

SUPPLEMENTAL AGENDA

REGULAR CITY COUNCIL MEETING

March 12, 2012

5:30 p.m.

CITY HALL COUNCIL CHAMBER
313 COURT STREET
THE DALLES, OREGON

**Items to be Added to the March 12, 2012
City Council Meeting Listed Below**

12. ACTION ITEMS

- B. Approval of Agreement Between Dallesport Water District and Columbia Gorge Regional Airport for Water Service

Julie Krueger, MMC, City Clerk



AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
March 12, 2012		

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager

DATE: March 7, 2012

ISSUE: Agreement between City Of The Dalles and Klickitat County acting as Columbia Gorge Regional Airport and The Dallesport Water Service District Regarding Improvements that will benefit the Airport

Background: Attached is an agreement between the City and the County acting as the Columbia Gorge Regional Airport and The Dallesport Water District. The City, County and District had previously agreed to a water supply agreement where the Airport water rights would be available to the District. This agreement is for the construction of the improvements necessary for the water to be served to the Airports new 17 lot industrial subdivision and other development on the Airport property. Construction of the subdivision and the water improvements are anticipated to begin spring and summer of this year (0212).

The proposed improvements include a new reservoir and pump station that will provide the necessary pressure to the Airport and other parts of the District's service area. The Airport and the District are agreeing to share equally in the project costs of approximately \$900,000 (see Exhibits D of the agreement). Klickitat County has agreed to pay for the Airports portion of the improvements as a benefit to the County and its residents.

Chuck Covert, from the airport management team, will be at the meeting to answer any additional questions that the council may have.

Budget Implications: There are no additional costs to the City beyond funds already in the Airport Budget, because of additional assistance by our partner Klickitat County.

Council Alternatives:

1. **Staff Recommendation:** *Authorize the City Manager to sign the Agreement to Construct Water Storage and Pumping Improvements as presented.*
2. Amend and authorize the City Manager to sign the Agreement to Construct Water Storage and Pumping Improvements.
3. Postpone for additional information.

**AGREEMENT TO CONSTRUCT WATER
STORAGE AND PUMPING IMPROVEMENTS**

This Agreement ("Agreement") is entered into on the ____ day of _____, 2012, between City of The Dalles, a municipal corporation of the State of Oregon ("City"), Klickitat County, a municipal corporation of the State of Washington ("County"), and the Dallesport Water ("District"), a Washington municipal corporation.

RECITALS

A. District is a water district organized and existing under RCW Title 57 that serves areas in and around the unincorporated area known as Dallesport in Klickitat County, Washington.

B. Pursuant to the provisions of ORS 190.420 and RCW 39.34.030, the City of the Dalles and Klickitat County entered into a Joint Operation Agreement for the ownership and operation of the Columbia Gorge Regional Airport ("Airport") on November 1, 2002. City and County together operate and manage the Airport.

C. District, City of the Dalles and Klickitat County previously entered into a Water Supply Agreement dated August 16, 2011 ("Water Supply Agreement") in which the District agreed to provide water service to the Airport Properties as described and defined therein in exchange for receiving certain water supply resources; including:

- The Airport well in its current configuration.
- The Airport well water right.
- A restrictive covenant with a 100-foot radius with the well at its center.
- A facilities easement for the well, future wellhead improvements, utility extensions, and the proposed transmission main.

The District agreed, in part, to provide water service to the Airport Properties and to add the Airport Properties to its Retail Service Area boundary. The term "Airport Properties" as used herein shall have the same description as contained in Exhibit A to the Water Supply Agreement which is incorporated herein by reference.

