 forgiveness allowed. The interest rate on this loan, as of October 12, 2016, was 1.6% for 20 years. However, there is no penalty for early payoff. Staff recommends that the City apply for a DEQ State Revolving Fund (SRF) loan for an amount equal to the cost of the carbon diversion, Co-Gen, and SRF loan application elements of the project, about $2 million, with the goal of receiving $500,000 principal forgiveness and paying back $1.5 million. Receipt of this loan will provide an opportunity to receive outside funding for the Co-Gen systems and help support cash flow for the project. Staff has completed the initial no-obligation steps to apply for an Oregon DEQ SRF loan and will be seeking direction from Council about whether to pursue this funding further or not. It has been estimated that it may require close to $200,000 to do all the work necessary to apply for this loan and a future resolution by Council would be required to receive the funds.

The following table summarizes the funding that can be made available for the project.

Potential Project Financial Resources

Funding Source	Amount	Notes
2015/16 budget	$403,383	Spent for Phases 1A and 1B
2016/17 budget	$8,289,687	Fund 57, line 057-5700-000.75-10
Budgeted outside funding	($831,000)	Remove from funding resources
Supptl budget - 9/26/16	$175,000	Additional Beginning Balance
Supptl budget - future	$179,243	Additional Beginning Balance
Additional SDCs rec'd by 11/30/16	$402,455	SDCs received above budget
Postpone SCADA upgrade project	$150,000	Delay project one year
Anticipated 2017/18 transfer to Fund 57	$2,200,000	Transfers last 2 years >$2.3M each
Total City funding available	**$10,968,768**	
DEQ SRF funding	$2,000,000	$500,000 Principal forgiveness
Total funding available	**$12,968,768**	

The project team is also still pursuing funding from the Oregon Department of Energy for the Co-Gen systems. This program provides funding in the form of tax credits that the City would sell to a commercial entity. This source of funding, while uncertain, may provide around $630,000 in tax credits over a period of five years after the project is completed. This program is expiring and the Co-Gen systems need to be constructed and on-line generating electricity by December 31, 2017. Since the City does not pay taxes, these credits would need to be sold to a commercial partner that has a significant tax liability. Other utilities have been selling these credits for $0.80 to $0.90 per dollar of credit so the City could expect to net $500,000 - $560,000 if this funding is received.

Lastly, evaluations are also underway to see if there is a chance to get some money, $50,000-$100,000, from BPA's Energy Smart Industrial program for the Co-Gen portion of the project. The project team is working hard to determine the best combination of these potential funding sources specific to our project.

GMP Alternatives

The *recommended alternative* is to authorize the construction of the complete project as presented in the GMP and apply for an SRF loan for an amount equal to the costs of constructing the primary filtration (carbon diversion) and Co-Gen systems – about $2 million. Obtaining this loan and tying it to the Co-Gen should qualify the City for $500,000 in principal forgiveness. This would make the net cost of the total project $10,461,600 without the consideration of unspent Contingency and shared savings. And with the construction of the Co-Gen and related systems there is a chance to receive additional outside funding from Oregon Department of Energy and BPA's Energy Smart Industrial program, potentially reducing the cost of the project by another $500,000-$600,000.

Alternative 1 would be to eliminate the purchase and installation of Co-Gen systems at this time, thereby reducing the cost of the project by $919,922. This alternative would still include the construction of the primary filtration systems. Primary filtration, which is proposed to cost $902,008, provides additional treatment benefits and reduces the loading on the existing aeration basins such that the previously planned construction of additional basins in 2020 could be delayed until after 2030; the cost of that construction was estimated to be $2.2 million. Installation of the primary filtration system saves about $1.3 million over the next 15 years. Since the Co-Gen systems would not be constructed at this time, none of the outside funding identified above could be utilized. The cost of the total project under this alternative is $10,041,678.

Alternative 2 would be to be to eliminate the purchase and installation of both the Co-Gen and primary filtration systems at this time, thereby reducing the cost of the project by $1,821,930. Since the primary filtration systems would not be constructed, additional aeration basins would need to be constructed in 2020, or primary filtration could be installed at a future time. However, if primary filtration is to be installed, this is the time to do it when the work is being done to construct and install the new headworks systems. After it is constructed, it would be very difficult to bypass flows around the area where the primary filters are proposed to be installed. And again, like with Alternative 1, since the Co-Gen systems would not be constructed at this time, none of the outside funding identified above could be utilized. The cost of the total project under this alternative is $9,139,670.

A preliminary contract amendment is attached for Council's review; a proposed final amendment will be provided to the Council as it is completed.

BUDGET IMPLICATIONS: As outlined above, adequate funding for this project will be available. With a combination of funds identified in the adopted 2016/17 budget, the receipt of unanticipated revenues in the current year, and the anticipated revenues to be received in 2017/18, the project can be funded. Receipt of an SRF loan will carry the project to the 2017/18 fiscal year and allow for outside funding in support of Co-Gen as a renewable energy source. This funding is not predicated on any 2017 sewer rate increase.

COUNCIL ALTERNATIVES

A. Staff Recommendation: ***Move to authorize the Third Amendment to the Progressive Design-Build Agreement for The Dalles Wastewater Treatment Plant Upgrade, Contract No. 2015-004, including construction of carbon diversion and Co-Gen systems, for a total Guaranteed Maximum Price of $10,961,600.***

B. Alternative 1: Move to authorize the Third Amendment to the Progressive Design-Build Agreement for The Dalles Wastewater Treatment Plant Upgrade, Contract No. 2015-004, including construction of carbon diversion and excluding Co-Gen systems, for a Guaranteed Maximum Price of $10,041,678.

C. Alternative 2: Move to authorize the Third Amendment to the Progressive Design-Build Agreement for The Dalles Wastewater Treatment Plant Upgrade, Contract No. 2015-004, excluding construction of carbon diversion and Co-Gen systems, for a Guaranteed Maximum Price of $9,139,670.

D. Move to utilize the "off-ramp" in Contract No. 2015-004 and direct staff to proceed with completing the Wastewater Treatment Plant Upgrade as a traditional Design-Bid-Build project.

