

**AGENDA**

**REGULAR CITY COUNCIL MEETING**

July 23, 2012

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. Americans With Disabilities Anniversary Proclamation
  - B. School District 21 Report
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

**CITY OF THE DALLES**

*"By working together, we will provide services that enhance the vitality of The Dalles"*

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 July 9, 2012 Regular City Council Meeting Minutes

11. PUBLIC HEARINGS

A. Public Hearing to Receive Testimony Regarding Proposed Amendments to the Land Use Development Ordinance [**Agenda Staff Report #12-052**]

12. ACTION ITEMS

A. Approval of Agreement With US Army Corps of Engineers for Operation of the Shuttles at The Dalles Dam [**Agenda Staff Report #12-053**]

13. DISCUSSION ITEMS

A. Update Regarding Revenue Impacts From Water Rate Adjustments Implemented in December, 2011 [**Agenda Staff Report #12-051**]

14. ADJOURNMENT

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**This meeting conducted in a handicap accessible room.**

Prepared by/  
Julie Krueger, MMC  
City Clerk



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## PROCLAMATION

**WHEREAS**, the Americans with Disabilities Act has helped fulfill the promise of America for millions of individuals living with disabilities and the anniversary of this legislation is an important opportunity to celebrate our progress over the last 22 years; and

**WHEREAS**, when the legislation was signed, it was noted as a dramatic renewal not only for those with disabilities but for everyone because along with the precious privilege of being an American comes a sacred duty to ensure every American's rights are guaranteed; and

**WHEREAS**, the Act has far reaching reforms that have played a significant role in enhancing the quality of life for millions of Americans who must overcome considerable challenges each day in order to participate fully in all aspects of life;

**NOW THEREFORE**, I, Jim Wilcox, Mayor of the City of The Dalles, Oregon, proclaim July 26, 2012, as a day of celebration of the 22nd Anniversary of the Americans With Disabilities Act and call on the citizens of The Dalles to celebrate the contributions of individuals with disabilities as we work toward fulfilling the promise of the ADA to give all citizens the opportunity to live with dignity, work productively and achieve their dreams.

**APPROVED AND DATED THIS 23rd DAY OF JULY, 2012**

SIGNED:

\_\_\_\_\_  
James L. Wilcox, Mayor

ATTEST:

\_\_\_\_\_  
Julie Krueger, MMC, City Clerk



**CITY of THE DALLES**

313 COURT STREET  
THE DALLES, OREGON 97058

(541) 296-5481

## **AGENDA STAFF REPORT**

### **CITY OF THE DALLES**

<b>MEETING DATE</b>	<b>AGENDA LOCATION</b>	<b>AGENDA REPORT #</b>
July 23, 2012	Consent Agenda 10, A	N/A

**TO:** Honorable Mayor and City Council

**FROM:** Julie Krueger, MMC, City Clerk

**THRU:** Nolan K. Young, City Manager

**DATE:** July 11, 2012

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

**A. ITEM:** Approval of July 9, 2012 Regular City Council Meeting Minutes.

**BUDGET IMPLICATIONS:** None.

**SYNOPSIS:** The minutes of the July 9, 2012 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 July 9, 2012 regular City Council meeting.

## **MINUTES**

REGULAR COUNCIL MEETING  
OF  
JULY 9, 2012  
5:30 P.M.  
THE DALLES CITY HALL  
313 COURT STREET  
THE DALLES, OREGON

**PRESIDING:** Mayor Jim Wilcox

**COUNCIL PRESENT:** Bill Dick, Carolyn Wood, Dan Spatz, Tim McGlothlin

**COUNCIL ABSENT:** Brian Ahier

**STAFF PRESENT:** City Manager Nolan Young, City Attorney Gene Parker, City Clerk Julie Krueger, Finance Director Kate Mast, Police Chief Jay Waterbury, Community Development Director Dan Durow, Public Works Director Dave Anderson

### **CALL TO ORDER**

Mayor Wilcox called the meeting to order at 5:30 p.m.

### **ROLL CALL**

Roll call was conducted by City Clerk Krueger; Councilors Ahier and Dick absent.

### **PLEDGE OF ALLEGIANCE**

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

### **APPROVAL OF AGENDA**

It was moved by Wood and seconded by Spatz to approve the agenda as presented. The motion carried unanimously, Ahier and Dick absent.

### **AUDIENCE PARTICIPATION**

John Dennee, 2651 East 10<sup>th</sup> Street, The Dalles, read a statement into the record (Attachment "A") regarding concerns regarding the potential development of his property. He expressed concern regarding regulations which financially prohibited him from partitioning his property. He asked the City Council to consider making the development rules more lenient for private property owners.

Mayor Wilcox asked if the \$52,111 mentioned by Mr. Dennee was the cost for the local improvement fund, or if that included systems development charges (SDC's). Mr. Dennee said the SDC's were an additional \$7,000 in 2009.

City Manager Young said the staff had received direction from City Council to provide background information and begin a conversation about the local improvement development regulations. He said the information from the task force would also be provided. Young said it was planned to provide the information to City Council in September or October.

### **Councilor Dick in attendance at 5:43 p.m.**

Daniel, 845 Snipes Street, The Dalles, expressed his disappointment that the Council had not heeded his suggestions to eliminate the burn barrel restrictions and to use money that had been planned for East 19<sup>th</sup> Street extension to pay off general City debt. He said the Oregon Constitution recognized English as the official language of the State and demanded the City only publish documents in the English language, saving time and paper for the City. Daniel said the City had not followed law by annexing the Chenoweth area into the city limits and said since the voters did not support the annexation, the City must return all assets back to Chenoweth. Daniel said he believed the YouthThink program was a United Nations program and therefore funding the program was considered giving aid to a foreign government. He said the City was not authorized to support foreign programs and demanded all ties with the YouthThink program be severed.

Jerry Johnson, 3102 East 13<sup>th</sup> Street, The Dalles, said he shared the concerns expressed by Mr. Dennee regarding development of property on the east side of the community. He said he tried to partition his property several years ago and the City would have required him to give up approximately one-third of his property for right of way purposes, so he gave up on the idea.

Mayor Wilcox said many rules had changed over recent years and encouraged Mr. Johnson to check with the Planning Department to see if some of the changes would have a more positive impact on his property.

MINUTES (Continued)  
Regular Council Meeting  
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It was noted there was an appeal process for all land use applications.

Councilor Wood said the City was required to comply with State land use laws. She said the City Council had worked very hard to provide policies that were helpful to development but that she supported another review.

Randy Hager, 2804 East 10<sup>th</sup> Street, The Dalles, said it was important to keep an open process and to be open to letting the public work with staff directly on items such as minor partitions. He asked the Council to recognize the simple request made by Mr. Dennee and to make a motion to eliminate the development fees for his property. He suggested improvement fees should be tied to building permits.

City Manager Young said it would be inappropriate for the City to make land use decisions on individual properties.

#### **CITY MANAGER REPORT**

City Manager Young reminded the Council of two street projects, saying the 10<sup>th</sup> Street/Kelly Avenue project would be completed the week of July 19 through 22, with grinding and paving. He said staff had made the schedule to work well for the local businesses. Young said the East 19<sup>th</sup> Street project would be completed the week of August 20 through 27 and had also been discussed with the property owners in the area.

Young said the commercial dock and festival park projects were nearly completed and staff was working on plans for a grand opening of the two projects on September 6, 10:00 a.m. He said the Chamber of Commerce was working with the City to attract cruise lines to use the dock facility.

#### **CITY ATTORNEY REPORT**

City Attorney Parker said he was reviewing and updating ADA policies. He said the Second Hand Dealer Ordinance would not be coming to Council for approval until September. Parker said he was working with Home at Last to get input into the development of a dog ordinance for the City. He reported the community yard sale signs had been purchased and would be installed this week.

#### **CITY COUNCIL REPORTS**

Councilor Wood asked if yard signs that supported programs and projects were addressed in the City's sign ordinance. City Attorney Parker said they were considered temporary signs and no permit was required if they were placed on private property.

MINUTES (Continued)  
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Councilor McGlothlin said he had recently toured the Public Works facility and was very impressed with the facility and their operations. McGlothlin said he had also attended the Airport's open house last week and had been very impressed with their operations and their ability to bring business to the area.

Mayor Wilcox thanked Councilors Wood and McGlothlin for attending the Airport open house. He noted the Babe Ruth tournament would be in The Dalles on August 1 and said The Dalles was sending a delegation to the sister city in August, with Myoshi City sending a delegation to The Dalles in October.

McGlothlin said the Parks and Recreation District and Lions Club would begin removal of the monument at the skate park on September 15.

### **CONSENT AGENDA**

It was moved by Wood and seconded by Dick to approve the Consent Agenda as presented. The motion carried unanimously, Ahier absent.

Items approved by Consent Agenda were 1) approval of June 25, 2012 regular City Council meeting minutes; 2) authorization for City Clerk to endorse annual OLCC license renewals; and 3) Resolution No. 12-011 concurring with the Mayor's appointment to the Planning Commission.

### **ACTION ITEMS**

#### **Review and Selection of City's Top Priorities for League of Oregon Cities Legislative Objectives for 2013**

City Manager Young reviewed the staff report, saying staff had reviewed the list and provided five proposed items for consideration. He said the City Council had the choice of all the items listed, not just the ones proposed by staff.

Councilor Spatz said item "F", reforming the court fine system, seemed to be important to the City and asked why it was not included in the recommendation. City Manager Young said it was important, but did not rank as high as the other priorities identified. It was noted there may not be adequate data to evaluate the impact of the State's legislation because there had not yet been a full year of information since the law was enacted.

Councilor Wood said of the five priorities listed in the staff report, she said item "C", more flexible use of transient lodging tax revenues, seemed to have the least impact to the City. City Manager Young said it was a concern for our City because it required the City to continue to use



MINUTES (Continued)  
Regular Council Meeting  
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the same ratio of 50.2% for tourism promotion that was used in 2003. He said with increased revenue from transient room tax, the City would like the ability to use some of those funds for projects, programs and infrastructure related to tourism.

It was moved by Spatz and seconded by Dick to forward item "A" Jobs/Economic Development Initiative that supports funding for industrial site development, "K" pass legislation renewing the 9-1-1 tax, "M" Defeat legislation that would extend or make permanent the moratorium on raising existing or levying new local gas taxes, and "Q" recapitalization of State Special Public Works Fund, Water Wastewater Fund, Water Conservation, Reuse and Storage Grant Program and Clean Water State Revolving Fund Loan Program as the top four priorities identified by the City of The Dalles. The motion carried unanimously, Ahier absent.

Special Ordinance No. 12-549 Vacating a Portion of the Public Right of Way of West Seventh Street

The staff report was reviewed by City Attorney Parker.

City Clerk Krueger read Special Ordinance No. 12-549 by title.

It was moved by Wood and seconded by Spatz to adopt Special Ordinance No. 12-549 vacating a portion of the public right of way of West Seventh Street, by title. The motion carried unanimously, Ahier absent.

**ADJOURNMENT**

Being no further business, the meeting adjourned at 6:44 p.m.

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Submitted by/  
Julie Krueger, MMC  
City Clerk

SIGNED:

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James L. Wilcox, Mayor

ATTEST:

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Julie Krueger, MMC, City Clerk

IN 1985 THERE WERE TWO REASON WHY WE ORIGINALLY BOUGHT THE PROPERTY AT 2651 EAST 10<sup>TH</sup> STREET, FURTHER DESCRIBED AS MAP AND TAX LOT IN 13E 2DA: 3500 WITH A TOTAL SIZE OF 20,008 +/- SQUARE FEET (.45 ACRES); 1) A HEALTH PROBLEM IN THE FAMILY AND 2) SOME DAY WE WOULD SELL THE TOP HALF OF THE LOT AND BUILD A SMALLER HOME ON THE BOTTOM HALF FOR RETIREMENT. WE CONSIDERED THE FACT THAT OUR LOT WAS THEN LEGALLY DIVIDABLE INTO TWO LOTS BY A SIMPLE ACT OF RECORDING OUR DIVISION, IRREGARDLESS OF THE CITY IMPROVEMENT EXPENDITURES WHICH ARE NOW BEING REQUIRED.

BECAUSE OF OUR OWN HEALTH AND AGE CONCERNS IN 2005, IT BECAME THE LOGICAL THING TO DO, DUE TO MAINTENANCE AND THE UP-KEEP OF THE COMPLETE PARCEL. THE SALE OF THE TOP HALF COULD THEN BE USED TO SUPPLEMENT OUR RETIREMENT SAVINGS AND PROVIDE A RETIREMENT HOME SOMEWHERE (LOWER LOT OR OTHER LOCATIONS).

-IN THE PAST THREE TO FIVE YEARS THE SKY HAS FALLEN IN ON OUR PLANS. CHANGES IN ORDINANCES AND PASSAGE OF RESOLUTIONS HAVE MADE IT SO WE ARE UNABLE TO DO A MINOR PARTITION WITHOUT PAYING APPROXIMATELY ***\$52,111.25 INTO THE LOCAL IMPROVEMENT FUND, JUST TO DIVIDE THE LOT, AND THEN THE IMPROVEMENTS MAY NOT HAPPEN IN OUR LIFE TIME OR YOURS.***

WE WERE TOLD BY OUR REAL ESTATE AGENT 2 YEARS AGO THAT WE SHOULD DO A MINOR PARTITION BECAUSE WE PROBABLY WOULDN'T BE ABLE TO RECEIVE ANY MORE FOR OUR HOUSE AND LAND, THAN IF WE DIVIDED IT AND SOLD THE HOUSE AREA BY ITSELF.

WE CAN'T AFFORD TO DO ALL THE REQUIREMENTS TO DIVIDE UNTIL WE SELL OUR HOME AND WE CAN'T SELL OUR HOME AND KEEP THE LOT UNTIL IT'S DIVIDED. WE WOULD JUST LIKE TO DIVIDE OUR LOT WITHOUT GOING ANY FURTHER INTO DEBT.

**COSTS ALREADY INCURRED TO MEET CODES & TO SURVEY LAND:**

**SEWER FOR HOUSE- \$2,780.00 (06)      UNDERGROUND TANK - \$8,175.00 (07)**  
**UPPER DECK TO CODE - \$2,214.00 (09)      SURVEY OF LAND - \$2,547.30 (10)**

**THOUGHTS FOR CONSIDERATION:**

WE ARE NOT DEVELOPERS, WE ARE INDIVIDUAL RESIDENTS WHO CAN'T AFFORD ALL THE PRESENT REQUIREMENTS FOR COMPLETING A MINOR PARTITION..

WHEN A BUILDING PERMIT IS ISSUED, SHOULDN'T THAT BE THE OCCASION FOR REQUIRING THAT STREETS AND OTHER INFRASTRUCTURE TO BE BROUGHT UP TO STANDARDS IF NEEDED.

WHY CAN'T A WAIVER OF REMONSTRANCE OR DELAYED DEVELOPMENT AGREEMENT BE ISSUED TO INDIVIDUALS LIKE A NUMBER OF BUSINESSES WERE ABLE TO DO RECENTLY.

IT SEEMS LIKE THE CITY IS TRYING TO BE A FINANCIAL ADVISER FOR THE PROPERTY OWNERS, ON WHAT IS BEST FOR THEM IN MANAGING THEIR INDIVIDUAL PIECES OF PROPERTY.

WE WOULD LIKE TO DECIDE WHEN WE ARE READY TO SELL OUR PROPERTY & WHICH PORTION TO SELL WITHOUT BEING PRESSURED BY THE CITY TO PUT IN ALL THE INFRASTRUCTURE OR PAY INTO A FUND TO JUST SURVEY OUR LAND AND DIVIDE IT.