D. City and County intend to develop the first phase ("Phase 1") of a commercial and industrial business park ("Business Park") located within the Airport Properties, which phase is described on Exhibit A attached hereto and incorporated by reference. The City and County desire that District provide water service including fire flow protection to the Business Park. The Business Park requires a fire flow capacity of 1,500 gpm for two hours. This level of fire flow is presently not available from the District. An additional water storage reservoir is required to be constructed along with pumping facilities (collectively "Water Storage and Pumping Improvements") in order to achieve that level of service. The water reservoir shall consist of an approximately sized 200,000 gallon tank and the pumping facility shall consist of a booster pump station with a total capacity of

approximately 2,000 gpm. This total capacity will include a dedicated fire pump with a capacity of 1,500 gpm. The Water Storage and Pumping Improvements are described in Exhibit B attached hereto and incorporated herein by reference which includes an approximate description of the proposed water reservoir location ("Reservoir Site").

E. City and County desire that District install the Water Storage and Pumping Improvements and provide water service to the Business Park. District is agreeable to doing so on the basis that City and County pay for their share of the cost of the Water Storage and Pumping Improvements and perform other work as described herein.

F. The Water Storage and Pumping Improvements will be designed to provide fire flow capability of 1,500 gpm for a duration of two hours for the Business Park and future development on the Airport Properties. The Water Storage and Pumping Improvements will also have the capacity to serve an additional 400 equivalent residential units throughout the District's retail service area, including Airport Properties. District needs additional storage and pumping capacity to meet future demands within its retail service area and the Water Storage and Pumping Improvements will help District meet its water service goals. Based on each party's independent financial analysis, City and County have agreed to collectively bear fifty percent (50%) of the costs of the Water Storage and Pumping Improvements and District shall bear the other fifty percent (50%) of such costs. District has received a loan adequate to finance its share of the cost of the Water Storage and Pumping Improvements.

G. As an integral part of this Agreement, City and County will construct at their sole cost water distribution facilities ("Water Distribution Facilities") throughout Phase 1 of the Business Park which will include a water main extension to connect the Water Distribution Facilities to the District's water system. In addition, City and County will endeavor to concurrently construct at their sole cost a transmission main ("Transmission Main") through Phase 1 of the Business Park to the Reservoir Site, although construction of the Transmission Main is subject to the condition that the City and County secure funding for its cost. A map of the Business Park which includes the route of the Water Distribution Facilities and Transmission Main is attached hereto as Exhibit C which is incorporated herein by reference.

H. District's engineer has prepared a preliminary estimate of the costs ("Preliminary Cost Estimate") of the Water Storage and Pumping Improvements which is attached as Exhibit D and is incorporated herein by this reference.

I. The District, City and County desire to enter into this agreement to document their respective responsibilities for constructing and paying for all water system improvements described herein. Now, therefore,

IN CONSIDERATION of the mutual covenants herein contained, the parties hereby agree as follows:

1. Cost Sharing. The parties agree to share collectively in the cost of the Water Storage and Pumping Improvements as follows:

- a. Water Storage and Pumping Improvements. City and County shall bear fifty percent (50%) of the cost of the Water Storage and Pumping Improvements and District shall bear fifty percent (50%) of the cost of the Water Storage and Pumping Improvements.
- b. Water Distribution Facilities and Transmission Main. The cost of the Water Distribution Facilities and Transmission Main shall be borne entirely by City and County, provided, that, they shall be entitled to reimbursements and credits as set forth in Sections 4. d. and e. below.

The parties acknowledge that the actual costs of the Water Storage and Pumping Improvements as set forth in the Preliminary Cost Estimate described in Exhibit D will depend on the final design, permits, contractor bids and change orders.