SRF Loan – second motion

A. *Staff Recommendation*: ***Direct staff to pursue obtaining an SRF loan for the project in an amount of about $2,000,000.***

B. Direct staff not to pursue an SRF loan for the project.

THIRD AMENDMENT TO PROGRESSIVE DESIGN-BUILD AGREEMENT FOR THE DALLES WASTEWATER TREATMENT PLANT UPGRADE CONTRACT NO. 2015-004

WHEREAS, the City of The Dalles, hereinafter referred to as **"OWNER"**, and Mortenson Construction, hereinafter referred to as **"DESIGN BUILDER"**, entered into a Progressive Design-Build Agreement (**"Agreement"**) dated March 9, 2015 for a project including the construction of improvements to increase influent pumping capacity, improve the reliability of the headworks facility, convert an existing bio-solids storage tank into an anaerobic digester to provide digester redundancy, and provide aesthetic improvements to enhance the appearance of the treatment plant from key viewing areas; and

WHEREAS, **DESIGN BUILDER** has completed work required under Phases 1A and 1B; and

WHEREAS, on November 21, 2016, the City Council, for **OWNER**, received a presentation by **DESIGN BUILDER** that provided an update on the project status; and

WHEREAS, Article 1.3 of the **Agreement** described the Phase 2 Services to be provided by **DESIGN BUILDER**; and

WHEREAS, **DESIGN BUILDER** has proposed a contract price, in the form of a Guaranteed Maximum Price (GMP), for Phase 2, with said GMP having been developed and presented in an "open-book" manner with involvement of **OWNER'S** staff; and

WHEREAS, the proposed GMP for the project is $10,961,600, $1,022,274 of which has previously been authorized for Phases 1A and 1B, and $9,939,326 of which would be allocated for completion of Phase 2; and

WHEREAS, Article 1.3 of the **Agreement** allows **OWNER** to accept **DESIGN BUILDER'S** proposed contract price for Phase 2;

NOW, THEREFORE, in consideration of the provisions set forth herein, it is mutually agreed as follows:

1. **DESIGN BUILDER** agrees to perform the services under the terms and conditions described in Contract No. 2015-004 and the following attached documents: GMP Estimate dated December 12, 2016; Scope of Work Clarifications for GMP Estimate dated December 12, 2016; Estimate Summary dated December 12, 2016; Site Logistics Plan submitted on November 30, 2016; Schedule dated November 30, 2016 including Scheduled Substantial Completion Dates which modifies the Substantial Completion Date set forth in Section 5.2.1 and Attachment C; Specifications as will be developed to 100% completion; and Design Drawings as will be developed to 100% completion. **OWNER** agrees to pay **DESIGN BUILDER** the sum not to exceed $9,939,326 for Phase 2 services to be provided

by **DESIGN BUILDER** as outlined in paragraph 1 above within the Guaranteed Maximum Price for the project of $10,961.600.

2. The following sentence shall be added to Section 2.2.1 of Attachment B: "Any unspent Contingency which exists at the time of Final Completion of the project shall be returned to Owner."

3. The sharing of savings, as identified in Contract No. 2015-004, Attachment B, Section 2.3.2 shall be calculated based upon the difference between the estimated Subtotal Direct Construction Price, $8,207,741, as presented in the GMP Estimate dated December 12, 2016 and the actual Direct Construction Price incurred by **DESIGN BUILDER** on the project.

4. Except as provided for in this Third Amendment, the terms and conditions of the Progressive Design-Build Agreement dated March 9, 2015 shall remain in full force and effect.

OWNER

Signature ______________________

Name (printed) __________________
Title ______________________

Date ______________________

DESIGN BUILDER

Signature ______________________

Name (printed) __________________
Title ______________________

Date ______________________

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #12-A

MEETING DATE: November 28, 2016

TO: Honorable Mayor and City Council

FROM: Dan Durow, Economic Development Specialist

ISSUE: ODOT Grant Match Increase for Riverfront Trail project

BACKGROUND: In the fall of 2011, the City applied for an ODOT Transportation Enhancement Grant for the Riverfront Trail project. The Board of The Dalles Riverfront Trail, Inc. (Board) conducted a fund raising campaign to help meet the 10.27 percent grant match requirement. The Board, with the help of local business men, raised a total of $93,950 in pledges from people and businesses in the community.

The ODOT grant award was for $1,557,000 and the match requirement totaled $178,205, for a total project cost of $1,735,205. The City committed to provide the balance of the needed match, $84,255, ($178,205 - $93,950) from the Transportation System Development Charge (TSDC) Fund. To date, the City has not authorized the expenditure in its budget. Most of the match money already sent to ODOT has come from the Riverfront Trail Board's bank account, over $50,000.

Of the pledged amount, the Board was ultimately only able to collect $84,150, a $9,800 shortfall. The Board has gained some interest and added a few small donations to its bank account balance over time. Currently, the Board's account balance is $34,454.

To date, ODOT has received $51,557.31 in its project account in Salem. This leaves a balance of $126,647.69 in remaining match for the total project. Adding the Board's remaining match ($34,454) to the amount already submitted would leave a match balance due of $92,193.41. This would be an increase of $7,938.41 over the City's current commitment of $84,255.

BUDGET IMPLICATIONS: System Development Charges can only be expended for projects that have been approved in the Transportation SDC plan. The Riverfront Trail Project is a project included in the Transportation SDC Plan. Currently, the

Transportation System Reserve Fund (line item 013-1400-000.75-10) has over $700,000, of which $84,255 has been intended for the Trail project. The remaining monies are currently not specifically committed to other projects.

COUNCIL ALTERNATIVES:

1. *Staff recommendation:* ***Move to approve the payment of the remainder of the Riverfront Trail Grant match to ODOT, in the amount of $92,193.41 using Transportation SDC funds in the Transportation System Reserve Fund 013.***

2. Decline

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #12-B

MEETING DATE: December 12, 2016

TO: Honorable Mayor and City Council

FROM: Dave Anderson, Public Works Director

ISSUE: Acquisition of an easement from SAPA Extrusions Inc. for construction of new 18-inch diameter Port Industrial Water Main

BACKGROUND: One of the projects in the City's current Water Capital Improvement Plan (CIP) that is scheduled for completion in the 2016/17 fiscal year is the construction of a new 18-inch diameter Port Industrial Water Main. The City entered into a development agreement with Design LLC in October 2015 that, in part, committed the City to completing the construction of this water main within 18 months of Design LLC's purchase of property in the Columbia Gorge Industrial Center. That property purchase has been completed and this project now needs to be completed by May 2017. Under that agreement, Design LLC will provide funding to cover 50% of the construction costs for the project up to $1.5 million. The formation of a reimbursement district for this project that could partially reimburse Design LLC for its costs was authorized by Council on February 8, 2016.