MR. & MRS. JOHN E. DENNEE  
2651 EAST 10<sup>TH</sup> STREET  
THE DALLES, OR 97058  
541-298-5668



## **AGENDA STAFF REPORT**

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
July 23, 2012	Public Hearings 11, A	12-052

**TO:** Honorable Mayor and City Council

**FROM:** Dick Gassman, Senior Planner

**THRU:** Nolan Young, City Manager *N.Y.*

**DATE:** July 23, 2012

**ISSUE:** Land Use and Development Ordinance Amendments

**RELATED CITY COUNCIL GOAL:** N/A

**PREVIOUS AGENDA REPORT NUMBERS:** N/A

**BACKGROUND:** The City's current Land Use and Development Ordinance (LUDO) was adopted in 1998. Beginning in 2005 the Community Development Department staff have processed periodic amendments to the LUDO. These amendments consist of various items from housekeeping amendments to minor clarifications to major new provisions. This the latest group of such amendments.

**PROCESS:** The Planning Commission held a work session on April 19, 2012 and a public hearing on June 21, 2012. After the public hearing on June 21, 2012, the Commission recommended the attached amendments to the Council. The public hearing scheduled for July 23 is a legislative type public hearing.

**NOTICE:** Notice of this public hearing was published in The Chronicle on July 13, 2012.

**COMMENTS:** No comments have been received as of the preparation of this staff report.

**BUDGET IMPLICATIONS:** None, other than some minor printing costs.

**DISCUSSION:** Most of the proposed changes are minor and not controversial. Here are some that may generate some interest, listed by the section number as they appear in the attached draft ordinance:

1. Section 5. This amendment would restrict how close larger buildings in the Community Facility Overlay zone could be constructed to residential zones.
2. Section 7. This amendment would allow fences up to six feet high in areas of an exterior side yard that currently are limited to four feet in height.
3. Section 10. This amendment would limit the size and type of structures in residential zones that can use the special setback of three feet.
4. Section 20. This amendment would prohibit the new installation of mobile homes – those constructed prior to 1976 – on any property.

I have prepared a draft ordinance so the Council can read the actual proposed language. All of the proposed amendments are subject to revision or elimination by the City Council. Any requested changes will be incorporated in the final draft of the Ordinance.

**RECOMMENDATION:** Adopt the LUDO amendments as recommended by the Planning Commission.

**SUGGESTED MOTION:** *Move to direct staff to prepare an ordinance approving amendments to the Land Use and Development Ordinance as recommended by the Planning Commission, including any changes approved by the City Council, based upon appropriate findings of fact and conclusions of law, to be presented for adoption at a future City Council meeting.*

**ALTERNATIVE MOTION:** Move to deny all amendments and give further direction to staff.





## CITY of THE DALLES

313 COURT STREET  
THE DALLES, OREGON 97058

(541) 296-5481 ext. 1125  
FAX: (541) 298-5490

June 21, 2012

Land Use and Development Ordinance amendments in application ZOA 82-12 as recommended to the City Council by the Planning Commission on June 21, 2012. Language to be added is in ***bold italics***. Language to be deleted is in **bold**.

Section 1. Amend 3.020.040 Administrative Actions B. Decision Types, by deleting number **8. Recreational Vehicle Parks (Chapter 12)**, and renumbering.

Section 2. Amend 3.020.050 Quasi-Judicial Actions A. Decision Types, by adding a new **9. Recreational Vehicle Parks (Chapter 12)**, and renumbering.

Section 3. Amend 5.010.020 A 2 b, Single Family Detached (Zero Lot Line.) by adding the following at the end of the sentence: ***“when used in cluster of zero lot line lots or when a 10 foot easement is obtained from the owner of the property adjacent to the zero foot setback. If a zero lot line is used, the opposite side yard setback is a minimum of 8 feet unless the entire yard is used, as in a cluster of townhouses.”***

Section 4. Amend 5.060.020 Permitted Uses by adding a new A. 21. ***Recreational Vehicle Parks, in accordance with Chapter 12-Recreational Vehicle Parks***, and renumbering.

Section 5. Amend 5.100.040 Development Standards. Building Height, by adding after the words “Limited to the requirements of the underlying zone,” the following: ***“except 40 ft. maximum within 100 feet of a residential zone. In measuring the height of the structure adjacent to the residential zone, the provisions of LUDO Section 6.070.050 do not apply.”***

Section 6. Amend 6.010.030 by adding new language as follows: ***“L. Fences. All fences over 4 feet in height shall require a permit. Permits for fences 6 feet or under in height shall not require a permit fee.”***

Section 7. Amend 6.010.050 E. 1. Residential Areas. by adding after “a) Hedges, fences, and walls shall not exceed 4 feet in height within a required front yard”, the words: ***“or in an exterior side yard within a 10 foot triangle adjacent to an alley or driveway.”***

Section 8. Amend 6.020.040 I. Other Laws, Ordinances, and Regulations, by adding the following: ***“An existing violation of any rule, regulation, ordinance, or other law is grounds to deny or conditionally approve a Home Business Permit Application.”***

Section 9. Amend 6.020.050. C. Permit Revocation, subparagraph 3 to read as follows: ***3. Evidence establishing a violation of any provision of this Section, a condition of approval, or any other rule, regulation, ordinance or law, whether local, state or federal.***

Section 10. Amend 6.030.020 C. Location by adding to subparagraph 1 after the words “A required side or rear yard setback may be reduced to 3 feet for detached accessory buildings or structures,” the following language: ***“that do not require a building permit, except as allowed in subsection C. 3. below.”***

Section 11. Amend 6.030.020 C. by adding a new subparagraph 4 as follows: ***“No rear yard setback is required for detached accessory buildings if the rear yard abuts an alley that has at least a 20 foot right of way. If the alley right of way is less than 20 feet in width, detached accessory structures may be located up to 10 feet from the centerline of the right of way.”***

Section 12. Amend 6.030.020 C. Location, subparagraph 3, by adding the words ***“or side yard”*** after the words “rear yard”.

Section 13. Amend 6.030.030 F. Accessory Use Size, by adding the following language: ***“The 600 square foot limitation includes all areas that are not used as garages, even if originally built or planned for a garage.”***

Section 14. Amend 6.060.020. B. Residential Local Streets and Alleys, by adding the following language: ***“4. Nonconforming Driveways. With approval of the Director, existing nonconforming driveways that cannot practically meet current driveway standards can be approved for a 3 foot wing and reduced minimum width.”***

Section 15. Amend 6.060.020 C. by renumbering existing language as subparagraph 1 and adding a new subparagraph 2 as follows: ***Residential lots on Arterial and Collector Streets. Direct access onto arterial and collector streets in residential zones is discouraged. The preferred order of access is as follows: 1. Access from a side street or other existing access point; 2. A forward in, forward out arrangement including two driveways, regardless of the size of frontage as stated in Paragraph B above; 3. All other possibilities, including backing out, subject to approval by the City Engineer.***

Section 16. Amend 6.120.040 B 2. by deleting the following language: ***“If the home is placed on a basement, the 12 inch limitation shall not apply.”***

Section 17. Amend 8.020.010 A. Physical Constraints Permit, so that subparagraph 3 reads as follows: ***“3. In areas of the 2010 Geologic Hazards Study prepared by Mark Yinger designated within zones 1 and 4, or land in zone 3 which is located in areas of groundwater discharge.”***

Section 18. Amend 10.120. Mail Delivery Facilities, by adding a new paragraph as follows: ***“E. Cluster Mailboxes. Cluster Mailbox installations must be consistent with the standards of those in Section 1111 of the Oregon State Structural Specialty Code.”***

Section 19. Amend 11.020. Permitted Structures by deleting in Paragraph A the words ***“and Mobile”*** in the heading and in the body, and adding the language: ***“Mobile homes are not allowed”.***

Section 20. Amend 11.060 by deleting the following: “F. Play Areas. A separate play area shall be provided in all manufactured dwelling parks that accommodate children under 14 years of age unless each manufactured dwelling space has a minimum size of 4,000 square feet. A required play area shall not be less than 2,500 square feet in area with no dimension less than 30 feet. There shall be at least 100 square feet of play area provided for each manufactured dwelling space occupied by children.”

Section 21. Amend 12.020 Development Standards to read as follows: “C. Area Requirements. 1. Park Size. RV Parks shall be a minimum of *one acre* and a maximum of 15 acres in size.”

Section 22. Amend 12.050 Length of Stay, to read as follows: “No recreational vehicle shall remain in the park for more than 30 days in any 60 day period. *Exceptions shall include one space of unlimited duration for a park manager, and up to one-third of the spaces for stays up to 6 months. Spaces for extended stays shall be marked as such.*”

Section 23. Amend Chapter 12 by adding a new provision as follows: “*12.060 Review Process. Recreational Vehicle Parks shall be reviewed as conditional uses per the provisions of Section 3.050: Conditional Use Permits.*”



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

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

## AGENDA STAFF REPORT

### CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
July 23, 2012	Action Items 12, A	12-053

**TO:** Mayor and City Council

**FROM:** Nolan K. Young, City Manager

**DATE:** July 5, 2012

**ISSUE:** Agreement with US Army Corp of Engineers for operation of shuttles at The Dalles Dam

**BACKGROUND:** The last three years the City has been working in partnership with The Dalles Area Chamber of Commerce, US Army Corp of Engineers (USACE), and the Mid-Columbia Economic Development District (MCEDD) in reestablishing tours at The Dalles Dam. We originally looked at utilizing the existing train, however maintenance costs were prohibitive. We obtained a \$340,000 US Transit in the Parks grant; purchased two shuttles with trailers and are in the process of completing trail and security improvements to allow the tours to begin once again.

As the project sponsor it is necessary for us to enter into an operating agreement with the USACE. Attached is a copy of that agreement and its associated Tour Operating Plan. Both of these documents have been reviewed by the City Attorney Gene Parker.

The original intent was for the City to amend its current Personal Services Agreement with the Chamber of Commerce to include operation of the shuttles on behalf of the City. Because of the recent change in Chamber leadership, it is felt that the Chamber would need more time to be able to provide those services. The new plan is for eight weekends in 2012; beginning August 10, 2012 and running through September 30, 2012, the City will operate the tours by hiring tour guides. The City's Administrative Intern will help supervise the program as part of his training experience. We intend to enter into an Agreement with the Chamber this fall for the Chamber to operate the tours in 2013.

**BUDGET IMPLICATIONS:** The City has \$20,000 to help with startup of the tours. In addition, the Chamber marketing budget has \$15,000 to assist with tour operations. During the first year of operation we will be taking donation for the shuttle tour. The intent is to of charge \$2 for adults and \$1 for students/children/seniors beginning with the 2013 season.

**COUNCIL ALTERNATIVES:**

1. *Staff recommendation: Authorize the City Manager to sign the agreement with the USACE for operation of the shuttles for access to Patterson Park and tours at The Dalles Dam.*

# Draft

**MEMORANDUM OF UNDERSTANDING**  
**Between the**  
**U.S. ARMY CORPS OF ENGINEERS, PORTLAND DISTRICT**  
**and the**  
**CITY OF THE DALLES, OREGON**

**I. PURPOSE.**

This Memorandum of Understanding (MOU) is to establish a general framework of cooperation between the U.S. Army Corps of Engineers, Portland District (Corps) and the city of The Dalles (City) for the purpose of operating electric shuttles (also termed "Tram") inasmuch as enhancing visitor enjoyment and experience at the The Dalles Lock and Dam between the Dam Visitor Center and the Dam facility to include Dam tours as appropriate and to the extent permitted by law.

**II. RESPONSIBILITIES.** Subject to applicable Federal laws, regulations, and policy:

A. The Corps shall:

1. Draft up initial Operational Plan detailing shuttle operations
  - a. Gain concurrence of plan with City and applicable Corps staffs
    - i. Operational Plan will include, but not limited to, the following subjects
      - 1) Carrying capacity
      - 2) Security compliance procedures
      - 3) Schedules and ticketing
      - 4) Safety compliance and inspections
      - 5) Shuttle operations
2. Inform and explain to City how to acquire applicable Real Estate instrument for shuttle operations
3. Allow shuttle electricity recharging to occur free of charge at designated Dam location
4. Allow overnight parking of shuttles during recreation season (May 1 to September 30) at secure location as approved by Operation Project Manager (OPM).
5. Ensure Shuttle driver security measures or background checks are in place as directed by Security Office and OPM.
6. Shuttle drivers are additionally signed up as Corps volunteers
7. Initiate end-of-season report to include, but not limited to, number of visitors who used tram, incidents, tram malfunctions, operator issues, concerns, suggestions and general observations to occur no later than December annually. Draft will be reviewed by city and partners (The Dalles Area Chamber of Commerce) as applicable with feedback or additions incorporated and final to be completed by February 1 then



- distributed to Corps and City staffs and a meeting scheduled to discuss report and address any operational changes that may be necessary.
8. Provide/allow use of The Dalles Dam Visitor Center as a staging area for shuttle operations
  9. Provide public safety and security while on Corps property through the enforcement of Title 36.
  10. As appropriate and outlined in Operational Plan, provide personnel to assist with the shuttle operations.
  11. Brief the City on Corps rules, regulations, and policies annually
  12. Responsible for dam tours in providing guides along with any interpretive exhibits
  13. Responsible for trail upkeep and maintenance
  14. As permitted by the The Dalles Operation Project Manager and based on staff availability, provide occasional Guided Navigation Lock tours as requests are submitted following established security guidelines.

B. The City of The Dalles shall:

1. Provide shuttle vehicles that are also accessible (ADA compliant)
2. Maintain shuttle vehicles
3. Ensure shuttle drivers are provided along with their training and may be requested to assist with shuttle driver security background checks.
4. Coordinate and gain concurrence with the Corps with any outreach efforts that may involve advertising
5. Assist with the preparation of the Operational Plan detailing shuttle operations.
6. Abide with Corps rules, policies, and regulations while on Corps property.
7. Store or house shuttles and any associated equipment outside Corps property during recreation off season periods (October 1 to April 30).
8. May engage with other partners (The Dalles Area Chamber of Commerce) in shuttle operations, but has ultimate responsibility to fulfill provisions in this agreement and subsequent Operational Plan.
9. Provide Corps Natural Resource Manager with names of City shuttle operation personnel prior to those individuals being on Corps property
10. Responsible for Tram vehicle safety
11. May be requested from Corps to assist with trail including bridge upkeep and maintenance.
12. Provide signing as needed for visitor services in accordance with Corps signing standards as outlined in Operational Plan.
13. Charge a fee only for shuttle operational expenses.
14. Provide liability insurance coverage. Government (Corps) should be named as co-insured, \$5 million personal injury per occurrence; \$1 million person injury per person; \$1 million property damage. A standard rider showing U.S. Government co-coverage should be supplied to Corps by city. Proof of insurance to be submitted to Corps staff for review and approval prior to initiating tram use on Corps property.

### III. MUTUAL UNDERSTANDINGS.

- A. This MOU defines the general terms upon which the Corps and city of The Dalles will cooperate. Performance by either Party under the terms of this MOU is subject to the availability of appropriated funds and personnel resources through their respective funding procedures. This MOU is neither a fiscal nor a funds obligation documents. Any endeavor involving reimbursement or contribution of funds or transfer of anything of value, between Parties to this MOU will be handled in accordance with applicable laws, regulations, and procedures. Such endeavors will be outlined in separate agreements, such as work plans or statements of work, which shall be made in writing by representatives of the Parties and shall be independently authorized by appropriate statutory authority. This MOU does not provide such authority.
- B. This MOU may be modified or amended by mutual agreement of both parties in writing.
- C. This MOU may be terminated at any time by mutual written agreement of the Parties, or by either Party upon 90 days written notice to the other Party.
- D. This MOU will remain in force for a period of five years from the date of its execution.