2. Construction of Water Storage and Pumping Improvements.

- a. Design, Permitting and Financing. Upon execution hereof, District shall commence design and permit application work for the Water Storage and Pumping Improvements and prepare a water system plan amendment for submission to the Washington State Dept. of Health to expand its retail service area to include the Airport Properties. District shall use diligent efforts to acquire all required permits and approvals to perform the work and to prepare a final estimate of the construction costs. District shall use a duly licensed engineer of its choice to perform such tasks. District shall provide a copy of the plans, permits and final cost estimate to City and County upon completion thereof. District shall also provide City and County with an accounting of all out of pocket costs incurred prior to the date of execution of this Agreement, including preliminary engineering for the work described herein and a quarterly accounting of all costs covered by this Agreement hereafter incurred.
- b. Condition to Construction. District shall advertise the Water Storage and Pumping Improvements for bids in accordance with RCW 57.08.050 upon satisfaction of all of the following conditions:
 - i. District's receipt of written confirmation from City and County that they together have sufficient funds on hand to pay 50% of the estimated costs of the work plus a reasonable contingency and have obtained all requisite approvals to authorize to make such payments.
 - ii. District's acquisition of all real property, easements and permission to use public rights of way necessary for the work.
 - iii. District's receipt of all governmental permits necessary for the work.

iv. District's receipt of approval of an amendment to its water system plan from the Washington State Department of Health; provided, that, the work may be advertised prior to approval of such amendment without waiver of any rights by District hereunder if District determines that such approval is imminent.

v. Payment by City and County to District of their share of all expenses due hereunder as described in Section 2.a. incurred by District up to the date of bid advertisement.

c. Construction and Completion. Upon satisfaction of all of the foregoing conditions and mutual acceptance by the District and the City and County of the bid results, District shall award a public works construction contract to install the Water Storage and Pumping Improvements to the lowest responsible bidder in accordance with RCW 57.08.050 and administer the contract utilizing the services of its engineer for contract administration and inspection. The construction contract shall include standard legal provisions for public works contracts for water districts in the State of Washington. The performance and payment bonds and insurance coverage required by the construction contract shall include the County and City as secured parties and additional named insureds. District shall use reasonable efforts to cause the completion of the Water Storage and Pumping Improvements by no later than July, 31, 2013.

d. Information. District shall keep City and County apprised of all work and shall provide them with a copy of the bids, bid tabulation and change orders.

e. Change Orders. Change orders resulting from unforeseen conditions and unanticipated matters may be negotiated and approved by District in accordance with the provisions of the construction contract. All other change orders shall require unanimous approval of the parties.

f. Accounting. District shall establish an accounting system approved by all parties to accurately record the cost of the Water Storage and Pumping Improvements.

g. Progress Payments. City and County shall pay fifty percent (50%) of the cost of the Water Reservoir and Booster Pump station in monthly installments upon request by District. Such costs shall include the cost of design (including additional engineering costs incurred by District following the execution of this Agreement), permit acquisition, right of way and property acquisition, construction, contract administration, inspection and change orders. District shall provide written documentation to support every pay request. City and County shall tender payment to District by warrant or electronic means by no later than thirty (30) calendar days after receipt of every pay request. Late payments shall accrue interest at one percent per month.

3. Water Distribution Facilities and Transmission Main.

a. Developer Extension Agreement. Upon execution hereof, City and County shall no later than ninety days from the date of this Agreement submit to District a water system developer extension agreement ("Developer Extension Agreement") in accordance with RCW Ch. 57.22 containing terms and conditions satisfactory to District for the design, permitting and installation of the Water Distribution Facilities and Transmission Main through Phase 1 of the Business Park; provided, that, the Transmission Main may be omitted from the work if the cost of installing the Transmission Main exceeds City and County's cost budget. The Developer Extension Agreement shall include and not be limited to, requirements that all such facilities be constructed pursuant to District standards and conveyed to District at no charge upon satisfactory completion and final acceptance by District. City and County hereby confirm that they have financing in place to pay the cost of the Water Distribution Facilities through Phase 1 of the Business Park.

b. Coordination of Work. City and County shall diligently prosecute the work under the Developer Extension Agreement to completion and shall coordinate its work with District's work of installing the Water Storage and Pumping Improvements so that all work under the Developer Extension Agreement is completed no later than the date of completion of District's work of installing the Water Reservoir and Pumping Improvements.

c. Reimbursement of Costs. City and County may request from District reimbursement of costs of the Transmission Main (if it is constructed) in accordance with Section 4.e. below with respect to water System Development Charges (SDCs) received from new customers within the District. No credit or reimbursement shall be made with respect to the costs of the Water Distribution Facilities.