An easement is needed from SAPA Extrusions Inc. (owner and operator of the old Northwest Specialties facility) to locate a portion of the new pipeline on the edge of their property near the railroad tracks. A price of $59,132 has been negotiated with SAPA Extrusions for purchase of the easement; this equates to $4.00 per square foot of easement area. If SAPA connects to the new pipeline in the future, they will be required to pay Water SDCs and their share of the reimbursement district costs at the time of connection.

The project has been designed in-house by our Public Works Engineers and is ready to bid for construction. This easement is needed, along with another one on a different parcel, prior to bidding the project.

Staff has worked with SAPA Extrusions Inc. over many months to finalize the language of the easement agreement. The proposed easement agreement is attached for Council's review.

BUDGET IMPLICATIONS: Within Fund 53, the Water Reserve Fund, line 053-5300-000.76-20, there is a total of $2.6 million allocated for this project. There are adequate funds available to pay for the purchase of this water main easement.

COUNCIL ALTERNATIVES

A. **Staff Recommendation:** Move to authorize the purchase of a water main easement from SAPA Extrusions Inc. for an amount not to exceed $59,132.00.

B. Deny authorization for purchase of the easement and direct staff on how to proceed.

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

CITY CLERK
313 COURT STREET
THE DALLES, OREGON 97058

WATER MAIN EASEMENT
(18-Inch Water Main)

This Water Main Utility Easement (this "*Agreement*") is made and entered into by the CITY OF THE DALLES, a municipal corporation of the State of Oregon, hereinafter called "GRANTEE," and SAPA EXTRUSIONS, INC., a Delaware corporation hereinafter called "GRANTOR," this _____ day of _____________, 2016.

WITNESSETH:

In and for consideration of the payment of the sum of $59,132, or $4.00 per square foot of easement area, GRANTOR does hereby grant to GRANTEE a non-exclusive, perpetual water main easement ("*Water Main Easement*"). Said Water Main Easement shall include the right to construct, maintain, and operate and, if necessary, replace an 18-inch diameter ductile iron water main, together with all necessary appurtenances thereto, including valving and meters (collectively, the "*water line*"), in, under, across and through the portion of GRANTOR'S property ("*Easement Parcel*") described as follows, to-wit:

A tract of land lying in Parcel 1 of Partition Plat 90-0004 in Sections 28 and 33, Township 2 North, Range 13 East, Willamette Meridian, City of The Dalles, Wasco County, Oregon, being more particularly described as follows:

A 20.00 foot wide strip of land lying 20.00 feet to the right side of the following described line.

Beginning at the Southwest corner of said Parcel 1; thence along the Westerly line of said Parcel 1, North 14°14'52" West 50.80 feet; thence North 11°42'18" West 79.25 feet; North 18°59'40" West 207.72 feet; thence leaving said Westerly line, North 63°59'40" West 55.56 feet to the intersection with said Westerly line; thence along said Westerly line, North 22°48'00" West 346.59 feet to the Northwest corner of said Parcel 1 and terminus point.

The sideline of the above described 20 foot wide strip of land shall be extended or truncated such that it intersects the Southerly line of said Parcel 1 at the point of beginning and intersects said Northerly line at the terminus point.
Contains 14,783 square feet, more or less.

The location of the Easement Parcel is shown on the map attached as Exhibit A.

This Water Main Easement shall include the right of ingress and egress on and over the Easement Parcel located on a portion of GRANTOR'S property, which property is more specifically described on attached Exhibit B to access the Water Main Easement on the condition that the GRANTEE and all of its agents will take all practicable measures to minimize their on-site footprint, and shall not disrupt, delay, or impede GRANTOR'S operations. GRANTEE shall (i) send not less than thirty (30) days' prior written notice to the GRANTOR of any proposed work in the Easement Parcel and fifteen (15) days' prior written notice to the GRANTOR before entering the Easement Parcel to perform any work on or at the Easement Parcel; (ii) deliver to the GRANTOR evidence of general liability and workmen's compensation insurance in amounts and otherwise in form and substance satisfactory to the GRANTOR before performing any work on or at the Easement Parcel. In the event of an emergency, as determined by GRANTEE in its sole reasonable discretion, requiring immediate access for GRANTEE to enter the Easement Area, GRANTEE shall have permission to bypass the above restrictions, and shall notify GRANTOR as soon as practicable, but no later than one (1) business day after the commencement of work under emergency conditions.

A portion of the area where the water line will be constructed includes an existing ditch. GRANTOR acknowledges that GRANTEE, and its contractors and subcontractors will need to use the existing roadway to move trucks and equipment around the ditch area. GRANTEE and its contractors and subcontractors are prohibited from using the existing parking lot on GRANTOR'S property, or using any portion of GRANTOR'S property for the purpose of staging, storage, or stockpiling of material

GRANTEE has agreed to install, at no charge to GRANTOR, a connection point (tee and valve) to allow for a future connection to the water line, provided GRANTOR notifies GRANTEE in writing by December 15, 2016, as to the location and size of the desired connection point. GRANTOR shall be responsible for all applicable system development charges and reimbursement district fees due at the time of submission of a formal request to GRANTEE for water service.

GRANTEE shall (i) be responsible for maintenance of the water line; (ii) repair any ground which is torn up from maintenance activities on the water line including, the restoration of the GRANTOR'S property to the condition it was in prior to construction, installation and/or maintenance of the water line; (iii) exercise all due care concerning GRANTOR's property in the construction, installation and maintenance of the water line and perform such work in a good and workmanlike manner and in compliance with all applicable laws, codes, regulations and ordinances.