### IV. POINTS OF CONTACT. The following individuals will be the points of contact for this MOU:

#### CORPS

KELLY THOMAS  
NATURAL RESOURCE MANAGER  
P.O BOX 564, THE DALLES, OR 97058  
(541) 506-7816  
Kelly.R.Thomas@usace.army.mil

#### CITY OF THE DALLES, OREGON

NOLAN YOUNG  
THE DALLES CITY MANAGER  
313 COURT STREET  
(541) 506-2032  
nyoung@ci.the-dalles.or.us

### V. EFFECTIVE DATE. The parties have executed this MOU as of the last date indicated below

U.S. ARMY CORPS OF ENGINEERS

CITY OF THE DALLES, OREGON

\_\_\_\_\_  
James R. Mahar, P.E.  
Chief, Operations Division  
U.S. Army Corps of Engineers  
Portland District

\_\_\_\_\_  
Nolan Young  
City Manager  
City of The Dalles, Oregon

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# Draft

## The Dalles Lock and Dam Tram Operational Plan

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This Tram Operational Plan details shuttle operations in adherence to the Memorandum of Understanding (MOU) between the Corps and the city of The Dalles.

This plan includes details how the tram program will operate and fully outlines agency and city roles and responsibilities. The plan will be reviewed annually prior to tram operation commencement with meeting(s) to occur between City and Corps staffs.

The plan is a collaborative effort between the Corps and City with joint consensus necessary prior to program operations. Review and approvals by appropriate Corps and City staff must be obtained.

Following are specifications for Tram operations:

### Carrying Capacity:

Dam touring carrying capacity is based on the maximum number of passenger per tram, the size of the foyer, the elevator capability and Federal Energy Regulatory Commission security clearance. For comfort and safety the general recommendations are that tours do not exceed 30 people which include the tour guide and tram operator. Each tram can hold 15 people so it is possible to fill the tours to maximum capacity if both trams run at the same time. However, since the elevator is only rated for a maximum of 15 people or 3000 pounds, both the tour guide and tram driver would have to take and maintain the NERC FERC security requirements. That way when the group is divided into two to ride the elevator, a certified escort can remain with each half in order to be compliant with Corps security standards.

### Staffing:

- One staff for visitor center operations (Corps personnel)
- One staff for tour ticket issuing and queries (City personnel or partner)
- Three Shuttle Drivers/Guides: 2-full-time, 1 part-time/relief (City personnel)
- Three Guide/Interpreters: 1 full-time, 2 part-time/relief (Corps personnel)

### Security Compliance:

- Tram drivers must have successfully completed a security background check prior to entering the Dam as approved by the Corps Security Office.
- Tram drivers must complete and maintain on-line NERC/FERC security training certificates
- Tram drivers or established volunteer tour guides must also be signed up as Corps volunteers
- Visitor entrance that includes foreign nationals into the Dam will follow established protocols (See Appendix A – THIS WOULD NEED INCLUDED, along with any restrictions on dogs, backpacks, firearms, if and who checks ID, etc.)

### **Safety Compliance and Inspections:**

- City to establish tram safety inspection system and provide completed inspection sheets to Corps Natural Resource Manager (NRM)
- Corps would conduct an Activity Hazard Analyses and share results and requirements with City management and staff
- Emergency plan and response in Appendix B
- In all cases safety is paramount. Visitor and staff protection must always be the first priority.
- Tram drivers, Corps staff, and volunteer tour guides must be current in First Aid, and CPR. Corps personnel and volunteers will be trained by Corps. Tram drivers and City volunteers will be trained by City staff and certifications or completion of training provided to Corps.
- Tram drivers, Corps staff and volunteer tour guides will minimally be provided safe self training for personal protection provided by Corps
- Tram drivers will have a valid driver's license and proper training driving trams
- Trail condition will be checked by appropriate Corps staff minimally annually and results recorded in the Corps managed Facilities Equipment Maintenance (FEM) system.
- Tram operators should wear either the Corps volunteer vest or hat, or a uniform issued by the City to make them more identifiable to the public

### **Schedules and ticketing:**

The City shall be responsible for collection of fees and issuance of a receipt /ticket associated with riding the shuttle, however, Corps employees and volunteers may assist. In addition, visitors will be verbally educated that the fee is only for riding the tram and not a required payment for participation in the tour. A sign shall be posted at the visitor center that clearly states that the fee is for tram operations and not associated with the tour, as per Corps policy.

The Dalles Dam tours will be offered Friday, Saturday, and Sunday at 10:30 a.m. and again at 1:30 p.m. Tours take approximately 2 hours. See Appendix C - for a review of tour highlights, stops, and key talking points. It is important to note that the Corps reserves the right to change this schedule depending on budget and staff levels, the weather, project operations, or any other foreseen or unforeseen circumstances.

### **Shuttle Operations:**

When possible, both shuttles will be utilized to allow the maximum number of 30 people to participate. When the shuttles are not being used for tours, they can transport visitors to and from the visitor center and Paterson Park. Shuttle drivers lunch break to be between 12:30 to 1:30 p.m. daily at which time there will be no shuttle operations, unless the 2 drivers desire to stagger their breaks somehow.

Shuttles will be provided a free electric recharging station and a secure overnight storage location on project of The Dalles Dam during the recreation season. During the recreation off season, storage of shuttles and any associated equipment will be the responsibility of the City.

**Approvals:**

\_\_\_\_\_  
Kelly Thomas  
The Dalles Natural Resource Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Scott Moore  
District Natural Resource Program Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Doug Dailey  
District Security Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dave Stanton  
District Safety Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Janice Sorenson  
District Paralegal

\_\_\_\_\_  
Date

\_\_\_\_\_  
Enrique Godínez  
Chief, Real Estate

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ron Twiner  
The Dalles Operation Project Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Nolan Young  
City of The Dalles, City Manager

\_\_\_\_\_  
Date

## **Appendix A – Visitor Access to The Dalles Powerhouse during tours**

The Dalles Powerhouse tours will be available to visitors on a reservation or sign up basis using the trams provided by the City of The Dalles. Prior to entering The Dalles Powerhouse the following procedures must be followed:

1. Any visitor entering The Dalles Powerhouse must be escorted by either Corps personnel including volunteers or City of The Dalles personnel or volunteer who has completed both a background check and the required NERC/FERC training. Both completion of background check and training will be supplied to The Dalles Reliability Compliance Coordinator before any escorting will be allowed.
2. Visitors entering The Dalles Powerhouse must sign in before entering the powerhouse at The Dalles Dam Visitor Center prior to boarding the tram or in the Probstfield Foyer sign in station.
3. Visitors over the age of 16 entering The Dalles Powerhouse may need to provide state or federal photo identification prior entrance. Identification will be checked by Corps or City personnel.
4. Visitors entering The Dalles Powerhouse will be notified of all prohibited items and will be required to leave those items behind in a vehicle or off government property. Prohibited items include:
  - a. Backpacks or large bags unless medically necessary
  - b. Pets
  - c. Firearms
  - d. Any additional items Park Rangers may find prohibited.

Cameras will be permitted. Photography will only be allowed in approved visitor areas.

Once visitors have started the tour and gain access to The Dalles Powerhouse the following procedures must be followed:

1. All visitors must be escorted by trained Corps or City personnel. At no time during the tour are visitors allowed to be unescorted. This is to include elevators.
2. If a person needs to be removed from the tour for personal reasons, emergencies or not obtaining the required tour protocols then they must be escorted outside the Mission Essential Vulnerability Area (MEVA). If the personnel on the tour are unable to complete that action then the security guard can be call to assist with the escorting.

After the completion of the tours the following procedures must be followed:

1. All visitors on the tour must be accounted for when leaving The Dalles Powerhouse and visitor areas.
2. All visitors on the tour will sign out after the completion of the tour at the location in which they signed in.
3. All visitors will be escorted outside the MEVA area and taken to either Patterson Park or The Dalles Dam Visitor Center.



## **Appendix B – Emergency Plan**

All emergencies that happen on the tours should be reported to The Dalles Dam Control Room immediately by calling via telephone (numbers below) or via radio. The Control Room Operators will organize all emergency actions within the dam. At no time will 911 be called without notifying the control room first.

All emergencies at The Dalles project land or facilities will be announced through the employee pager program. All Corps and City personnel leading tours will be in possession of at least one pager to receive important information.

Emergencies that require departure of The Dalles Powerhouse will be announced on the employee pager system and the visitors will be escorted out of the powerhouse. The visitors will be led to the parking area under the east fish ladder or another safe location deemed by the Control Room Operator. The tour leaders will notify the control room when all visitors have exited the powerhouse and retreated to the parking area.

### Important Phone Numbers

Emergency – ext 3333

Control Room – 541.298.4007 or ext 3211

Security Guard – 509-449-3200 or ext 3300

Ranger Office – 541-506-7819 or ext 3819

The Dalles Visitor Center – 541.298.9778

On duty Park Ranger cell phone and office numbers will be provided prior to start of tours.

## Appendix C - Tour Stops and Highlights

The tour is the primary vehicle to convey to the public, through an interesting and educational experience, the U.S. Army Corps of Engineers' missions at multi-purpose projects like The Dalles Lock & Dam. These missions include: environmental stewardship, hydroelectricity, fish passage, navigation, flood control, water resource management, and public recreation. All of these missions are touched upon, and several are given emphasis throughout the tour experience as outlined below.

The Dalles Dam Tour		
Time	Tour Stop	Experience & Topics Presented
0:00:00	The Dalles Dam Visitor Center	<ul style="list-style-type: none"> <li>• Instructions/loading/fee payment</li> <li>• Interpretive guide and driver greeting &amp; introduction</li> <li>• Safety briefing</li> </ul>
0:20:00	The Dalles-Celilo Canal	<ul style="list-style-type: none"> <li>• View of The Dalles-Celilo Canal Entrance and discuss how the need for navigation led to the construction of the dam</li> <li>• Point out the old lockmasters quarters (electric shop), view of fore bay</li> <li>• View caboose and talk about old tour train - transition into Green power and the electric tram</li> <li>• Review of safety: stay with group, obey guide, railing safety and tripping hazards</li> <li>• Instruct that at the end of the tour they have the option of visiting Paterson Park</li> </ul>
0:35:00	Probstfield Foyer	<ul style="list-style-type: none"> <li>• Bathroom break if needed</li> <li>• View exhibits</li> <li>• Briefly review Corps missions and how each one ties into what we do here at the dam and why the dam was built- its multifunction's. Audience already knows one mission, navigation, so can start there and segue into the others.</li> </ul>
0:55:00	Mezzanine	<ul style="list-style-type: none"> <li>• View exhibits and focus on hydropower</li> <li>• Get into some detail with statistics, comparisons and some hands on learning activities and displays</li> </ul>
1:15:00	Fish Viewing Room and Top of Fish Ladder	<ul style="list-style-type: none"> <li>• View exhibits and focus on the Corps environmental stewardship mission as relates to fish</li> <li>• Get into some detail with examples of how salmon are affected by multi-purpose dams and what mitigation efforts are in place to help them</li> <li>• View fish and fish ladder from inside and outside</li> </ul>
1:35:00	Probstfield Foyer	<ul style="list-style-type: none"> <li>• Conclusion</li> <li>• Restroom break if needed</li> <li>• Opportunity to see fish ladder entrance (when the shad are running, huge sturgeon congregate and you can see them -- usually May thru the end of June)</li> </ul>
1:45:00	Begin Return to the VC	<ul style="list-style-type: none"> <li>• Board the shuttle</li> <li>• Drop off guests who would like to visit Paterson Park and explain that they will have to hike the trail back</li> </ul>
2:00:00	VC	<ul style="list-style-type: none"> <li>• Thank guests as they disembark the shuttle</li> <li>• Answer any last minute questions</li> <li>• Invite guests to explore the VC/park/rose garden or go to the Navigation Lock Overlook</li> </ul>



**CITY OF THE DALLES**  
Department of Public Works  
1215 West First Street  
The Dalles, Oregon 97058

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## **AGENDA STAFF REPORT**

### **CITY OF THE DALLES**

<b>MEETING DATE</b>	<b>AGENDA LOCATION</b>	<b>AGENDA REPORT #</b>
July 23, 2012	Discussion Item 13, A	12-051

**TO:** Honorable Mayor and City Council

**FROM:** Dave Anderson, Public Works Director

**THRU:** Nolan K. Young, City Manager *ny*

**DATE:** June 22, 2012

**ISSUE:** Review of Adopted Water Utility Rates

**CITY COUNCIL GOALS:** Not applicable – removed from City Council Goals as having been completed in 2011.

**PREVIOUS AGENDA REPORT NUMBERS:** #11-080, #11-084, #11-088, #11-095

**BACKGROUND:** In 2006 the City Council adopted a twenty-year water master plan and an accompanying ten-year schedule of water rate increases to finance it. Prior to 2006, the City had not increased residential water rates for 12 years. The plan identified the need for significant water system improvements to complete deferred maintenance projects and accommodate anticipated population, commercial and industrial growth in the community. To support the plan the consulting firm recommended increasing rates 18.5% in 2006/07 and in 2007/08, 12% in 2008/09, and two years of 9.75% increases in 2009/10 and 2010/11. Based upon revised consumption and population growth estimates provided by staff that were not available to the consultant, the council adopted the Water Master Plan and implemented rate increases of 10% through 2010/11, 6% in 2011/12 and then four more years of 4% increases.

The revenue estimates for the rate schedule adopted in 2006 were not met. The likely reasons for the short falls are largely related to the depth and duration of the recent recession - Systems Development Charges and population growth both fell short of those anticipated. The estimates were also based on stable per capita consumption. Despite the addition of a new large industrial water user and some population growth, system-wide consumption has remained flat. The cumulative difference between the predicted and actual revenue over the 5-year period of fiscal years 2006/07 through 2010/11 has been \$1.3 million.

In 2011, Will Norris, Administrative Intern, conducted a detailed analysis of the water fund revenue requirements to support the adopted Capital Improvement Plan (CIP); a copy of that report is attached. In that analysis, Will presented three different project schedules for implementation of the CIP and a total of 5 different rate schedules to support the project schedules. City Council ultimately expressed a preference for project and rate schedule Option 2B which anticipates bond issuances in 2014/15, 2016/17 and 2019/20. It was felt that this option provided the best balance between project timing and rate affordability. The Option 2B project schedule delays the CIP from the schedule adopted in the Water Master Plan to lessen rate impacts and is as follows:

- 2014/15: DEQ temperature mitigation project, cleaning/painting of Sorosis Reservoir, and interior painting of Columbia View Reservoir
- 2016/17: Port Industrial Area pipeline construction, Dog River pipeline replacement, 3<sup>rd</sup> Street Streetscape project
- 2019/20: Lone Pine Well enhancement and Finished Water pipeline replacement from Wicks

### **CIP Project Descriptions and Needs**

Temperature Mitigation Project: In 2008, the Oregon DEQ and US EPA adopted rules that restrict the temperature increases that can occur in local streams including Mill Creek from human activities. It has been documented that the backwash water discharged to Mill Creek at the Wicks Water Treatment Plant increases stream temperature by amounts that violate these rules. DEQ has notified the City that a new permit will need to be obtained for the backwash discharge and a plan developed to mitigate for the temperature increases. The City conducted an analysis of alternatives in 2011. The only option identified that would eliminate the temperature impacts with certainty was estimated to cost \$1.2 million in 2011. While staff continues discussions with DEQ and ODFW, it is currently anticipated that the City will be required to implement temperature mitigation in 2015.

Sorosis Reservoir: Steel reservoirs should be inspected, cleaned and painted every 10-20 years. The Sorosis Reservoir, constructed in 1954, was repainted on the exterior in 1987 and hasn't been cleaned or inspected on the interior for decades; it is unknown when or if the interior of the reservoir has ever been repainted. If maintenance is deferred too far, the costs of the maintenance increase to repair additional associated damage and the integrity of the reservoir can be compromised. With the construction of the new Terminal Reservoir, it will be possible to take Sorosis Reservoir off line for inspections and maintenance.

Columbia View Reservoir: Similar issues and need as for Sorosis Reservoir. This reservoir was constructed in 1978 and was last repainted on the interior in 1986.