4. Post Completion. Upon completion of the Water Storage and Pumping Improvements and completion and acceptance by District of the Water Distribution Facilities and Transmission Main (if constructed) pursuant to the Developer Extension Agreement, the District shall:

a. Operation of System. Operate and maintain those facilities as part of its water system.

b. Connection Charges. Revise its water system connection charges, which are referred to in District's resolutions as "System Development Charges" or "SDC's" to include the actual costs associated with the Water Storage and Pumping Improvements and the Transmission Main. The District shall include in its definition of structures subject to connection charges aircraft hangers or other facilities that do not contain plumbing but which nevertheless require fire protection.

c. Credit from Prior Agreement. Confirm that pursuant to the provisions of the Water Supply Agreement, the first 30 equivalent residential units (ERUs) of development involving connections to District's water system within the Airport Properties will not

incur any SDC's in the amount equivalent to the credit for 30 ERUs.

d. Credit for New Facilities. District may, to the extent authorized by law, structure its SDC rates to include the full cost of the of the Water Storage and Pumping Improvements or alternatively, it may treat the City and County's payments towards such costs as a donation (which will result in lower SDC rates). If the full costs are utilized, District shall develop an equitable credit to its SDC rates applicable only to the Airport Properties in order to reflect the City and County's payment of the costs. City and County acknowledge that usage of the credit will be contingent upon development of parcels within the Business Park. Notwithstanding the foregoing, the potential SDC credit provided herein shall expire ten (10) years from the date of execution of this Agreement at which time no further such credit will be issued unless the parties unanimously agree in writing to extend such expiration date.

e. Cost Reimbursement For Transmission Main. Upon request by City and County for reimbursement relating to the cost of installing the Transmission Main (if applicable), City and County shall submit to District its documented costs of such facilities. The reimbursement amount shall be based on that portion of the total cost of the Transmission Main that benefits the District as determined by District. Eligible costs shall consist of out-of-pocket costs for design, permitting, engineering, administration, and construction and inspection. District shall develop a SDC reimbursement formula which shall include a calculation containing a reimbursement amount payable to City and County or their assigns of an allocated cost amount based on the benefit attributable to the District. District will adopt a local facilities or similar element of its SDC which shall be the source of reimbursement hereunder. The source of reimbursement shall be SDC's received with respect to all parcels within the District's retail service area including the Business Park. The SDC methodology will be provided to the City and County for comment no less than sixty (60) days prior to adoption. Notwithstanding the foregoing, the SDC reimbursement provided herein shall expire ten (10) years from the date of execution of this agreement at which time no further reimbursements will be issued unless the parties unanimously agree to extend such date.

5. Termination. This Agreement shall automatically terminate if the Water Storage and Pumping Improvements and Water Distribution Facilities are not fully completed within twenty four months from the date of this Agreement unless the parties mutually agree in writing to extend its terms. If construction work has commenced but has not been completed by such date, this Agreement shall be deemed automatically extended for a reasonable period to accommodate completion of construction. This agreement shall automatically terminate if the bids received from the competitive bidding process for the Water Storage and Pumping Improvements are not acceptable to all parties. Upon termination, the agreement shall be null and void, provided that, any outstanding payment obligations of one party owing to another shall survive termination.