Should GRANTEE determine to permanently discontinue maintaining and/or using the water line at the above-described location, it is hereby understood that such determination shall constitute an abandonment of the water line. Such abandonment shall allow the GRANTOR to terminate the Water Main Easement granted herein including the filing and recording of any necessary paperwork evidencing such termination, and the GRANTEE shall be liable for all costs associated with the abandonment, including, but not limited to, excavation or abandonment in place of the water line, restoring the Easement Parcel to the condition it existed in prior to the granting of the Water Main Easement, and all other costs, expenses or damages caused by such abandonment.

GRANTOR will, to the best of its ability, keep the Easement Parcel free and clear of any buildings, structures, or obstructions, such as fences, trees, or shrubs, which do not currently exist as of the date of this Agreement, so as to afford reasonable access to the water line. GRANTEE shall give advanced written notice to GRANTOR of any obstructions to the extent created by or as a result of the actions of GRANTOR; the notice shall describe with particularity the items it deems as obstructive. Notwithstanding the foregoing, GRANTOR reserves the right to use and/or allow third parties to use the Easement Parcel at any time, in any manner and for any purpose that does not unreasonably interfere with the access to the water line by GRANTEE.

GRANTEE accepts the Easement Parcel in its present condition, AS IS, with all defects, apparent or latent, without any representation or warranty by GRANTOR or any representative of GRANTOR, expressed or implied. In addition, the Water Main Easement and the rights of GRANTEE herein are granted subject to all non-monetary matters of record and matters that a complete survey and inspection of the Easement Parcel would reveal.

GRANTEE hereby indemnifies the GRANTOR and the GRANTOR's representatives, successors, assigns, agents, employees, licensees, invitees, tenants or guests (collectively, the "*Indemnified Parties*" and individually, an "*Indemnified Party*") for any injury to, or death of, any Indemnified Party and for any and all damage to, or destruction of, any property sustained or incurred by any Indemnified Party or by any person claiming by, through or under any indemnified party, on account of the GRANTEE's or any GRANTEES's employees, representatives, agents or contractors construction, use, repair or maintenance of. including any and all improvements relating in any way to, the Water Main Easement and/or the Easement Parcel.

GRANTEE for itself and for all of the GRANTEE's employees, contractors, agents or representatives, hereby waives any and all claims, damages, causes of action, and losses of any kind or nature whatsoever, against the GRANTOR and the other Indemnified Parties suffered by the GRANTEE and/or any of GRANTEE's representatives, employees, contractors or agents as a result of its or their construction, use, repair or maintenance of, including any and all improvements relating in any way to, the Water Main Easement and/or the Easement Parcel.

All notices, consents, approvals to or demands upon or by a party desired or required to be given under the provisions hereof, shall be in writing and sent by overnight delivery service and will be deemed duly delivered on the first business day following the deposit. All notices must be sent to the addresses listed below or such other address a party may designate in a notice pursuant to the above requirements.

GRANTOR
Sapa Extrusions, Inc.
6250 N. River Road, Suite 5000
Rosemont, IL 60018
Attn: Legal Department

Sapa Extrusions, Inc.
2929 W. 2nd Street
The Dalles, OR 97058
Attn: Plant Manager

GRANTEE
City Manager
313 Court Street
The Dalles, OR 97058

Public Works Director
Department of Public Works
1215 West 1st Street
The Dalles, OR 97058

This Agreement and all of the terms, conditions, rights, and obligations herein contained shall inure to and be binding upon the parties hereto, their successors, and it is distinctly agreed that neither party shall assign its rights under this Agreement without prior written consent of both parties. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement binding on all parties hereto. It shall not be necessary for each party to execute the same counterpart hereof.

(Signatures on following page)

IN WITNESS WHEREOF, GRANTEE and GRANTOR have executed this WATER MAIN UTILITY EASEMENT as of the date first above written.

CITY OF THE DALLES, a municipal
Corporation of the State of Oregon

____
Julie Krueger, City Manager

ATTEST

____

Izetta Grossman, City Clerk

STATE OF OREGON)
) ss.
County of Wasco)

The foregoing instrument was acknowledged before me this _______ day of ________________ 2016, by Julie Krueger, City Manager for CITY OF THE DALLES, to be her voluntary act and deed.

____
Notary Public for Oregon
My commission expires: _____________

SAPA EXTRUSIONS, INC., a Delaware corporation

____

Printed Name: __________________________

Title: _________________________________

State of Illinois)
) ss.
County of Cook)

The foregoing instrument was acknowledged before me on this ______ day of ________________, 2016 by ______________________ as ______________________ of SAPA EXTRUSIONS, INC., a Delaware corporation.