Port Industrial Area Pipeline: The Water Master Plan identified the need to construct a new larger pipeline to serve the Port Industrial Area with adequate fire flows as recommended by the Insurance Services Office (ISO); the ISO establishes fire risk ratings for communities. The project would also provide a looped and redundant water supply for critical water users on the Port. As identified in the financial analysis, the project would provide about half of the funding necessary to construct this water main thereby reducing the development costs of businesses and industries that may locate there. The primary driver for the timing of this project is to support economic development.

Dog River Pipeline Replacement: Currently, about 60% of the City's annual water supply comes from Dog River and is carried through a 100-year old wooden pipeline. It is a leaking and deteriorated system. It has been a priority project of City Council and staff for many years. To date, the City has spent about \$220,000 toward the permitting for this project. In the proposed

Option 2B, this project has been delayed as long as it is felt it can be without the permitting work expiring and losing that investment.

3<sup>rd</sup> Street Streetscape Project: This is a pending Urban Renewal project that will reconstruct 3<sup>rd</sup> Street through the downtown area. As part of that project, the water mains that were constructed in about 1900 will be replaced. The estimated cost of this project is \$600,000.

Lone Pine Well Enhancement: This project will increase the capacity of the Lone Pine Well from about 1600 to 3000 gallons per minute (2.3 to 4.3 million gallons per day). This project is intended to help meet future water system demands and defer the need for the more expensive source development projects of raising Crow Creek Dam and expanding the Wicks Water Treatment Plant.

Finished Water Pipeline Replacement: There are two water transmission lines that transport finished drinking water from the Wicks Water Treatment Plant to the City. These lines are greatly deteriorated and are not only leaking and at risk of failure, but may also pose a risk to public health as they continue to degrade. These pipes are not strong enough to fill completely and fully pressurize them, thereby allowing the possibility for contaminants to enter into the water through the leaky pipes. Below is a picture of one of the finished water pipe sections that was taken earlier this spring. This project will replace the two existing pipelines with a single ductile iron pipeline.



Note the number of repair bands already existing prior to the work to fix the three new leaks.

## Revenue Update

City Council received information and considered the issue of water utility rates at four meetings in 2011, including two Public Hearings on September 12 and October 10. Copies of the minutes from those meetings and the Agenda Staff Report from October 10 are attached. Of the five people that testified at the public hearings, three expressed concern about affordability of water rates by senior citizens and low income residents. The City has a program for significantly reduced water and sewer rates for low income residents that is administered by the Mid-Columbia Community Action Program.

Under the prior resolution adopted in 2006, a 6% water rate increase became effective on September 1, 2011. On October 24, 2011 City Council adopted Resolution 11-026 that established a water utility rate structure through 2020 to support the CIP. It provided an additional 2% increase in the monthly base rates and a 29.7% in the consumptive rates for residential customers, and a 4% increase in both monthly base and consumptive rates for commercial customers. The goal of these rate adjustments was to increase water revenues an additional 4% for a total FY 2012-13 revenue increase of 10%.

Resolution 11-026 also provided a schedule for future water rate adjustments to support the CIP. That rate schedule included 10% rate increases on September 1 of each year 2012-2014, 8% annual rate increases in 2015-2017, and annual 10% rate increases in years 2018-2020. At adoption, Council requested we review the rate increases in one year.

Resolution 11-026 became effective on December 1, 2011. For this revenue comparison, data is available for the months of December – June. Since 6 of these 7 months are cooler months when outdoor water use is limited, this analysis is largely a comparison of base monthly rate revenues; only June represents much revenue from “consumptive” rates. If the targets were fully met, we would expect an 8+-% increase in revenues for the cool non-irrigation months. This year, the City realized an increase in revenue for the months of December – May of 7.86%, very close to the target. Revenues for June showed a 17.7% increase in 2012 over 2011. Including the revenue information from June, the City has realized an increase of 9.5% in revenue for all 7 months, December through June, again very close to our target 10% increase.

A conclusive analysis and reliable prediction of the revenue impacts from the adjustments made in 2011 to consumptive rates is not possible with only one month of data for a number of reasons. First, even though revenues in June 2012 increased by over 17% when compared to June 2011, it's important to note that June 2011 was unusually cool and wet which lowered water sales. This year, 9.7% more water was used by the City in June than last year which accounts for a significant portion of the increase in revenues. Secondly, there is a lot of monthly variability in the water revenue increases realized based upon when people pay their bills. The following data shows the variability in increased revenues collected for the “non-consumptive” months of December through May.

December	+ 3.83%
January	+11.44%
February	+ 5.15%
March	+11.47%
April	+ 4.33%
May	+11.25%



Without more summer water revenue data, this report cannot accurately evaluate the effects of increases for consumptive rates. It would be very difficult to predict the effect of additional rate reallocation (further changing the mix of base vs. consumptive rates) without the opportunity to analyze the impacts of the changes made last year. To help with this issue, we could delay the rate increase (scheduled for September) for two months (November) to have better data on the impact of the change in the consumption rate,

It has been shown by our history and that of other utilities that failure to adequately fund capital and maintenance needs results in higher costs for individual projects, higher annual expenses as needed projects get delayed and backed up on top of the need for other future projects, and ultimately greatens the need for higher rate increases.

**Alternative Water Rate:** There has been concern expressed by some Councilors regarding water rate increases this year. Any change in the current water schedule will have an impact on proposed capital improvements. We have identified two approaches that the council could consider, though we do not recommend either of these approaches. We feel that the capital improvement plan adopted under Option 2B is a bare minimum and already has significant risk, as we nurse along a couple of tender water lines:

1. Delay residential rate increase: We believe the Council's concern is with residential rate increase and a desire to try to shift more of the cost to consumption rate instead of the base rate. We are uncomfortable trying to develop that kind of rate without the full summer month impact from our current adjustment that was heavy on the consumption portion. We could proceed with the commercial rate in September, which affects approximately 38% of the water rate revenue, and delay the residential increase until November. This gives us an opportunity during September to analyze the summer water usage and come back to the Council with some additional options for adjustment of the base rate while still raising the same revenue needed to stay on the capital improvement plan.
2. Shift to Option 3B in the Water Rate Study (page 7) this would allow us to go with an 8% increase over the next seven years. With this alternative we have three projects that would be delayed for two years: Port line development, Dog River Pipeline replacement, and Third Street Streetscape. We are concerned that the delay of the Port line may hold up development on that industrial land; and delaying the Dog River line is a little like playing Russian roulette. Also, we have been told by Forest Service staff that further delays for construction of the Dog River Pipeline beyond 2016 will significantly increase the risk of having to start over with the environmental permitting. To date, the City has spent over \$220,000 and several years on the permitting process with a decision currently expected in Spring 2013.

**BUDGET IMPLICATIONS:** The rate schedule provided in Resolution 11-026 is anticipated to provide adequate funding to support the CIP schedule outlined in Option 2B. If no changes are made to Resolution 11-026, customers of the water utility will have rate increases in the amounts outlined above, and collection of revenue in accordance with the proposed rate schedule will allow the City to complete capital improvements as set forth in the City's capital improvement plans and Water Master Plan.

### **COUNCIL ALTERNATIVES:**

1. Staff Recommendation: No action. Staff recommends that the rate scheduled adopted in Resolution 11-026 remain in effect to fund the adopted Water Capital Improvement Plan.
2. Direct City Staff to delay any residential water rate increase until November and on September 24, 2012 bring to City Council a review of the summer use impact of the 2011 water rate increase and rate plan options that maintain the Option 2B rate plan revenue and CIP but lowers base water amount to a minor increase this year.
3. Direct City Staff to bring to the City Council a resolution adopting rate Plan 3B from the 2011 Water Rate Study.
4. Provide additional direction to staff regarding water utility rates.



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

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

## **AGENDA STAFF REPORT**

### **CITY OF THE DALLES**

<b>MEETING DATE</b>	<b>AGENDA LOCATION</b>	<b>AGENDA REPORT #</b>
July 25, 2011	Discussion Items 14, A	11-080

**TO:** Honorable Mayor and City Council

**FROM:** Will F. Norris, Administrative Intern

**THRU:** Nolan K. Young, City Manager

**DATE:** July 13, 2011

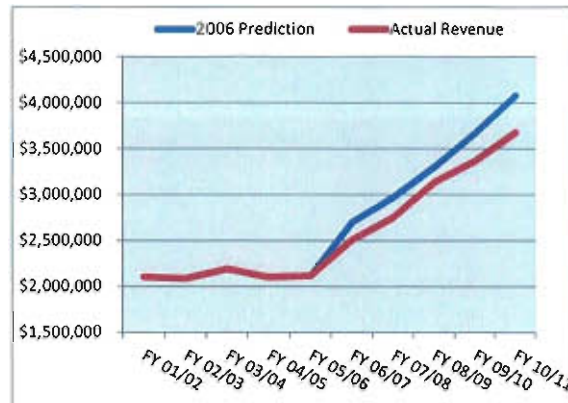
**ISSUE:** In 2006 the City Council adopted a ten-year water master plan and accompanying schedule of water rate increases to finance it. This involved creating revenue forecasts and cost estimates. Now at the half-way point through the master plan, the City has an opportunity to review how close these projections were to actuals, assess the health of the water utility funds, and reevaluate the capital improvement schedule considering the required water rates to support it.

**BACKGROUND:** The engineering firm CH2M Hill was hired to create the City of The Dalles' Water Master Plan. This plan included demand forecasts which drove capacity enhancing projects. However, many of the identified capital improvements were maintenance for aging infrastructure or needed to meet regulatory requirements. To support this plan the consulting firm recommended increasing rates 18.5% in 2006/07 and in 2007/08, 12% in 2008/09, and two years of 9.75% increases in 2009/10 and 2010/11. The council adopted the water master plan and chose rate increases of 10% through 2010/11, 6% in 2011/12 and then four more years of 4% increases. City staff projected revenue using the revised rate increases based on the per capita consumption and population growth estimates identified by the consulting firm as well as development expectations not available to CH2M Hill. A more detailed description of the water utility financial history and current situation is in Appendix E (p. 14).

These estimates have not been met. Systems Development Charges and population growth estimates were likely inaccurate due to the unexpected depth of the recession. The estimates were also based on stable per capita consumption. Despite the addition of a new large industrial water user and some population growth, system-wide consumption has remained flat. Graphs of the last decade of metered consumption

and water production are in Appendix A (p. 8). This could be a reaction to the higher price of water coupled with purchases of water efficient appliances. The cumulative difference between the predicted and actual revenue over the past five years has been \$1.3 million.

Despite this reduction in expected revenue, the city will still need to make necessary capital improvements to maintain the quantity and quality of The Dalles' water supply. Scheduled projects over the next ten years total over \$22 million. The largest projects are replacing the Dog River line (\$6,800,000) and replacing the finished water pipeline from Wicks WTP to the city (\$10,500,000). These two projects are needed to insure a safe and adequate supply of water. A full list of future projects and their costs is located in Appendix B (p. 9). Of the ten projects planned for the next decade, only one is primarily for capacity enhancement. The rest are all maintenance related or needed to meet State and Federal regulations.



The two water funds also have increasing debt obligations. In fiscal year 2010/11, the fund began payments on the 2009 Full Faith and Credit bond (W. 1<sup>st</sup> Local Improvement District) and added principle payments on the 2007 Water Revenue bond (Wicks Clear Well, Dam permitting, Lone Pine Well etc.) where only interest payments were paid previously. In this fiscal year, the water funds will start repaying an American Recovery and Reinvestment Act loan (Vista Reservoir). These commitments added with the existing fund liabilities will require \$850,000 in total annual debt payments this year.

The lower than expected revenue and increased debt obligations combined with the necessary future capital improvements has prompted a reevaluation of City's water rates and project timing. Three capital improvement schedules with their required rate increases were created for the Council's review. A full list of the financial models assumptions are listed in Appendix D (p. 12). The combined balance of both water funds should never be allowed to go below \$700,000 as this would risk liquidity issues and possibly violating existing bond covenants. Therefore, this amount is set aside as unavailable in this analysis. Each option uses all available fund balances at some point in order to ease pressure on rate increases.

The primary variable used to vary rate increases is staggering the timing of capital projects. Option #1 can be thought of as a "comfortable" capital improvement schedule. It performs all necessary maintenance, rehabilitation and replacements as soon as they are needed. Option #2 is an uncomfortable scenario. It delays each project as far as is feasible without undue risks of failure and without losing the sunk costs already incurred in permitting of planned capital investments. Option #3 is an emergency scenario in which each project is delayed to its furthest extent.

Capital investment options #2 and #3 both have two possible rate schedules to choose from. The first rate schedule prioritizes using reserves before raising rates. This makes the eventual rate increases more volatile as they jump when the money is needed for a project. The second schedule prioritizes rate stability, which leads to earlier rate increases in order to build reserves for upcoming projects. A detailed financial report for each option is located in Appendixes G, H, I J and K (beginning on p.16).

It is important to note that each model assumes a 10% rate increase this September, rather than the scheduled 6%. It is not likely feasible to make this increase until November. However, the statistical model chosen only predicts revenue on an annual basis. Detail about the statistical models is in Appendix C (p. 10-11). Delaying a rate increase by two months will likely forgo roughly \$21,000 in revenue. This figure is within the margin of error of the model and didn't warrant a full reformulation of the analysis.

## Option #1:

This option allows the City to stay on schedule with the water master plan as well other projects like the 3<sup>rd</sup> St. Streetscape. It requires a large upfront rate increase followed by a gradual lessening of rate increases through the next decade. Even with these early increases, the *available* balance of both the Water Fund and Water Reserve Fund will nearly be exhausted in the next two years. This is required to support bonding in FY 2011/12 in order to begin construction for the seven capital projects scheduled to start in the next three years.

Eventually, the balance of the water funds is grown to a peak in FY 15/16 to accommodate deficit spending the next year when a large bond will be issued for the last projects, including the finished pipeline from Wicks WTP. This option requires the largest increases in rates, but insures that each project is completed within its ideal time frame, which reduces risks of infrastructure failure and lowers potential maintenance expenses.