6. General.

a. Rules. City and County shall comply with the rules and regulations of the District as they may be amended from time to time.

b. Fees and Charges. City and County shall pay all fees, charges, penalties due the District as required by this Agreement and by District's rules, regulations and rate schedule as they may be amended from time to time.

c. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof. This Agreement may not be modified except by a written instrument duly executed by both parties.

d. Binding Effect/Assignment. This Agreement is binding upon the heirs, administrators, successors and assigns of the parties hereto; provided that, it shall not be assignable or transferable by either party, either voluntarily or by operation of law without the other's prior written consent and if issued with respect to the City and County, only then to the City and County's successors interest in the Airport Properties. In no event shall this Agreement be assigned to or transferred for the benefit of any property other than the property described herein.

e. Non-Waiver. Any party's waiver of any breach of any term contained in this Agreement shall not be deemed to be a waiver with respect to any subsequent breaches.

f. Attorney Fees. In the event legal action is commenced to enforce the terms of this Agreement, the prevailing party or parties in such proceedings shall be entitled to recover costs of such action, including the reasonable attorney fees from the non-prevailing party or parties. Venue and Jurisdiction shall lie in the Klickitat County Superior Court for the State of Washington.

g. Severability. If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected.

h. Governing Law/Venue. This Agreement shall be governed by the laws of the State of Washington.

i. Joint and Several Liability. City and County's obligations hereunder shall be joint and several.

j. Annexation. At any time upon request by District, City and County shall execute a petition to annex the Airport Properties into the District's corporate boundaries in accordance with RCW Ch. 57.24 and shall not oppose the annexation by any governmental or judicial proceeding.

k. Fire Protection. The fire protection aspects of the facilities described in this Agreement are a governmental function. Nothing in this agreement shall be construed to mean that the fire protection aspects of such facilities are for hire

or are intended to serve any particular parcel, improvement or person.

Executed in Klickitat County, Washington as of the date first appearing above.

CITY OF THE DALLES

**BOARD OF COUNTY COMMISSIONERS
Klickitat County, Washington**

Nolan K. Young, City Manager

Chairman

Commissioner

Commissioner

ATTEST:

ATTEST:

Julie Krueger, MMC, City Clerk

Clerk of the Board

Approved as to form:

Approved as to form:

Gene E. Parker, City Attorney

Lori Lynn Hocter
Prosecuting Attorney

Dallesport Water District

Chairman/Commissioner

Secretary/Commissioner

Commissioner

Approved as to form:

ATTEST:

Richard Jonson, Attorney

Clerk

Exhibit A Description of Business Park
Exhibit B Description of Water Reservoir and Pump Station
Exhibit C Water Distribution Facilities and Transmission Main
Exhibit D Cost Estimate