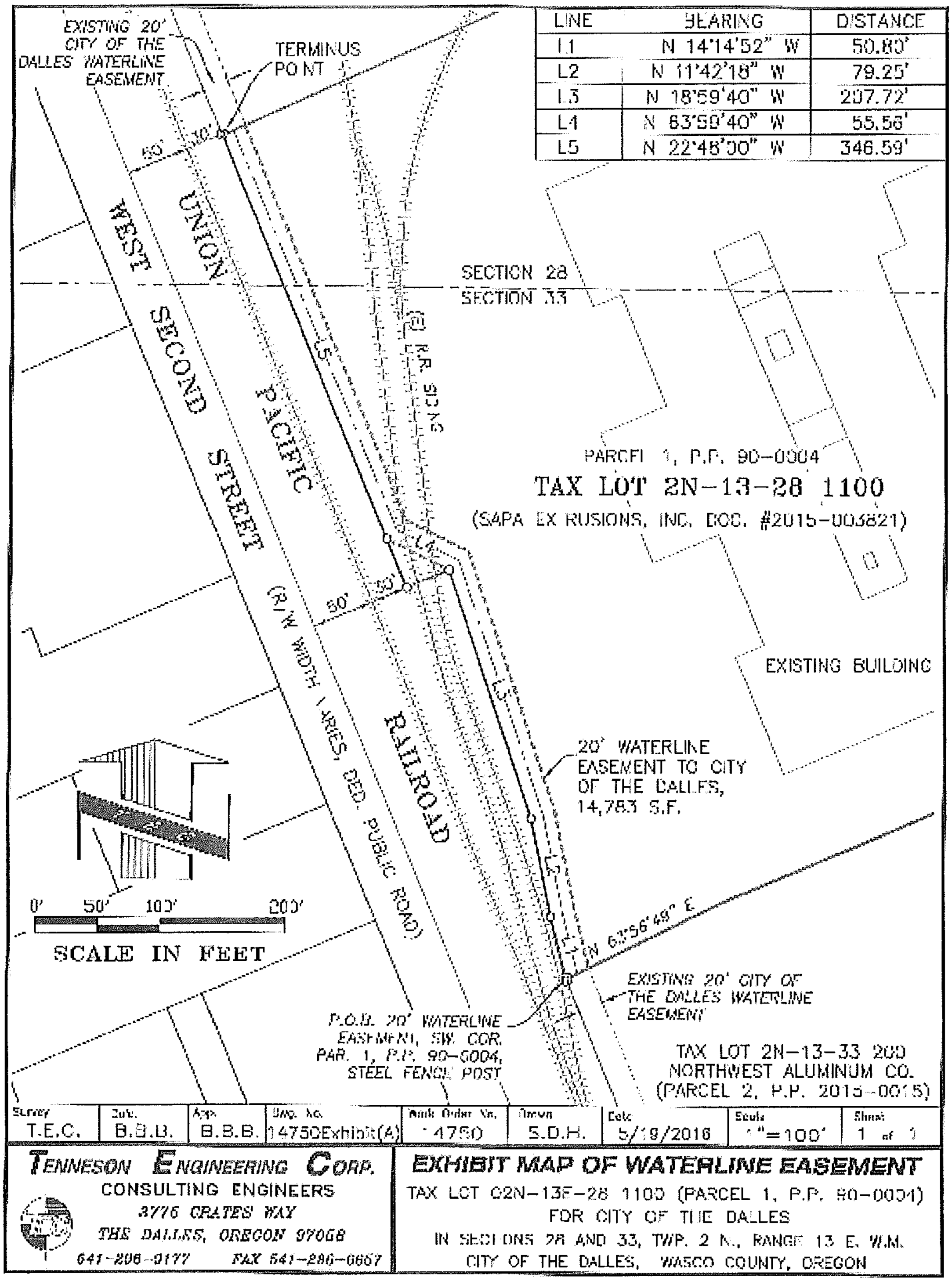
Given under my hand and notarial seal this ___ day of ______________, 2016.

____

Notary Public
My commission expires: ______________

Exhibit A

LOCATION OF EASEMENT PARCEL



LINE	BEARING	DISTANCE
L1	N 14°14'52" W	50.80'
L2	N 11°42'18" W	79.25'
L3	N 18°59'40" W	207.72'
L4	N 63°59'40" W	55.56'
L5	N 22°48'00" W	346.59'

Exhibit B

GRANTOR'S PROPERTY

TRACT l:

A tract of land lying in the Southwest one-quarter of Section 28 and the Northwest one-quarter of Section 33, Township 2 North, Range 13 East of the Willamette Meridian, in the County of Wasco and State of Oregon, more particularly described as follows:

Beginning at a point on the East Right-of-Way of the Union Pacific Railroad, said point being South 3,169.00 feet and West 1,982.13 feet from the center one-quarter corner of said Section 28; thence following the existing fence along the approximate Easterly Right-of-Way of Union Pacific Railroad North 14°31'51" West 50.92 feet; thence North 11°34'27" West 79.10 feet; thence North 18°59'24" West 207.48 feet; thence South 67°51'13" West 36.80 feet; thence North 22°52'04" West 388.24 feet; thence North 68°40'37" East 20.58 feet; thence leaving said fence and Right-of-Way North 65°53'58" East 238.07 feet; thence North 67°12'52" East 796.99 feet; thence South 22°37'10" East 720.74 feet; thence South 67°09'03" West 164.58 feet; thence South 67°16'34" West 300.46 feet; thence South 67°12'51" West 448.99 feet; thence South 63°54'37" West 138.74 feet to the point of beginning.

TRACT 2:

A tract of land being a partition of Parcel 1 of the Martin Marietta Corp, Partition Plat filed August 30, 1991, as MF No. 910016, Partition Plat Records of Wasco County, Oregon lying in the Southwest one-quarter of Section 28 and the Northwest one-quarter of Section 33, Township 2 North, Range 13 East of the Willamette Meridian, Wasco County, Oregon, more particularly described as follows:

Beginning at a point on the East Right-of-Way of the Union Pacific Railroad, said point South 3169.00 feet and West 1,982.13 feet from the center one-quarter corner of said Section 28; thence North 63°54'37" East 138.74 feet to a 2 inch diameter steel fence post; thence North 67°12'51" East 448.99 feet to a 2 inch diameter steel fence post; thence North 67°16'34" East 300.46 feet to a 2 inch diameter steel fence post; thence North 67°09'03" East 65.16 feet to a 5/8 inch iron rod and the true point of beginning; thence continuing North 67°09'03" East 99.42 feet to monument; thence North 22°37'10" West 330.87 feet to a 5/8 inch iron rod; thence North 67°52'43" East 600.00 feet to a 5/8 inch iron rod; thence South 22°43'17" East 605.10 feet to a 5/8 inch iron rod; thence South 23°24'27" West 172.80 feet to a 5/8 inch iron rod; thence South 67°16'43" West 575.40 feet to a 5/8 inch iron rod; thence North 22°43'17" West 400.05 feet to the true point of beginning.

TRACT 3:

A tract of land, being a portion of Parcel 1 of Partition Plat 91-0016, in the Northeast quarter of the Northwest quarter of Section 33, Township 2 North, Range 13 East of the Willamette Meridian, City of The Dalles, Wasco County, Oregon, being more particularly described as follows:

Commencing at the Southeasterly corner of Parcel 1 of Partition Plat 90-0004; Thence along the Southerly line of said Parcel 1, South 67°11'15" West 99.42 feet; Thence leaving said Southerly line along the Westerly line of that tract of land described in Document No 96-1945, Deed Records of Wasco County, South 22°41'05" East 400.05 feet to the true point of beginning of this description; Thence along the Southerly line of said tract of land, North 67°18'55" East 575.40 feet; Thence leaving said, Southerly line South 23°26'39" West 6.44 feet; Thence parallel with said Southerly line, South 67°18'55" West 570.75 feet; thence North 22°41'05" West 4.47 feet to the true point of beginning of this description.