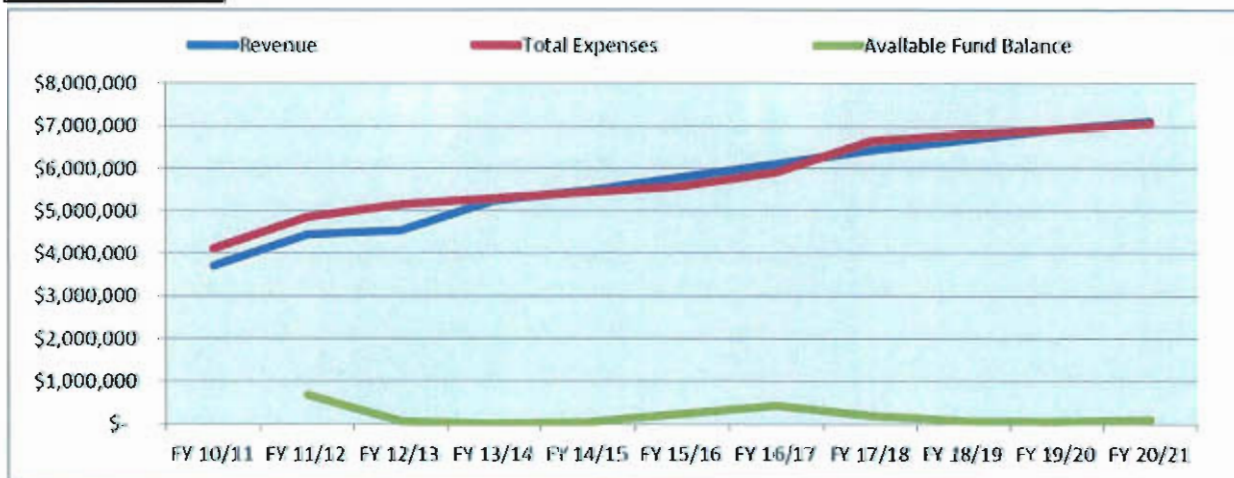
Bond Issuance and Payment Schedules: Option #1											
Payment =	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	
Proceed =											
Thompson/19th St	\$ 653,564	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	
DEQ Temp Mitigation	\$ 1,200,000	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	\$ 84,292	
Sorosis Reservoir	\$ 671,346	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	\$ 47,157	
Columbia View Reservoir	\$ 300,000	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	\$ 21,073	
Port Pipeline Development	\$ 950,000	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	\$ 66,731	
Dog River Line Replacement	\$ 6,800,000	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	\$ 477,652	
3rd St Streetscape						\$ 697,040	\$ 48,962	\$ 48,962	\$ 48,962	\$ 48,962	
Lone Pino Well Enhancement						\$ 1,159,274	\$ 81,431	\$ 81,431	\$ 81,431	\$ 81,431	
Finished Water Pipeline						\$ 9,197,174	\$ 646,037	\$ 646,037	\$ 646,037	\$ 646,037	
Bond Issuance Cost	\$ 158,624					\$ 188,571					
FY 11/12 Bond	\$10,733,534	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	\$ 742,813	
FY 16/17 Bond						\$11,242,059	\$ 776,430	\$ 776,430	\$ 776,430	\$ 776,430	
2006 & 2009 CFC, ARRA Loan	\$ 854,689	\$ 861,459	\$ 856,533	\$ 855,016	\$ 859,216	\$ 858,710	\$ 857,680	\$ 859,035	\$ 855,820	\$ 857,249	
<b>Total Payments</b>	<b>\$ 854,689</b>	<b>\$ 1,604,273</b>	<b>\$ 1,599,347</b>	<b>\$ 1,597,830</b>	<b>\$ 1,602,030</b>	<b>\$ 1,601,524</b>	<b>\$ 2,376,924</b>	<b>\$ 2,378,279</b>	<b>\$ 2,375,064</b>	<b>\$ 2,376,493</b>	

Sample Charges in FY 15/16 (nominal)		Sample Charges in FY 20/21 (nominal)	
Residential 3/4 in. Meter		Residential 3/4 in. Meter	
Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
\$ 85.86	\$ 1.78	\$ 128.45	\$ 2.67
Charge at 15k gal	\$ 94.77	Charge at 15k gal	\$ 141.78
Commercial 3/4 in. Meter		Commercial 3/4 in. Meter	
Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
\$ 59.06	\$ 4.77	\$ 88.36	\$ 7.14
Charge at 15k gal	\$ 106.76	Charge at 15k gal	\$ 159.72

FY 11/12	10%
FY 12/13	16%
FY 13/14	16%
FY 14/15	14%
FY 15/16	10%
FY 16/17	10%
FY 17/18	10%
FY 18/19	8%
FY 19/20	8%
FY 20/21	6%





## Option #2 A

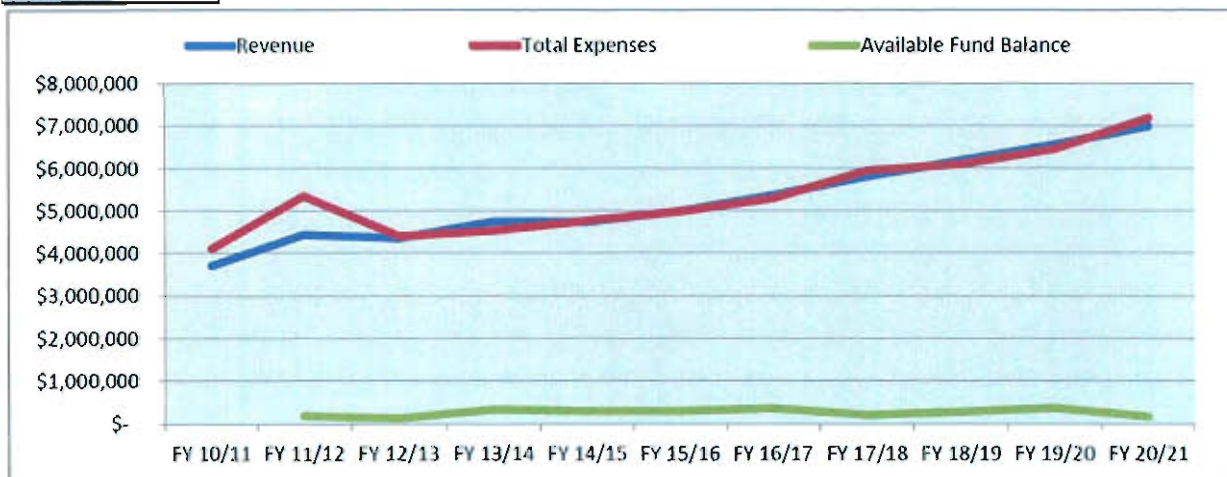
The second alternative delays most of the capital projects by several years. Option #2 is unique in that it has three bond issues, rather than two in the other options. This incurs additional bond issuance fees. Along with delaying the capital projects, the largest rate increases are also delayed. However, the City will need substantial rate increases beginning in FY 16/17 in order to not deplete all available reserves as projects gradual begin.

In both Options #2 and #3 the Thompson/19<sup>th</sup> street project is paid out right, rather than bonded. This allows bonding of the DEQ Temperature Mitigation project, Sorosis Rehabilitation and the painting of the Columbia View reservoir projects to be delayed to FY 2014/15. Paying cash for the project does significantly reduced reserves. However this is still preferable because the issuance fees of bonding the Thompson / 19<sup>th</sup> street project by itself in FY 2011/12 would add 15% to its cost.

		Bond Issuance and Payment Schedules: Option #2									
Payment =	Proceed =	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Thompson/19th St											
DEQ Temp Mitigation					\$1,311,272	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108
Sorosis Reservoir					\$ 733,598	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530
Columbia View Reservoir					\$ 327,818	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027
Port Pipeline Development							\$1,101,310	\$ 77,359	\$ 77,359	\$ 77,359	\$ 77,359
Dog River Line Replacement							\$7,883,084	\$ 553,730	\$ 553,730	\$ 553,730	\$ 553,730
3rd St Streetscape							\$ 697,040	\$ 48,962	\$ 48,962	\$ 48,962	\$ 48,962
Lone Pine Well Enhancement										\$ 1,266,770	\$ 88,982
Finished Water Pipeline										\$10,050,000	\$ 705,942
Bond Issuance Cost					\$ 100,000		\$ 168,351			\$ 215,036	
FY 14/15 Bond					\$2,472,688	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665
FY 16/17 Bond							\$9,849,785	\$ 680,052	\$ 680,052	\$ 680,052	\$ 680,052
FY 19/20 Bond										\$11,531,806	\$ 794,924
2008 & 2009 FFC, ARRA Loan		\$854,689	\$861,459	\$856,533	\$ 855,016	\$ 859,216	\$ 858,710	\$ 857,680	\$ 859,035	\$ 855,820	\$ 857,249
<b>Total Payments</b>		<b>\$854,689</b>	<b>\$861,459</b>	<b>\$856,533</b>	<b>\$3,327,705</b>	<b>\$1,025,881</b>	<b>\$1,025,375</b>	<b>\$1,704,397</b>	<b>\$1,705,752</b>	<b>\$1,702,537</b>	<b>\$2,498,890</b>

FY	Rate	Sample Charges in FY 15/16 (nominal)		Sample Charges in FY 20/21 (nominal)	
FY 11/12	10%	Residential 3/4 in. Meter		Residential 3/4 in. Meter	
FY 12/13	10%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 13/14	6%	\$ 67.92	\$ 1.41	\$ 124.02	\$ 2.57
FY 14/15	6%	Charge at 15k gal	\$ 74.97	Charge at 15k gal	\$ 136.89
FY 15/16	8%	Commercial 3/4 in. Meter		Commercial 3/4 in. Meter	
FY 16/17	12%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 17/18	14%	\$ 46.72	\$ 3.77	\$ 85.31	\$ 6.89
FY 18/19	12%	Charge at 15k gal	\$ 84.46	Charge at 15k gal	\$ 154.21
FY 19/20	12%				
FY 20/21	14%				



## Option #2B

Option #2B differs from #2A only in that it places an emphasis on stabilizing rate increases. The timing of capital projects and bonding are unchanged. This requires rates to be increased earlier, but end lower. For a ¾ in residential meter, the option #2B would cost a residential user \$6 more per month in five years and \$6 per month less in ten over option #2A. It should be noted that all figures are actuals (nominal) instead of inflation adjusted. A longer discussion on how inflation is treated in this model is in Appendix C (p. 10).

In this alternative reserves are built up to just over \$1 million in FY 2016/17 in anticipation of future capital projects. Without the need to quickly raise rates just before the beginning of a project, rates can be nearly uniform over the next decade. Additionally, building reserves instead relying on just-in-time rate increases allows for more year to year revenue variability without risking contingency funds.

Payment = <span style="background-color: #f8d7da;"></span> Proceed = <span style="background-color: #d4edda;"></span>		Bond Issuance and Payment Schedules: Option #2									
		11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Thompson/19th St					\$1,311,272	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108
DEQ Temp Mitigation					\$ 733,598	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530
Sorosis Reservoir					\$ 327,818	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027
Columbia View Reservoir							\$1,101,310	\$ 77,359	\$ 77,359	\$ 77,359	\$ 77,359
Port Pipeline Development							\$7,883,064	\$ 553,730	\$ 553,730	\$ 553,730	\$ 553,730
Dog River Line Replacement							\$ 697,040	\$ 48,962	\$ 48,962	\$ 48,962	\$ 48,962
3rd St Streetscape										\$1,266,770	\$ 88,982
Lone Pine Well Enhancement										\$10,050,000	\$ 705,942
Finished Water Pipeline											
Bond Issuance Cost					\$ 100,000		\$ 168,351			\$ 215,036	
FY 14/15 Bond					\$2,472,088	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665
FY 16/17 Bond							\$9,849,765	\$ 680,052	\$ 680,052	\$ 680,052	\$ 680,052
FY 19/20 Bond										\$11,531,808	\$ 794,924
2008 & 2009 FFC, ARRA Loan		\$854,689	\$861,459	\$856,533	\$ 855,016	\$ 859,216	\$ 858,710	\$ 857,680	\$ 859,035	\$ 855,820	\$ 857,249
<b>Total Payments</b>		<b>\$854,689</b>	<b>\$861,459</b>	<b>\$856,533</b>	<b>\$3,327,705</b>	<b>\$1,025,881</b>	<b>\$1,025,375</b>	<b>\$1,704,397</b>	<b>\$1,705,752</b>	<b>\$1,702,537</b>	<b>\$2,498,890</b>

FY	Rate	Sample Charges in FY 15/16 (nominal)		Sample Charges in FY 20/21 (nominal)	
FY 11/12	10%	Residential ¾ in. Meter		Residential ¾ in. Meter	
FY 12/13	10%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 13/14	10%	\$ 73.15	\$ 1.52	\$ 113.56	\$ 2.36
FY 14/15	10%	Charge at 15k gal	\$ 80.74	Charge at 15k gal	\$ 125.34
FY 15/16	8%	Commercial ¾ in. Meter		Commercial ¾ in. Meter	
FY 16/17	8%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 17/18	8%	\$ 50.31	\$ 4.06	\$ 78.11	\$ 6.31
FY 18/19	10%	Charge at 15k gal	\$ 90.95	Charge at 15k gal	\$ 141.20
FY 19/20	10%				
FY 20/21	10%				





### Option #3 A

The final option pushes each project to its very latest start dates. By doing so, it will allow the NEPA permitting for the Dog River line to lapse, losing the roughly \$125,000 already expended for this process. The City will then need to restart the permitting process and incur those costs again in FY 15/16 in order to replace the line in FY 19/20.

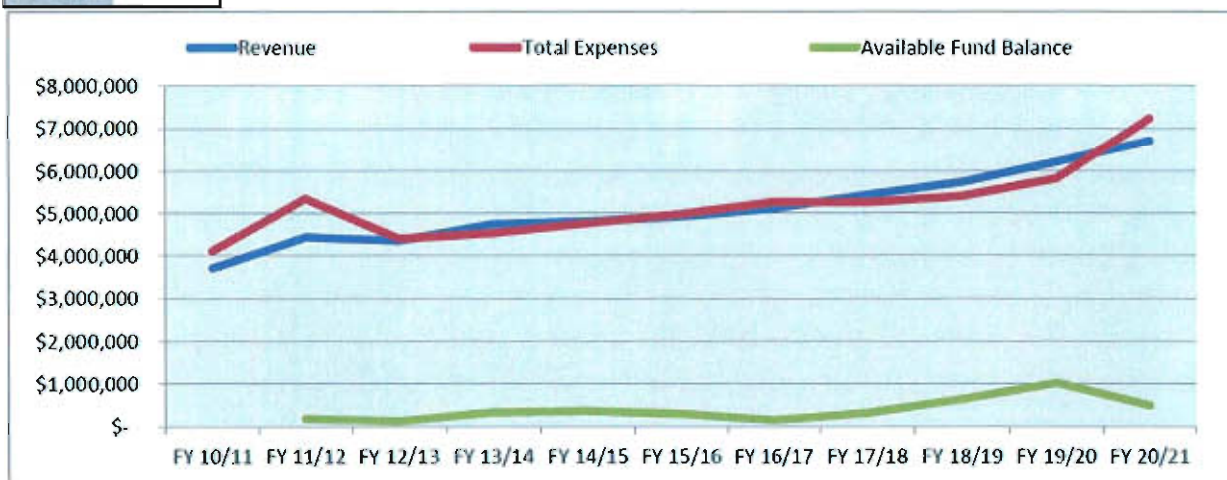
This option allows for significant easing of rate increases in the near term, but requires a new set of double digit increases beginning in FY 18/19. Corresponding with the delaying of costs, the water fund balances remain fairly capitalized until all the available funds are utilized for the surge of projects beginning in FY 19/20.

Additionally, as costs and revenues are pushed farther into the future the predictive ability of the statistical models is reduced, either in a positive or negative direction. This uncertainty adds further risk to Option #3.