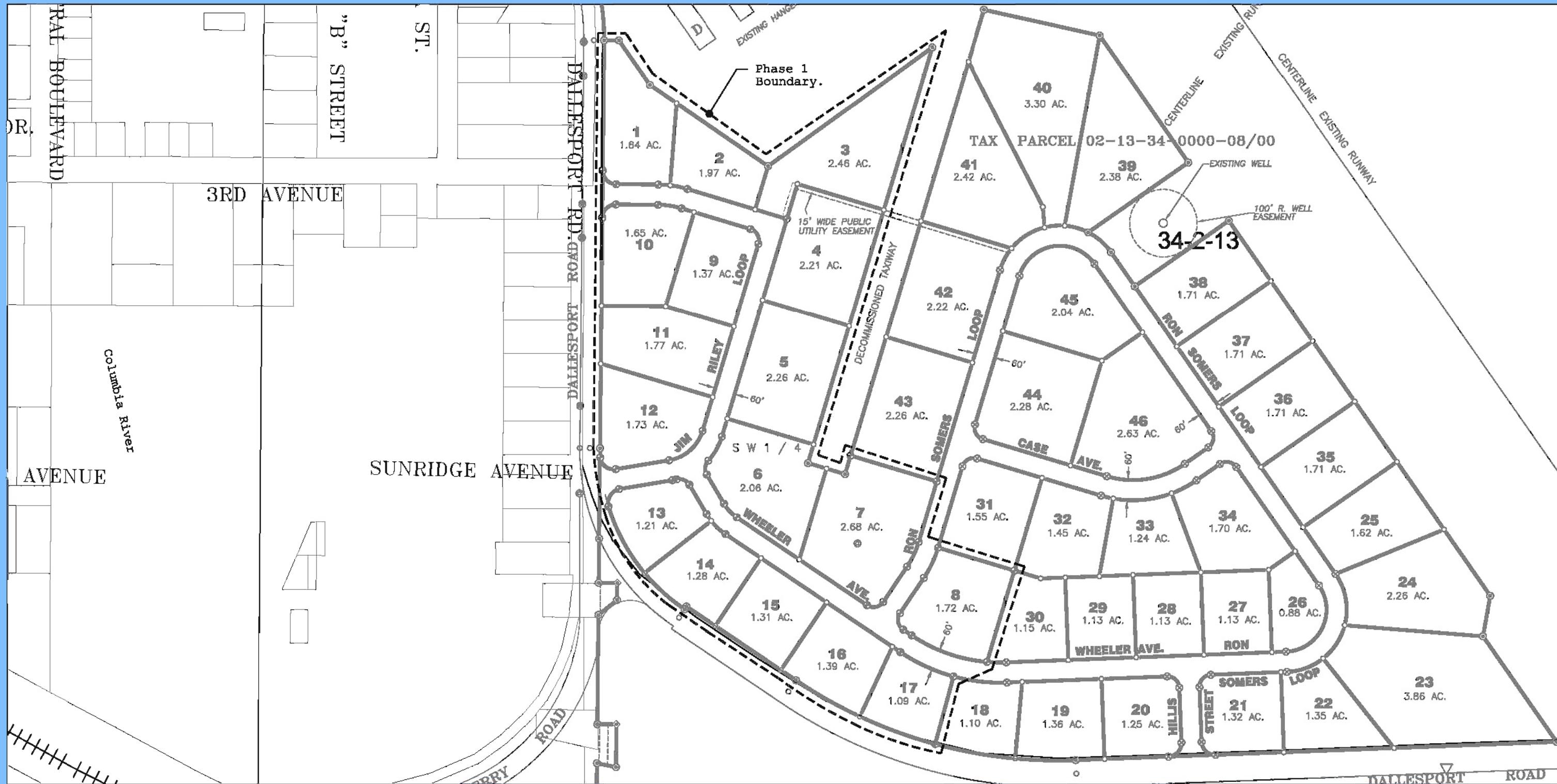


EXHIBIT A

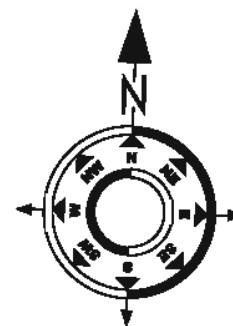
Phase 1 Business Park

Jan. 9, 2011

JOHN GRIM & ASSOCIATES
Civil Engineering Consultants

Phone: (509) 365-5421
Fax: (509) 267-4202
E-mail: jga1@gorge.net

PO Box 955
407 Highway 14
Lyle, Washington 98635



LEGEND

Phase 1 Business Park Boundary - - - - -

Notes: Mapping is based on Tenneson Engr. data, USGS data (elevations, contours, roads), and County GIS data (sections, parcels, roads).

Exhibit B – Water Storage and Pumping Improvements

Dallesport Water District intends to build the following improvements:

Water Storage Tank – An approximately 200,000 gallon storage tank will be built on the District's property located at ___ 6th, St. Dallesport, WA. The new tank will be next to the District's existing tank. The tank will be a pre-engineered Mount Baker Silo Co. concrete tank or a pre-engineered Aquastore Co. glass fused to steel tank. The tank will provide the capacity to serve an additional 400 homes (or equivalent development) within the District's service area which includes the Airport business park and other Airport property. The tank will have a fire flow storage capacity equivalent to 1,500 gpm of fire flow for a duration of two hours (180,000 gallons).