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #12-C

MEETING DATE: November 28, 2016

TO: Honorable Mayor and City Council

FROM: Gene E. Parker, City Attorney

ISSUE: Resolution No. 16-032, approving a rate increase resulting from increased operational and disposal fee costs incurred by The Dalles Disposal Service, effective January 1, 2017

RELATED COUNCIL GOAL: None.

BACKGROUND: Enclosed with this staff report is a letter dated November 3, 2016, from Jim Winterbottom, District Manager for The Dalles Disposal Service, submitting a request to the City to consider granting an increase averaging approximately .85% in the rates charged by the company for solid waste and recycling services, to be effective January 1, 2017. Mr. Winterbottom's letter included a proposed rate schedule, a copy of which is also enclosed with this staff report. The operational costs include such items as health care and truck and equipment repair. Mr. Winterbottom notes that the Wasco County Landfill anticipates increasing both its gate rate and the pass-through Household Hazardous Waste tax by .85%, effective January 1, 2017.

Mr. Winterbottom's letter also notes that The Dalles Disposal Service uses the Federal Bureau of Labor Statistics CPI index for Portland/Salem to benchmark their changes in operational costs. This index is computed as of June 30 and December 31. The most recent comparison from June 2015 to June 2016 shows an increase of 1.0%, which The Dalles Disposal Service believes is a good indicator of their overall experience with cost increases.

City staff contacted The Dalles Disposal for an explanation as to how the numbers in the rate schedule were determined. The information was prepared by the controller's office for Waste Connections, the parent company for The Dalles Disposal. The controller's office indicated that the landfill portion of the price increase is calculated off of the individual can weight obtained from a weight can study done by Portland State University. The portion of the increase for the Household Hazardous Waste program was calculated in a manner similar to the method used for the land use portion, but the percentage being assessed for the HHW program was less than the landfill portion. The method of calculation also needed to calculate the true portion business portion of the proposed rate increase, and then multiply that amount by the Consumer Price Index. The method of calculation used by the controller is very complex, so our Finance Director ran a simple 'Current Rate X 0.85%' calculation on all the rates and verified that the average of the total rate increases were within that range. The majority of the differences were due to rounding.

General Ordinance No. 92-1155, which contains provisions regulating franchisees that collect solid waste, requires the City Council to review rates charged by franchisees to determine if the rates are reasonable and just and adequate to provide collection service. The ordinance also provides that the rates established by the City Council shall allow the person who has the franchise to collect solid waste material, to recover any additional costs of education, promotion, and providing notice of the opportunity to recycle at the minimum level required by the State of Oregon or at a higher level of recycling required by or permitted by the City. Oregon law requires that the City Council provide an opportunity for public comment upon any proposed increase in fees, including rates to be charged by City franchisees.

BUDGET IMPLICATIONS: If the Council decides to adopt Resolution No. 16-032, approving the requested rate increase, the City will probably receive a modest increase in the amount of the franchise fee collected from The Dalles Disposal, as the franchise fee is calculated on the amount of gross revenue received by The Dalles Disposal.

COUNCIL ALTERNATIVES:

1. Staff recommendation: ***Move to adopt Resolution No. 16-032 approving a rate increase resulting from increased operational and disposal fee costs incurred by The Dalles Disposal Service, effective January 1, 2017***

2. The Council could determine to approve a lesser amount for a rate increase and direct the City staff to work with The Dalles Disposal to prepare a revised rate schedule. The revised rate schedule would be presented to the Council at a future Council meeting.

3. The Council could determine not to grant the requested rate increase and direct staff to prepare a resolution denying the requested rate increase for adoption at a future Council meeting.

RESOLUTION NO. 16-032

A RESOLUTION APPROVING A RATE INCREASE RESULTING FROM INCREASED OPERATIONAL AND DISPOSAL FEE COSTS INCURRED BY THE DALLES DISPOSAL SERVICE, EFFECTIVE JANUARY 1, 2017

WHEREAS, The Dalles Disposal Service, Inc. submitted a request dated November 3, 2016 for a rate increase averaging approximately 0.85% for increased operational costs and disposal fees, and for an adjustment to the company's rate schedule as a result of anticipated increases by Wasco County Landfill for both its gate rate and the pass through Household Hazardous Waste Tax; and

WHEREAS, Section 11 of General Ordinance No. 92-1155 provides that the City Council shall review all requests for a rate increase for companies providing solid waste collection services to determine whether the proposed rates are just and reasonable and adequate to provide necessary collection services; and

WHEREAS, pursuant to ORS 294.160, the City Council provided an opportunity at the November 28, 2016 Council meeting for public comment upon the proposed rate increase; and

WHEREAS, The Dalles Disposal Service submitted testimony that the company has incurred recent increased operational costs including costs for health care and truck and equipment repair; and

WHEREAS, The Dalles Disposal Service, Inc. provided further testimony that their company uses the Federal Bureau of Labor Statistics CPI index for Portland/Salem to benchmark their operational costs, and the most recent comparison for the period between June 30, 2015 to June 30, 2016 showed an increase of 1.0%; and

WHEREAS, the City Council finds that approval of the requested rate increase resulting from the increased costs of disposal of waste materials at the Wasco County Landfill and increased operational costs is appropriate and necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE DALLES AS FOLLOWS:

Section 1. **Rate Increase Approved** The rate increase requested by The Dalles Disposal Service, Inc., resulting from increased costs for disposal of material at the Wasco County Landfill and increased operational costs, as set forth in the attached Exhibit "A", is hereby approved, and shall take effect on January 1, 2017.

Section 2. **Effective Date** The effective date of this Resolution shall be November 28, 2016.

PASSED AND ADOPTED THIS 28TH DAY OF NOVEMBER, 2016.

Voting Yes, Councilors: ____
Voting No, Councilors: ____
Absent, Councilors: ____
Abstaining, Councilors: ____

AND APPROVED BY THE MAYOR THIS 28TH DAY OF NOVEMBER, 2016.