Payment =		Bond Issuance and Payment Schedules: Option #3									
Proceed =		11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Thompson/19th St											
DEQ Temp Mitigation					\$ 1,311,272	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108
Sorriso Reservoir					\$ 733,598	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530
Columbia View Reservoir					\$ 327,818	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027
Port Pipeline Development										\$ 1,203,432	\$ 84,533
Dog River Line Replacement										\$ 8,614,037	\$ 605,076
3rd St Streetscape										\$ 761,675	\$ 53,502
Lone Pine Well Enhancement										\$ 1,206,770	\$ 88,982
Finished Water Pipeline										\$ 10,050,000	\$ 705,942
Bond Issuance Cost					\$ 100,000					\$ 277,371	
FY 14/15 Bond					\$ 2,472,688	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665
FY 19/20 Bond										\$ 22,173,284	\$ 1,538,035
2008 & 2009 FFC, ARRA Loan		\$ 854,689	\$ 861,459	\$ 856,533	\$ 855,016	\$ 859,216	\$ 858,710	\$ 857,680	\$ 859,035	\$ 855,820	\$ 857,249
Total Payments		\$ 854,689	\$ 861,459	\$ 856,533	\$ 855,016	\$ 1,025,881	\$ 1,025,375	\$ 1,024,345	\$ 1,025,700	\$ 1,022,485	\$ 2,561,949

FY	Rate	Sample Charges in FY 15/16 (nominal)		Sample Charges in FY 20/21 (nominal)	
FY 11/12	10%	Residential 3/4 in. Meter		Residential 3/4 in. Meter	
FY 12/13	10%				
FY 13/14	6%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 14/15	8%	\$ 66.64	\$ 1.38	\$ 114.03	\$ 2.37
FY 15/16	4%	Charge at 15k gal	\$ 73.56	Charge at 15k gal	\$ 125.86
FY 16/17	6%	Commercial 3/4 in. Meter		Commercial 3/4 in. Meter	
FY 17/18	10%				
FY 18/19	10%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 19/20	15%	\$ 45.84	\$ 3.70	\$ 78.43	\$ 6.33
FY 20/21	16%	Charge at 15k gal	\$ 82.86	Charge at 15k gal	\$ 141.78





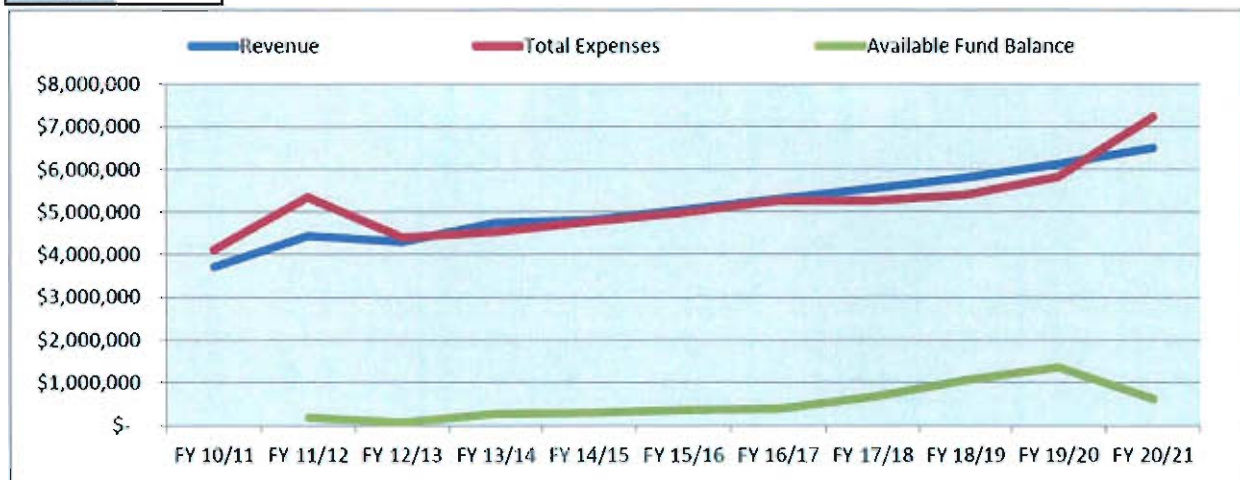
### Option #3 B:

Option #3B keeps the same capital investment and bond schedule as Option #3A, but chooses more stable rate increases. Even in this most delayed capital investment schedule, there is still a need for double digit rate increases by fiscal year 2019/20. This results from pushing back the city's two largest projects (Dog River line and the Finished Pipeline replacements) as far as possible. This would then require that they are both started at the same time, incurring a large increase in bond payments.

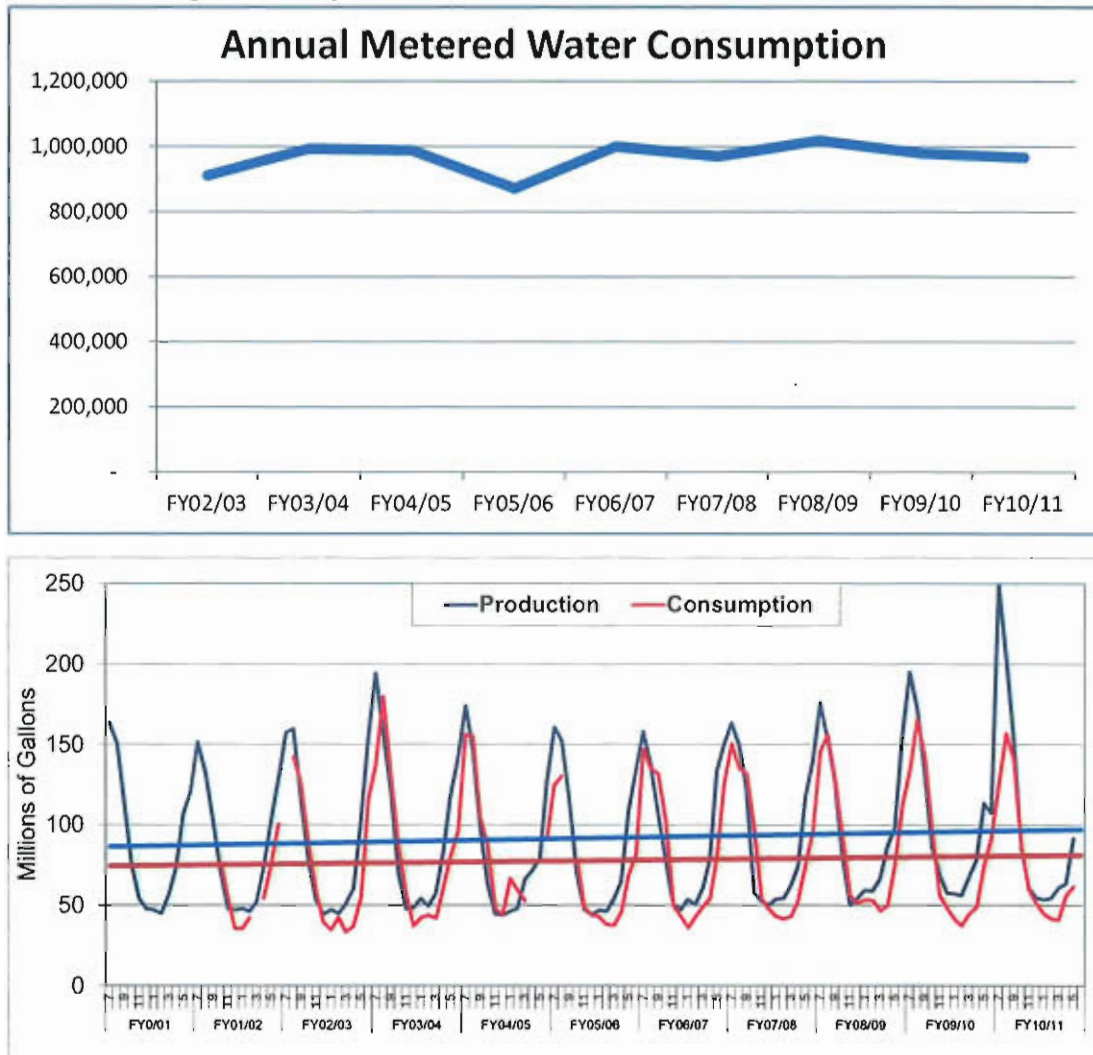
		Bond Issuance and Payment Schedules: Option #3									
Payment =	Proceed =	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Thompson/19th St					\$1,311,272	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108	\$ 92,108
DEQ Temp Mitigation					\$ 733,598	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530	\$ 51,530
Sorosis Reservoir					\$ 327,818	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027	\$ 23,027
Columbia View Reservoir											
Port Pipeline Development									\$ 1,203,432	\$ 84,533	
Dog River Line Replacement									\$ 8,614,037	\$ 605,076	
3rd St Streetscape									\$ 761,675	\$ 53,502	
Lone Pine Well Enhancement									\$ 1,266,770	\$ 88,982	
Finished Water Pipeline									\$10,050,000	\$ 705,942	
Bond Issuance Cost					\$ 100,000					\$ 277,371	
FY 14/15 Bond					\$2,472,688	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665	\$ 166,665
FY 19/20 Bond										\$22,173,284	\$1,538,035
2008 & 2009 FFC, ARRA Loan		\$854,689	\$861,459	\$856,533	\$ 855,016	\$ 859,216	\$ 858,710	\$ 857,680	\$ 859,035	\$ 855,820	\$ 857,249
<b>Total Payments</b>		<b>\$854,689</b>	<b>\$861,459</b>	<b>\$856,533</b>	<b>\$ 855,016</b>	<b>\$1,025,881</b>	<b>\$1,025,375</b>	<b>\$1,024,345</b>	<b>\$1,025,700</b>	<b>\$1,022,485</b>	<b>\$2,561,949</b>

FY	Rate	Sample Charges in FY 15/16 (nominal)		Sample Charges in FY 20/21 (nominal)	
FY 11/12	10%	<b>Residential 3/4 in. Meter</b>		<b>Residential 3/4 in. Meter</b>	
FY 12/13	8%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 13/14	8%	\$ 69.23	\$ 1.44	\$ 107.44	\$ 2.23
FY 14/15	8%	Charge at 15k gal	\$ 76.41	Charge at 15k gal	\$ 118.59
FY 15/16	8%	<b>Commercial 3/4 in. Meter</b>		<b>Commercial 3/4 in. Meter</b>	
FY 16/17	8%	Base	Rate per 1,000 gallons	Base	Rate per 1,000 gallons
FY 17/18	8%	\$ 47.62	\$ 3.85	\$ 73.90	\$ 5.97
FY 18/19	8%	Charge at 15k gal	\$ 86.08	Charge at 15k gal	\$ 133.59
FY 19/20	10%				
FY 20/21	12%				



## Appendix A: Consumption History



**Trends:** Both the metered consumption and production of water in The Dalles has been essentially flat over the past decade. This is even as the population has grown and a large industrial user has opened. While both the consumption and production trend lines do have a slight upward trend, the slope is so minimal as to not be significantly different than zero. Although average usage is not changing, the data can't be used to observe max daily demands. If spikes in usage are growing, this would require an increase in system capacity. Because consumer meters do not register daily use data, max daily usage would need to be estimated by examining production data. This analysis did not perform this more detailed examination.

**Unaccounted for Water:** The Dalles has a strong record for low volumes of "unaccounted for" water. The average difference between water produced and water metered over the last ten years has been 14%. This is calculated by subtracting the area underneath the metered consumption trend line from the area underneath the production trend line and then dividing by the total. Given that metered consumption does not include schedule system flushes, fire department use and there were several years without hydrant sales data, system leakage is likely well below 14%. Unaccounted for water was 10% for the fiscal year 2006/07 (which was the first year w/ complete hydrant sales data and before recent years which have

required some large systems flushes). This further reinforces that the true leakage is likely less than 10% overall. This is meets the industry standard for a well-run water utility.

Appendix B: Capital Projects

<b>Completed Capital Improvements</b>	<b>Amount</b>
Dog River and Crow Creek NEPA and Land Purchase for Crow Creek	\$ 205,256
Wicks Clear Well	\$ 4,149,776
Lone Pine Well and Pipe Line Phases I and II	\$ 986,446
Wicks Near Term Improvements	\$ 456,404
Vista Reservoir	\$ 1,025,539
Issuance Costs	\$ 160,000
<b>TOTAL</b>	<b>\$ 6,983,421</b>

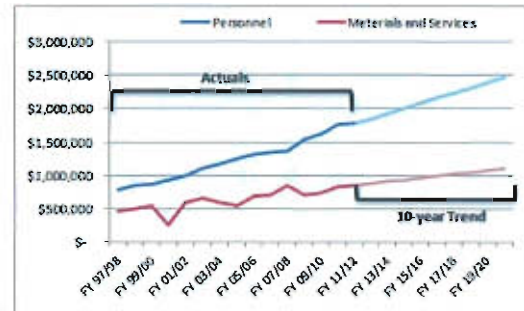
<b>Future Capital Improvements</b>	<b>Amount</b>	<b>Bond Issue for Each Option</b>		
		<b># 1</b>	<b># 2</b>	<b># 3</b>
Thompson / 19 <sup>th</sup> Street	\$ 650,000	11/12	-	-
Clean Garrison Reservoir	\$15,000	-	-	-
DEQ Temperature Mitigation	\$1,200,000	11/12	14/15	14/15
Sorosis Reservoir Rehabilitation	\$670,000	11/12	14/15	14/15
Painting Columbia View Reservoir	\$300,000	11/12	14/15	14/15
Dog River Line Replacement	\$6,800,000	11/12	16/17	19/20
Port Pipeline Extension	\$950,000	11/12	16/17	19/20
3 <sup>rd</sup> St. Streetscape	\$600,000	16/17	16/17	19/20
Lone Pine Well Enhancement	\$1,000,000	16/17	19/20	19/20
Finished Pipeline Replacement	\$10,050,000	16/17	19/20	19/20
<b>TOTAL</b>	<b>\$22,235,000</b>			

2011 Dollars, except the Finished Pipeline is an actual  
 Garrison Reservoir occurs this fiscal year and is paid out of reserve funds  
 Thompson/19<sup>th</sup> Street occurs this fiscal year and is paid out of reserve funds in Options #2 and #3

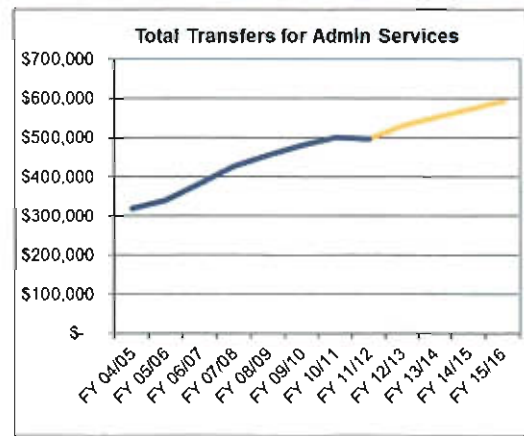
## Appendix C: Forecasting Methods

**Inflation:** All the statistical models in this analysis are based on actual figures, as opposed to inflation adjusted ones. The rationale is that introducing inflation into the model assumes that future inflation can be predicted. If a model requires that you predict future inflation rates, then it is introducing a new opportunity for error. Adding an inflation factor compounds upon itself, producing an exponential curve which was not reflective of the data, in this case. Instead I chose to extend what has actually been observed (Administrative expenses, billing revenue, materials etc.) and extend it into the future with the understanding that the products will be actuals and not inflation adjusted.

**Personnel and Materials Expenses:** The operating expenses of the water utility are based on a ten-year simple trend line of historical costs. While salaries are a negotiated sum, other factors like health costs, material and energy prices are not under the control of the City. Due to this uncertainty, a simple trend line of historical costs were used to project forward.



**Transfers for Administrative Expenses:** The water utility is expected to pay for the services it receives from the City Government. It is assessed a portion of the cost for the City Council, City Manager, City Attorney, the Utility Billing portion of the Finance department, watershed patrol by the police, etc. The percentage costs for these services attributable to the Water Fund were revaluated and reduced in the fiscal year 2010/11.



**Charges for Services:** The challenge when forecasting revenue was predicting rate increase increments that haven't occurred in the past. In other words, we can observe what revenue was generated when rates were flat and when rates were increased at 10% per year, but there isn't information on what happens when rates are increases at 5%, 15% or even reduced.

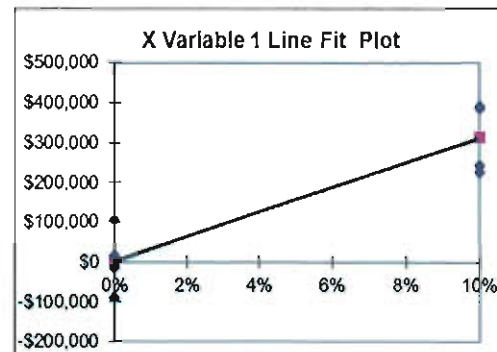
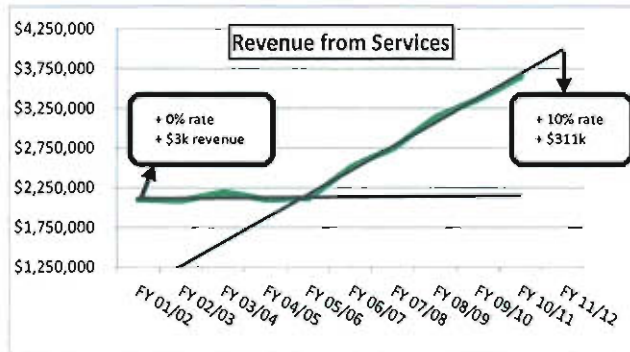
Using the information that revenue was nearly flat when rates were flat and that revenue on average increased \$311,000 each time rates were increased by 10%, a regression analysis that uses percentage rate increases to predict the change in revenue produces a model which suggests that every 1% increase in rates produces about \$31,000 in additional revenue. Using this model, any combination of future rate changes can be used to approximate revenue generation.