Booster Pump Station – A booster pump station with a total capacity of approximately 2,000 gpm will be built on the District's property at ___ 6th, St. Dallesport, WA. The new pump station will be located next to the District's existing tank and the new tank. The pump station will have several pumps including one fire pump capable of pumping at a rate of 1,500 gpm. The pump station will convey water into the District's distribution system (including Phase 1 of the Airport Business Park) at pressures exceeding minimum standards required by the State of Washington. The pump station will be housed in a new CMU block building designed and built in compliance with relevant building codes and standard engineering practice. The pump station will have standby power capability and remote alarms to reduce its vulnerability to failure due to power outages and equipment failures.

The location of the facilities is illustrated on Exhibit C to this agreement.

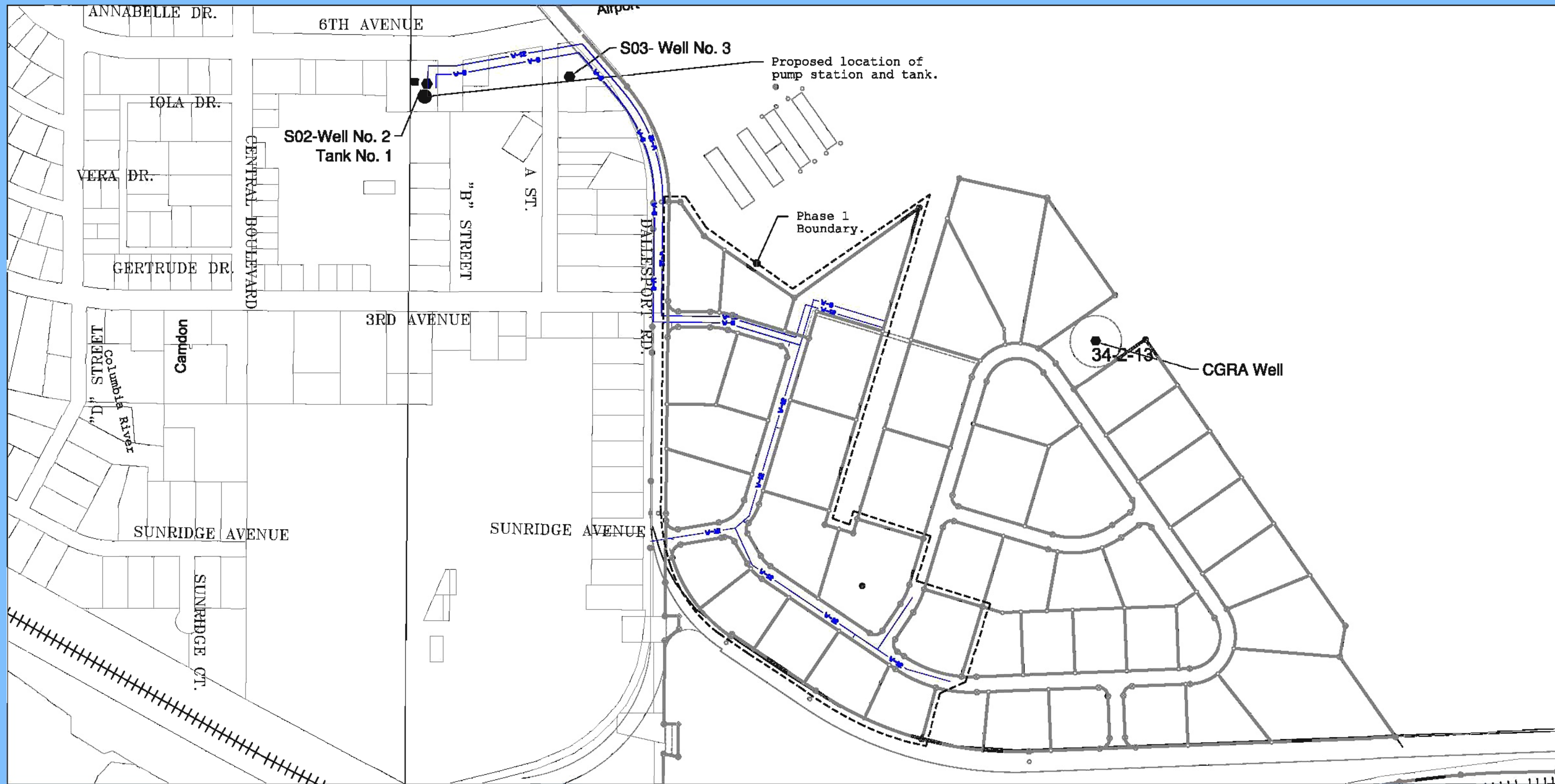


EXHIBIT C

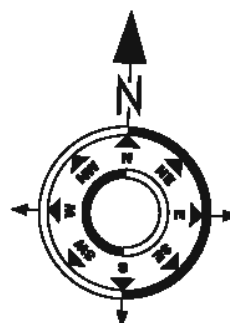
Airport Water System Improvements

Jan. 9, 2011

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 407 Highway 14
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Phase 1 Business Park Boundary

Ph. 1 Business Park 12" Watermains

Ph. 1 Business Park 8" Transmission Main

Notes: Watermain locations and sizes are approximate. Mapping is based on Tenneson Engr. data, USGS data (elevations, contours, roads), and County GIS data (sections, parcels, roads).

Exhibit D
Booster Pump Station Cost Estimate

Expense Item	Cost
Engineering Services	
Design Engineering	\$ 66,100
Geotechnical	Part of tank estimate