____
Stephen E. Lawrence, Mayor

Attest:

____
Izetta Grossman, City Clerk

WASTE CONNECTIONS, INC.
Connect with the Future
The Dalles Disposal

November 3, 2016

City of The Dalles
313 Court Street
The Dalles, Or. 97058

Attn:
Julie Krueger, City Manager

Dear Ms. Krueger, Honorable Mayor Lawrence and Council Members:

The Dalles Disposal would like to respectfully request a rate adjustment averaging approximately .85% to help offset rising operational costs and tip fees. We request this adjustment to be effective January 1, 2017. Some examples of these increases include, but are not limited to, health care, and truck and equipment repair.

We use the Federal Bureau of Labor Statistics CPI index for Portland/Salem to benchmark our changes in operational costs. This index is computed as of June 30 and December 31. The most recent June to June comparison increased 1.0%, and we believe this is a good indicator of our overall experience. The Wasco County Landfill anticipates increasing both its gate rate and the pass-through Household Hazardous Waste tax by .85%, effective January 1, 2017. We have incorporated these increases into the attached proposed rate schedule.

Individual rates change by different percentages based upon the disposal weight component of each rate.

We would like to be scheduled on the council agenda at your earliest convenience to discuss our proposal. We appreciate the continued opportunity to provide the City of The Dalles with high quality solid waste service.

Sincerely,

Jim Winterbottom
District Manager

Enclosure: Proposed Rate Sheets

1317 West First Street • The Dalles, OR 97058 • 541.298.5149 • Fax 541.298.1993

EXHIBIT A

THE DALLES CITY GARBAGE RATES

Proposed Increase January 1, 2017

						0.003
		0.85%	0.85%	3.00%		
SERVICE	8/1/2016 CURRENT RATE	Total LF Increase	Business Increase	Franchise Fee	TOTAL INCREASE	NEW RATE
RESIDENTIAL						
CANS/ROLLCARTS						
Weekly						
- (1) 20 gal can	$11.53	$0.02	$0.08	$0.003	$0.10	$11.63
- (1) 32 gal can	$16.65	$0.03	$0.11	$0.005	$0.15	$16.80
- 90 gal rollcart	$24.46	$0.08	$0.14	$0.008	$0.23	$24.69
- 105 gal cart (Phase Out)	$26.32	$0.10	$0.14	$0.008	$0.25	$26.57
- each add'l can	$16.65	$0.03	$0.11	$0.005	$0.15	$16.80
EOW						
- (1) 32 gal can	$13.57	$0.02	$0.10	$0.004	$0.12	$13.69
Call In						
- (1) 32 gal can	$11.83	$0.01	$0.09	$0.003	$0.10	$11.93
- 90 gal rollcart	$17.74	$0.02	$0.13	$0.005	$0.16	$17.90
YARD DEBRIS						
* 12 month min sign-up period						
* $18 restart fee if service cancelled and restarted within year						
* 60 gal yard debris cart						
Weekly	$8.02	$0.02	$0.02	$0.002	$0.04	$8.06
EOW	$5.51	$0.01	$0.02	$0.001	$0.03	$5.54
SPECIAL CHARGES						
* The following additional charges are accessed to cus whose cans, rollcarts or containers pose a potential safety risk to our employees due to the difficult and unsafe location of their service containers.						
Additional Charge:						
- Sunken Can	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Excess distance	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Steps/stairs	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Through gate	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
-extra can/bag/box	$6.55	$0.00	$0.05	$0.002	$0.06	$6.61
- loose yardage per yd (over-the-top extra around conts-cans-rollcarts or on the ground)	$27.95	$0.06	$0.18	$0.008	$0.25	$28.20
- bulk items (*Bring to transfer station)						
- return trip can	$7.25	$0.00	$0.06	$0.002	$0.06	$7.31
- return trip rollcart	$9.62	$0.00	$0.08	$0.003	$0.08	$9.70
- rollcart redelivery	$9.99	$0.00	$0.08	$0.003	$0.09	$10.08
- Off day PU	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Delinquent fee (Acct delinquent after 30 days from billing)	$12.54	$0.00	$0.10	$0.003	$0.11	$12.65
- NSF/unhonored check fee	$29.64	$0.00	$0.24	$0.008	$0.25	$29.89
- New Acct set up fee	$5.73	$0.00	$0.05	$0.002	$0.05	$5.78
- Change in service (name/address/service)	$5.73	$0.00	$0.05	$0.002	$0.05	$5.78