Previous revenue predictions used formulas based on unchanging per capita consumption and population growth projections and then calculated hypothetical billing with chosen rates. This method is more precise if the underlying assumptions do not change. However, it relies on predicting several unknowns in order to calculate an unknown. The model used in this analysis more simply observes how rates and



revenue correlated with each other and then continues this relationship forward. Revenue created by changes in the structure of the rates would not be able to be predicted in this model.

$$(\$) \text{ Change in Revenue} = 3,709 + [3,082,427 \times (\%) \text{ Change in Rates}]$$



Regression Statistics	
Multiple R	0.902273901
R Square	0.814098192
Adjusted R Square	0.783114558
Standard Error	85042.42871
Observations	8

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	1.90027E+11	1.90027E+11	26.27510303	0.00216563
Residual	6	43393288089	7232214681		
Total	7	2.3342E+11			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	3709.25	42521.21438	0.087232927	0.933324832	-100336.4131	107754.9131	-100336.4131	107754.9131
X Variable 1	3082427.5	601340.7803	5.125924602	0.00216563	1610999.621	4553855.379	1610999.621	4553855.379

Several key figures in the regression models statistics are the Adjusted R Square and the Standard Error. An Adjusted R Square value of .78 can be interpreted to mean that 78% percent of the changes in revenue can be explained by the change in rates. Generally, .78 is considerate a moderately predictive model. The Standard Error more specifically states that there is a 68% chance that revenue predicted by the model will be within plus or minus \$60,134 and a 95.4% chance that revenue will be within plus or minus \$120,268. Adding more years of revenue figures will likely increase the quality of the model.

**Discussion of Model Accuracy:** This model was created using figures from the City of The Dalles CAFRs. This meant that FY 10/11 data was not available. The ending of the fiscal year on June 30<sup>th</sup> provided an opportunity to check the accuracy of this model. The predicted charges for services in FY 10/11 were \$3,679,458. This was \$36,819 or 1% off from the actual figure. This level of precision lends credibility to the model. However, its long-term predictive value is better described by the its regression statistics, rather than this single year of accuracy.

As rates have historically been changed in September, the model is more likely to underestimate revenue when rate increases are less than 10%. This is because each year will contain two months of the higher rate increases. Conversely, the model may tend towards over estimating revenue if rates are increased more than 10%.

As in any statistical model, this analysis relies on the assumption that the past can predict the future. This assumption is increasing invalid the further into the future it is used to forecast. For this reason, the model

should be updated and recalculated regularly with current data. A yearly reevaluation of each model's predictions is a good interval to account for seasonality.

## Appendix D: Additional Project Assumptions

### FINANCING

**Interest Rate: 4.9%**

Yield on AA municipal bonds as of 6/11

**Issuance Fees: \$100,000 for bonds under \$5 million**

**2% for bonds \$5 million – \$10 million**

**1.5% for bonds \$10 million - \$15 million**

**1% for bonds in excess of \$15 million**

Created with guidance from Mary Macpherson, Assistant Vice President at SNW – Public Finance  
These may be conservative estimates as the City's most recent issue of a \$9 million bond required \$160,000 in fees.

### OTHER REVENUE

**Units of Development per year: 15****Rental Income: \$4,080**

The current rent for a property on Wick's WTP land is not expected to change

**Interest on Investments: 0.5%**

This is the current yield on the Oregon State Treasury's Short-Term fund. This is where the City of The Dalles deposits its excess fund balances. If the interest on this fund increases the benefits will likely be offset by increased inflation.

**Miscellaneous: \$5,000 and adjusted upward for inflation**

Sale of metals usually constitutes the majority of this figure. \$5,000 is a plug value as the true revenue is unpredictable.

### INFLATION

**General Inflation: 3%**

A conservative and rough estimate based on historical averages

**Capital Outlay Inflation: 4%**

Under the current 2007 Water Revenue bond the rate of 4% was used to estimate the increase in capital costs.

### INTER-FUND TRANSFERS

**Street Fund: 3% of Charges for Services****Unemployment: 0.25% of water utility personnel costs**

The City self-insures for unemployment insurance. Before the recession, this fund was fully capitalized. As it has been drawn upon over the past several years, it will again need to receive transfers from the Water Fund.

**Public Works Reserve: Set at \$40,000 and then adjusted for Capital Outlay Inflation**

This fund purchases vehicles and other equipment for joint use by the wastewater and water utilities. Optimally, each fund would contribute equally. The water fund has been unable to transfer its share and has been subsidized by the Wastewater Fund. This inequality will likely continue for the next decade.



## UNAVAILABLE FUND BALANCES

### **Bond Covenant Reserves: \$400,000**

Previously issued bonds require that at least \$400,000 is always kept in fund balances

### **Minimum Starting Balance: \$170,000 and then adjusted for inflation**

The Water Fund requires a minimum beginning balance for liquidity reasons

### **Contingency: 3% of operating costs**

The financial management guidelines passed by the Council state that, “The City will strive to maintain at least a 1% to 5% contingency in each of the utility funds. This sum is treated as unavailable funds instead of as an expense because the Water Fund has never needed to access its budgeted contingency.

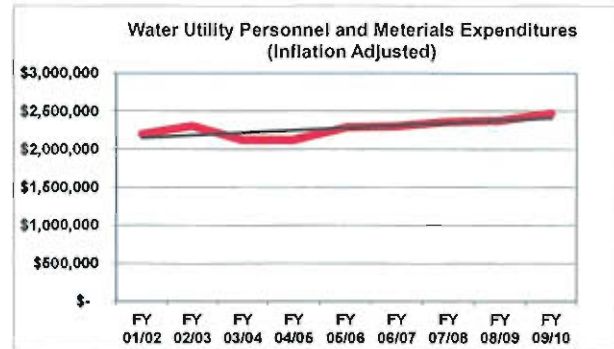
### **Working Capital: Set at FY 2010/11 levels and then adjusted for inflation**

The Water Fund always has some amount of capital tied up in current inventory (sand, pipes etc.). These items are not expensed until they are used and remain as part of the department’s fund balance. However, they are not liquid assets. Therefore an allowance needs to be made for these current assets to insure that the fund is not overdrawn.

## Appendix E: Water Utility Financial History

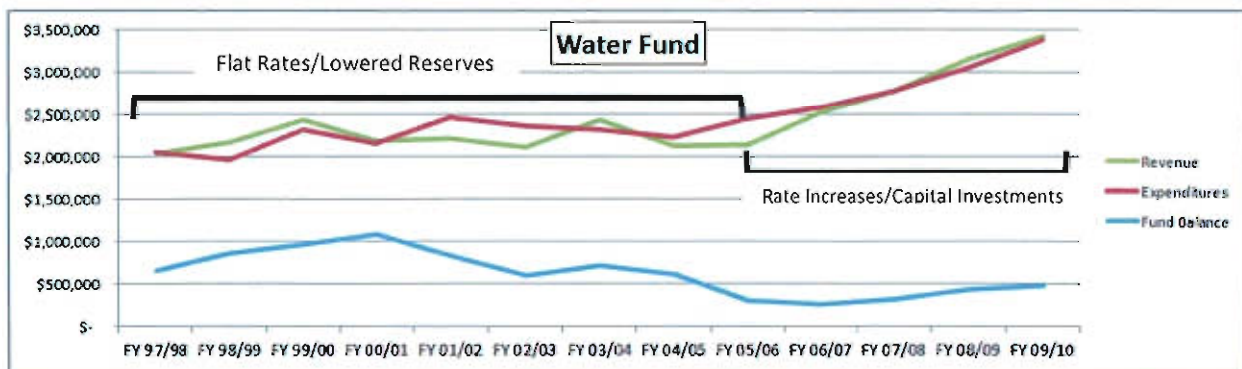
Before the set of rate increases beginning in 2006 and except for a 5% commercial rate increase in 1999, water rates had remained flat since 1994. The Water Fund ran a deficit in six of the ten years beginning in FY 97/98 and ending in FY 06/07. At the end of that decade, the fund's balance ended at a low of \$263,000. This is the year that a set of 10% rate increases were instituted, along with an accompanying set of capital projects. For the next three years the water fund ran a slight surplus and rebuilt its fund balance to \$475,000 in the fiscal year ending in 2010.

As the population of The Dalles increased an average of 1.2% per year, the water utility personnel and material & services costs have averaged an annual increase of 1.6% once adjusted for inflation. It managed these modest increases even through periods which experienced large spikes in energy and metals prices. The primary driver of increased expenses in the water utility has been capital investments, rather than increasing operating costs.



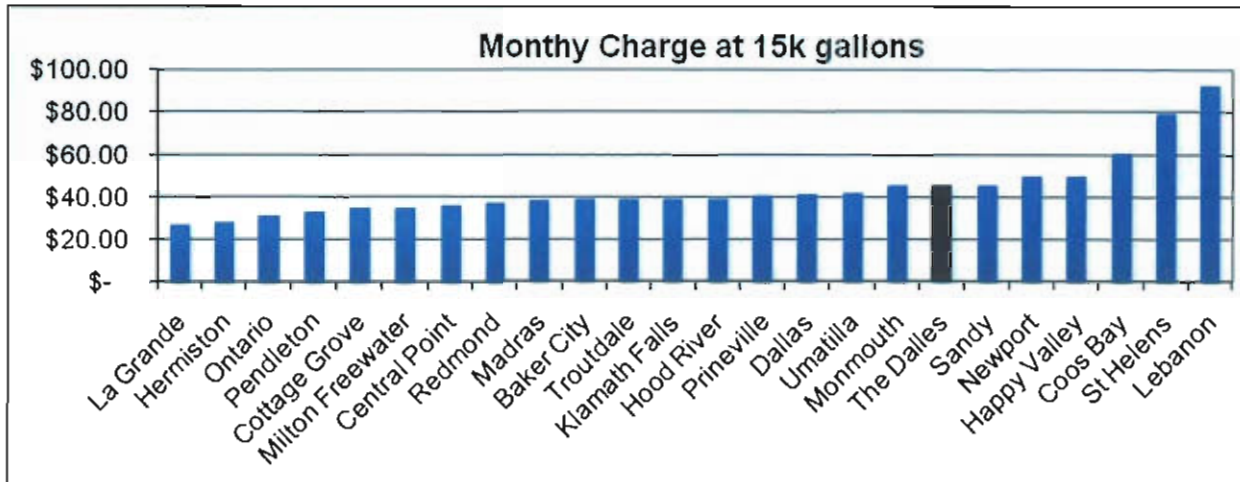
During FY 10/11, the Water Fund added debt service on the City's 2009 FFC bond and began paying principal on the Water Revenue Bond, where it was previously only making interest payments. These added expenses meant that the combined water and Water Reserve Fund balances dropped by \$400,000 over the last fiscal year. Along with these debt obligations, the Water Fund will begin repaying an American Recovery and Reinvestment Act (ARRA) loan in annual amounts of \$200,000 next year. In sum, both water funds are responsible for \$850,000 of debt payments in FY 11/12. Each of these liabilities has payment schedules that last over the next decade or further.

There are also several more capital projects that need to be started over the next ten years. The two most expensive are the Dog River line replacement (\$6,800,000) and a replacement of the finished water pipeline from Wicks WTP (\$10,050,000). The Dog River line is over one hundred years old and in urgent need of replacement. This line diverts water into the Crow Creek reservoir, which makes up the vast majority of The Dalles water supply. The two current pipelines which deliver 90% of the city's water are significantly deteriorated and experiencing increasing leakage. The Finished Pipeline project will replace these two lines with a single 24 inch line. This will reduce maintenance costs, leakage costs and eliminate the possibility of catastrophic failure. In addition to these large projects there are eight other of smaller projects which need to be completed over the next decade.





## Appendix F: The Dalles Water Rate Comparison



The Dalles' water rates are just within the highest one-third of cities of similar size at a 15,000 gallon per month usage rate. The City's higher costs are likely due to its water source. The Dalles is primarily supplied by surface water. Many of the other cities east of the Cascades rely on ground water which requires less treatment. The Dalles is generally in the range of the majority of similar sized cities. The city is within +/- \$10 from the majority (56%) of the cities researched, at a 15,000 gallon monthly usage level.

Of the twenty-three other cities surveyed, none provided as much base volume of water with their initial charge. The City of The Dalles provides 10,000 gallons of water at a fixed base price. The next largest base volumes were provided by Milton-Freewater and Hood River at 5,000 gallons. Fourteen (60%) of cities researched did not provide any volume of water with their base charge.

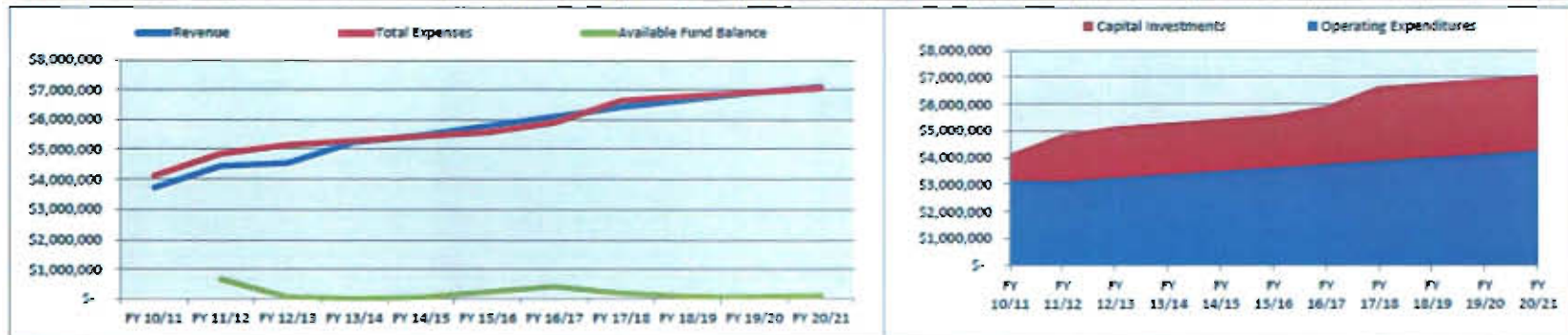
The Dalles larger base charge and lower variable cost generally favors a large user. In FY 2009/10, the average cost per 1,000 gallons of water in The Dalles was \$3.34 (total charges for services / total metered consumption). In the same year, the average cost for commercial use was \$2.93 and the average residential cost was \$3.95.