Surveying	Part of tank estimate
Services During Bidding and Award	\$ 5,000
Construction Management, Inspection, Testing	\$ 10,000
Contingency (15%)	\$ 12,165
Subtotal Engineering	\$ 93,265
Construction	
New 400 sf CMU Building	\$ 46,000
FRP Doghouse Over Well No. 2	\$ 5,000
Skid mounted 4-stage package pumping system (ITT)	\$ 105,000
150 kW Standby Diesel Gen Set	\$ 35,000
ATS	\$ 3,500
Major Electrical System	\$ 50,000
Minor Electrical System	\$ 10,000
Mechanical System	\$ 50,000
Flow meter	NA
Control System	NA
BPS Demolition	\$ 10,000
Tablet Chlorination	\$ 16,000
Subtotal Construction	\$ 330,500
Sales Tax (7%)	\$ 23,135
Construction Subtotal	\$ 353,635
Construction Contingency (15%)	\$ 53,045
Construction Total	\$ 406,680
Engineering and Construction Total	
	\$ 499,945

Exhibit D
Tank No. 2 - Cost Estimate

Expense Item	Cost
Engineering Services	
Design Engineering	\$ 30,000
Geotechnical	\$ 5,000
Surveying	\$ 5,000
Services During Bidding and Award	\$ 5,000
Construction Management, Inspection, Testing	\$ 10,000
Contingency (15%)	\$ 8,250
Subtotal Engineering	\$ 63,250
Construction	
Mobilization & Demobilization	\$ 10,000
Site and Foundation Preparation	\$ 15,000
200,000 Gallon Tank Installed (Mount Baker Silo)	\$ 208,000
Tideflex mixing system	\$ 10,000
Security fencing	\$ 15,000
Electrical equipment and installation	\$ 5,000
Control equipment	\$ 5,000
Mechanical equipment and installation	\$ 20,000
Landscape restoration/cleanup	\$ 2,000
Subtotal Construction	\$ 290,000
Sales Tax (7%)	\$ 20,300
Construction Subtotal	\$ 310,300
Construction Contingency (10%)	\$ 31,030
Construction Total	\$ 341,330
Engineering and Construction Total	
	\$ 404,580