THE DALLES CITY GARBAGE RATES

Proposed Increase January 1, 2017

0.003

SERVICE	8/1/2016 CURRENT RATE	0.85% Total LF Increase	0.85% Business Increase	3.00% Franchise Fee	TOTAL INCREASE	NEW RATE
COMMERCIAL						
Weekly						
- (1) 32 gal can	$19.89	$0.03	$0.14	$0.006	$0.18	$20.07
- 90 gal rollcart	$30.07	$0.08	$0.18	$0.009	$0.27	$30.34
- 105 gal cart (Phase Out)	$30.68	$0.10	$0.18	$0.010	$0.28	$30.96
- each add'l can	$19.89	$0.03	$0.14	$0.006	$0.18	$20.07
EOW						
- (1) 32 gal can	$16.59	$0.02	$0.12	$0.005	$0.15	$16.74
Call In						
- (1) 32 gal can	$13.04	$0.01	$0.10	$0.004	$0.11	$13.15
- 90 gal rollcart	$19.60	$0.02	$0.14	$0.006	$0.17	$19.77
SPECIAL CHARGES						
* The following additional charges are accessed to customers whose cans, rollcarts or containers pose a potentioal safety risk to our employees due to the difficult and unsafe location of their service containers.						
Additional Charge:						
- Sunken Can	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Excess distance	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Steps/stairs	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
- Through gate	$7.15	$0.00	$0.06	$0.002	$0.06	$7.21
			$0.00			
-extra can/bag/box	$6.55	$0.00	$0.05	$0.002	$0.06	$6.61
- loose yardage per yd (*extra garbage ontop or around cans and rollcarts which must be manually handled & placed in truck)	$27.97	$0.06	$0.18	$0.008	$0.25	$28.22
- bulk items (*Bring to transfer station)						
- return trip can	$7.25	$0.00	$0.06	$0.002	$0.06	$7.31
- return trip rollcart	$9.67	$0.01	$0.07	$0.003	$0.08	$9.75
- rollcart redelivery	$9.99	$0.00	$0.08	$0.003	$0.09	$10.08
- Off day PU	$7.25	$0.00	$0.06	$0.002	$0.06	$7.31
- Delinquent fee (Acct delinquent after 30 days from billing)	$12.54	$0.00	$0.10	$0.003	$0.11	$12.65
- NSF/unhonored check fee	$29.64	$0.00	$0.24	$0.0081	$0.25	$29.89
- New Acct set up fee	$5.73	$0.00	$0.05	$0.0016	$0.05	$5.78
- Change in service (name/address/service)	$5.73	$0.00	$0.05	$0.0016	$0.05	$5.78
CONTAINERS						
1 1/2 Yd Containers						
- Call In	$30.33	$0.05	$0.21	$0.0089	$0.27	$30.60
- EOW	$44.44	$0.11	$0.28	$0.0136	$0.40	$44.84
- 1XPW	$88.96	$0.22	$0.55	$0.0272	$0.81	$89.77
- Additional day rate = # days x 1 x wk rate						
2 Yd Containers						
- Call In	$42.71	$0.07	$0.30	$0.0125	$0.38	$43.09
- EOW	$59.45	$0.15	$0.37	$0.0182	$0.54	$59.99
- 1XPW	$118.86	$0.30	$0.74	$0.0363	$1.08	$119.94
- Additional day rate = # days x 1 x wk rate						
3 Yd Containers						
- Call In	$60.68	$0.10	$0.42	$0.0179	$0.54	$61.22
- EOW	$88.91	$0.22	$0.55	$0.0272	$0.81	$89.72
- 1XPW	$177.94	$0.45	$1.11	$0.0544	$1.61	$179.55
- Additional day rate = # days x 1 x wk rate						

THE DALLES CITY GARBAGE RATES

Proposed Increase January 1, 2017

0.003

SERVICE	8/1/2016 CURRENT RATE	0.85% Total LF Increase	0.85% Business Increase	3.00% Franchise Fee	TOTAL INCREASE	NEW RATE
SPECIAL CHARGES						
- Delivery	$32.28	$0.00	$0.27	$0.0088	$0.27	$32.55
- Rent	$31.48	$0.00	$0.26	$0.0086	$0.27	$31.75
- Rent-a-bin	$70.85	$0.00	$0.58	$0.0193	$0.60	$71.45
- Loose yardage	$27.97	$0.06	$0.18	$0.0085	$0.25	$28.22
Containers with difficult access (per cont chg)						
- Not on solid surface	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
- Stuck in the mud	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
- Lodged in loose gravel	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
- Overweight	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
- Excess distance	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
- Rolloff curb	$7.89	$0.00	$0.07	$0.0021	$0.07	$7.96
COMPACTORS						
* 50,000 max gross weight						
- Per compacted yard	$31.11	$0.17	$0.12	$0.0108	$0.30	$31.41
- over 2 tons for 10 yds						
- over 4 tons for 20 yds						
- over 6 tons for 30 yds						
- over 50,000 GW x Fee (*Per each 2,000 lb excess)	$349.62	$0.00	$2.88	$0.0951	$2.98	$352.60
DROP BOXES						
- 10 yd min fee empty	$193.69	$0.64	$1.09	$0.0611	$1.79	$195.48
- 15 yd min fee empty	$298.34	$0.95	$1.70	$0.0938	$2.75	$301.09
- 20 yd min fee empty	$387.39	$1.27	$2.18	$0.1223	$3.57	$390.96
- 30 yd min fee empyt	$581.09	$1.91	$3.27	$0.1835	$5.36	$586.45
- Delivery	$67.23	$0.00	$0.55	$0.0183	$0.57	$67.80
- Demurrage per day after 5 days	$14.31	$0.00	$0.12	$0.0039	$0.12	$14.43
- LS ydg	$19.38	$0.06	$0.11	$0.0061	$0.18	$19.56
- over 2 tons for 10 yds						
- over 4 tons for 20 yds						
- over 6 tons for 30 yds						
- over 50,000 GW x Fee (*Per each 2,000 lb excess)	$349.62	$0.00	$2.88	$0.0951	$2.98	$352.60

THE DALLES CITY GARBAGE RATES

Proposed Increase January 1, 2017

0.003

SERVICE	8/1/2016 CURRENT RATE	0.85% Total LF Increase	0.85% Business Increase	3.00% Franchise Fee	TOTAL INCREASE	NEW RATE
TRANSFER STATION						
Minimum Charge:						
Household Garbage						
* 1 can or 1 bag	$7.28	$0.01	$0.06	$0.0021	$0.06	$7.34
- Per Yard (After Minimum)	$13.62	$0.03	$0.09	$0.0042	$0.12	$13.74
- MINIMUM YARD CHARGE (3 Yards)	$27.24			$0.0000	$0.24	$27.48
Bulk Items:						
- Mattress/box springs						
- Recliners/large chairs						
- Couches/furn/tv's (minimum fee plus)	$8.59	$0.00	$0.07	$0.0023	$0.07	$8.66
Appliances:						
- each	$11.46	$0.00	$0.09	$0.0031	$0.10	$11.56
- Refrigerators	$31.95	$0.00	$0.26	$0.0087	$0.27	$32.22
- Tires (each)	$12.88	$0.00	$0.11	$0.0035	$0.11	$12.99
- Tires with rims to 16" (each)	$25.76	$0.00	$0.21	$0.0070	$0.22	$25.98
Brush and Wood:						
(Must be clean/no garbage/ for recycling)						
- Per Yard (After Minimum)	$6.74	$0.03	$0.03	$0.0023	$0.06	$6.80
- MINIMUM YARD CHARGE (3 Yards)	$20.22			$0.0000	$0.18	$20.40

Yardage calculation: multiply width x length x height divide by 27 = total yards