City	Water						
	Water Base		" = to The Dalles" (to the closest 1,000 gal)	15,000 (gal)			
	Charge	Volume		Rate (per gal)	(%) Difference from The Dalles	Charge	(%) Difference to The Dalles
Baker City	\$ 28.05	2244	Always Lower	\$ 0.79	-17%	\$ 38.16	-15%
Central Point	\$ 10.00	0	20	\$ 2.07	116%	\$ 35.08	-22%
Coos Bay	\$ 17.74	2,244	9	\$ 3.30	243%	\$ 59.77	33%
Cottage Grove	\$ 14.40	0	30	\$ 1.65	72%	\$ 33.90	-25%
Dallas	\$ 15.28	2,244	19	\$ 2.00	108%	\$ 40.47	-10%
Happy Valley	\$ 4.75	0	13	\$ 3.38	252%	\$ 49.46	10%
Hermiston	\$ 14.65	3,000	Always Lower	\$ 0.92	-4%	\$ 27.59	-39%
Hood River	\$ 23.81	5,000	27	\$ 1.48	54%	\$ 38.61	-14%
Klamath Falls	\$ 1.30	0	20	\$ 2.38	148%	\$ 38.29	-15%
La Grande	\$ 14.09	4,990	84	\$ 1.23	28%	\$ 26.40	-41%
Lebanon	\$ 16.27	0	Always Higher	\$ 5.05	426%	\$ 92.07	104%
Madras	\$ 21.30	3,740	30	\$ 1.44	50%	\$ 37.58	-17%
Milton Freewater	\$ 19.80	5,000	38	\$ 1.44	50%	\$ 34.20	-24%
Monmouth	\$ 12.42	0	15	\$ 2.17	126%	\$ 44.90	0%
Newport	\$ 13.90	1,000	13	\$ 2.50	160%	\$ 48.90	9%
Ontario	\$ 10.00	0	53	\$ 1.35	41%	\$ 30.25	-33%
Pendleton	\$ 14.40	0	54	\$ 1.27	32%	\$ 32.50	-28%
Prineville	\$ 13.06	0	21	\$ 1.82	89%	\$ 40.33	-10%
Redmond	\$ 16.23	0	36	\$ 1.36	42%	\$ 36.68	-19%
Sandy	\$ 5.26	0	15	\$ 2.66	177%	\$ 45.16	0%
St Helens	\$ 7.70	0	7	\$ 4.76	396%	\$ 78.56	74%
The Dalles	\$ 40.26	10,000	-	\$ 0.96	-	\$ 45.06	-
Troutdale	\$ -	0	19	\$ 2.55	166%	\$ 38.25	-15%
Umatilla	\$ 7.70	0	17	\$ 2.92	204%	\$ 41.06	-9%

## Appendix G: Option #1

# THE DALLES WATER RATES: Option #1

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>REVENUES</b>											
SDC Fees	\$ 33,856	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755
Other revenue	\$ 35,958	\$ 412,763	\$ 20,861	\$ 218,204	\$ 18,316	\$ 18,893	\$ 20,311	\$ 21,854	\$ 20,925	\$ 20,742	\$ 21,130
User Fees	\$ 3,330,687	\$ 3,679,458	\$ 3,991,410	\$ 4,488,308	\$ 4,985,205	\$ 5,420,454	\$ 5,732,408	\$ 6,044,358	\$ 6,356,310	\$ 6,608,614	\$ 6,858,917
Rate Increase	10%	10%	16%	16%	14%	10%	10%	10%	8%	8%	6%
Revenue from Rate Increase	\$ 311,952	\$ 311,952	\$ 498,898	\$ 498,898	\$ 435,249	\$ 311,952	\$ 311,952	\$ 311,952	\$ 250,303	\$ 250,303	\$ 188,655
<b>Sub-total</b>	<b>\$ 3,712,453</b>	<b>\$ 4,439,929</b>	<b>\$ 4,643,924</b>	<b>\$ 5,238,164</b>	<b>\$ 5,473,525</b>	<b>\$ 5,796,055</b>	<b>\$ 6,099,425</b>	<b>\$ 6,412,719</b>	<b>\$ 6,682,284</b>	<b>\$ 6,912,414</b>	<b>\$ 7,101,457</b>
<b>EXPENDITURES</b>											
Maintenance and Operation	\$ (2,647,538)	\$ (2,629,499)	\$ (2,734,913)	\$ (2,840,326)	\$ (2,945,740)	\$ (3,051,153)	\$ (3,156,567)	\$ (3,261,980)	\$ (3,367,394)	\$ (3,472,807)	\$ (3,578,221)
Administrative Services	\$ (499,228)	\$ (497,253)	\$ (530,901)	\$ (551,214)	\$ (571,526)	\$ (591,838)	\$ (612,150)	\$ (632,463)	\$ (652,775)	\$ (673,087)	\$ (693,399)
Contingency	\$ (20,488)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ (3,167,234)</b>	<b>\$ (3,126,752)</b>	<b>\$ (3,265,814)</b>	<b>\$ (3,391,540)</b>	<b>\$ (3,517,266)</b>	<b>\$ (3,642,992)</b>	<b>\$ (3,768,717)</b>	<b>\$ (3,894,443)</b>	<b>\$ (4,020,169)</b>	<b>\$ (4,145,894)</b>	<b>\$ (4,271,620)</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 545,219</b>	<b>\$ 1,312,176</b>	<b>\$ 1,278,110</b>	<b>\$ 1,846,624</b>	<b>\$ 1,956,259</b>	<b>\$ 2,143,063</b>	<b>\$ 2,330,708</b>	<b>\$ 2,518,276</b>	<b>\$ 2,662,125</b>	<b>\$ 2,766,520</b>	<b>\$ 2,829,837</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital Improvements	\$ (283,152)	\$ (709,248)	\$ (276,249)	\$ (298,820)	\$ (315,768)	\$ (331,253)	\$ (346,983)	\$ (362,967)	\$ (377,368)	\$ (392,043)	\$ (405,157)
Debt Service	\$ (656,947)	\$ (1,013,313)	\$ (1,604,273)	\$ (1,599,347)	\$ (1,597,830)	\$ (1,602,030)	\$ (1,790,095)	\$ (2,376,924)	\$ (2,378,279)	\$ (2,375,064)	\$ (2,378,493)
<b>Sub-Total</b>	<b>\$ (940,099)</b>	<b>\$ (1,722,561)</b>	<b>\$ (1,880,522)</b>	<b>\$ (1,898,167)</b>	<b>\$ (1,913,598)</b>	<b>\$ (1,933,283)</b>	<b>\$ (2,137,078)</b>	<b>\$ (2,739,991)</b>	<b>\$ (2,755,647)</b>	<b>\$ (2,767,107)</b>	<b>\$ (2,783,650)</b>
<b>Surplus (Deficit) Revenue</b>	<b>\$ (394,880)</b>	<b>\$ (410,385)</b>	<b>\$ (602,412)</b>	<b>\$ (49,543)</b>	<b>\$ 42,661</b>	<b>\$ 209,781</b>	<b>\$ 193,630</b>	<b>\$ (221,615)</b>	<b>\$ (113,521)</b>	<b>\$ (587)</b>	<b>\$ 48,187</b>
<b>COMBINED Reserve and Water Funds</b>	<b>\$ 1,736,672</b>	<b>\$ 1,326,287</b>	<b>\$ 723,875</b>	<b>\$ 674,332</b>	<b>\$ 716,994</b>	<b>\$ 926,774</b>	<b>\$ 1,120,404</b>	<b>\$ 698,789</b>	<b>\$ 785,268</b>	<b>\$ 784,680</b>	<b>\$ 832,868</b>
<b>Less Unavailable Capital</b>	<b>\$ (853,143)</b>	<b>\$ (853,143)</b>	<b>\$ (881,400)</b>	<b>\$ (889,810)</b>	<b>\$ (878,377)</b>	<b>\$ (887,105)</b>	<b>\$ (896,903)</b>	<b>\$ (705,072)</b>	<b>\$ (714,318)</b>	<b>\$ (723,747)</b>	<b>\$ (733,354)</b>
<b>AVAILABLE FUND BALANCE</b>	<b>\$ 673,144</b>	<b>\$ 673,144</b>	<b>\$ 62,475</b>	<b>\$ 4,523</b>	<b>\$ 38,617</b>	<b>\$ 239,668</b>	<b>\$ 424,401</b>	<b>\$ 193,717</b>	<b>\$ 70,950</b>	<b>\$ 60,933</b>	<b>\$ 99,503</b>





# THE DALLES WATER RATES: Option #2A

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>REVENUES</b>											
SDC Fees	\$ 33,858	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755
Other revenue	\$ 35,958	\$ 412,763	\$ 18,387	\$ 218,534	\$ 19,970	\$ 20,182	\$ 20,600	\$ 21,338	\$ 20,980	\$ 21,768	\$ 22,654
User Fees	\$ 3,330,687	\$ 3,679,458	\$ 3,991,410	\$ 4,303,362	\$ 4,492,017	\$ 4,680,672	\$ 4,930,975	\$ 5,304,576	\$ 5,739,825	\$ 6,113,425	\$ 6,487,026
Rate Increase	10%	10%	10%	6%	6%	8%	12%	14%	12%	12%	14%
Revenue from Rate Increase	\$ 311,952	\$ 311,952	\$ 311,952	\$ 188,655	\$ 188,655	\$ 250,303	\$ 373,601	\$ 435,249	\$ 373,601	\$ 373,601	\$ 435,249
<b>Sub-total</b>	<b>\$ 3,712,453</b>	<b>\$ 4,438,928</b>	<b>\$ 4,366,504</b>	<b>\$ 4,745,306</b>	<b>\$ 4,735,396</b>	<b>\$ 4,985,912</b>	<b>\$ 5,359,931</b>	<b>\$ 5,795,918</b>	<b>\$ 6,169,161</b>	<b>\$ 6,543,549</b>	<b>\$ 6,979,685</b>
<b>EXPENDITURES</b>											
Maintenance and Operation	\$ (2,647,538)	\$ (2,629,499)	\$ (2,734,913)	\$ (2,840,326)	\$ (2,945,740)	\$ (3,051,153)	\$ (3,156,567)	\$ (3,261,980)	\$ (3,367,394)	\$ (3,472,807)	\$ (3,578,221)
Administrative Services	\$ (499,228)	\$ (497,253)	\$ (530,901)	\$ (551,214)	\$ (571,526)	\$ (591,838)	\$ (612,150)	\$ (632,463)	\$ (652,775)	\$ (673,087)	\$ (693,399)
Contingency	\$ (20,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ (3,167,234)</b>	<b>\$ (3,126,752)</b>	<b>\$ (3,265,814)</b>	<b>\$ (3,391,540)</b>	<b>\$ (3,517,266)</b>	<b>\$ (3,642,992)</b>	<b>\$ (3,768,717)</b>	<b>\$ (3,894,443)</b>	<b>\$ (4,020,169)</b>	<b>\$ (4,145,894)</b>	<b>\$ (4,271,620)</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 545,219</b>	<b>\$ 1,312,176</b>	<b>\$ 1,090,689</b>	<b>\$ 1,353,766</b>	<b>\$ 1,218,131</b>	<b>\$ 1,342,920</b>	<b>\$ 1,591,213</b>	<b>\$ 1,901,475</b>	<b>\$ 2,148,992</b>	<b>\$ 2,397,655</b>	<b>\$ 2,708,064</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital Improvements	\$ (283,152)	\$ (709,248)	\$ (270,701)	\$ (282,025)	\$ (293,575)	\$ (307,210)	\$ (324,789)	\$ (344,473)	\$ (362,572)	\$ (380,947)	\$ (401,458)
Debt Service	\$ (656,947)	\$ (1,508,253)	\$ (861,459)	\$ (856,533)	\$ (955,016)	\$ (1,025,881)	\$ (1,193,626)	\$ (1,704,397)	\$ (1,705,752)	\$ (1,917,573)	\$ (2,496,890)
<b>Sub-Total</b>	<b>\$ (940,099)</b>	<b>\$ (2,217,502)</b>	<b>\$ (1,132,160)</b>	<b>\$ (1,138,558)</b>	<b>\$ (1,248,591)</b>	<b>\$ (1,333,091)</b>	<b>\$ (1,518,415)</b>	<b>\$ (2,048,870)</b>	<b>\$ (2,068,324)</b>	<b>\$ (2,298,519)</b>	<b>\$ (2,900,347)</b>
<b>Surplus (Deficit) Revenue</b>	<b>\$ (394,880)</b>	<b>\$ (905,326)</b>	<b>\$ (41,471)</b>	<b>\$ 215,208</b>	<b>\$ (30,460)</b>	<b>\$ 9,829</b>	<b>\$ 72,798</b>	<b>\$ (147,395)</b>	<b>\$ 80,668</b>	<b>\$ 99,136</b>	<b>\$ (192,283)</b>
<b>COMBINED Reserve and Water Funds</b>	<b>\$ 1,736,672</b>	<b>\$ 831,347</b>	<b>\$ 789,876</b>	<b>\$ 1,005,084</b>	<b>\$ 974,624</b>	<b>\$ 984,453</b>	<b>\$ 1,057,251</b>	<b>\$ 909,856</b>	<b>\$ 990,524</b>	<b>\$ 1,089,660</b>	<b>\$ 897,377</b>
Less Unavailable Capital	\$ (653,143)	\$ (661,400)	\$ (661,400)	\$ (669,810)	\$ (678,377)	\$ (687,106)	\$ (696,003)	\$ (705,072)	\$ (714,318)	\$ (723,747)	\$ (733,364)
<b>AVAILABLE FUND BALANCE</b>	<b>\$ 178,203</b>	<b>\$ 128,476</b>	<b>\$ 128,476</b>	<b>\$ 335,274</b>	<b>\$ 296,247</b>	<b>\$ 297,346</b>	<b>\$ 361,248</b>	<b>\$ 204,784</b>	<b>\$ 276,206</b>	<b>\$ 365,913</b>	<b>\$ 164,013</b>



# THE DALLAS WATER RATES: Option #2B

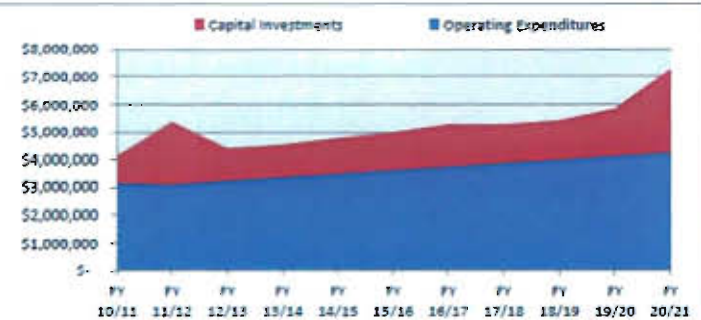
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>REVENUES</b>											
SDC Fees	\$ 33,858	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755
Other revenue	\$ 35,958	\$ 412,763	\$ 18,387	\$ 218,534	\$ 20,568	\$ 21,978	\$ 23,602	\$ 24,953	\$ 24,314	\$ 24,521	\$ 24,524
User Fees	\$ 3,330,687	\$ 3,679,458	\$ 3,991,410	\$ 4,303,362	\$ 4,615,314	\$ 4,927,286	\$ 5,177,589	\$ 5,427,873	\$ 5,678,176	\$ 5,990,128	\$ 6,302,080
Rate Increase	10%	10%	10%	10%	10%	8%	8%	8%	10%	10%	10%
Revenue from Rate Increase	\$ 311,952	\$ 311,952	\$ 311,952	\$ 311,952	\$ 311,952	\$ 250,303	\$ 250,303	\$ 250,303	\$ 311,952	\$ 311,952	\$ 311,952
<b>Sub-total</b>	<b>\$ 3,712,453</b>	<b>\$ 4,438,926</b>	<b>\$ 4,366,504</b>	<b>\$ 4,868,603</b>	<b>\$ 4,982,589</b>	<b>\$ 5,234,303</b>	<b>\$ 5,496,230</b>	<b>\$ 5,737,884</b>	<b>\$ 6,049,196</b>	<b>\$ 6,361,357</b>	<b>\$ 6,673,311</b>
<b>EXPENDITURES</b>											
Maintenance and Operation	\$ (2,647,538)	\$ (2,629,499)	\$ (2,734,913)	\$ (2,840,326)	\$ (2,945,740)	\$ (3,051,153)	\$ (3,156,567)	\$ (3,261,980)	\$ (3,367,394)	\$ (3,472,807)	\$ (3,578,221)
Administrative Services	\$ (499,228)	\$ (497,253)	\$ (530,901)	\$ (551,214)	\$ (571,526)	\$ (591,838)	\$ (612,150)	\$ (632,463)	\$ (652,775)	\$ (673,087)	\$ (693,399)
Contingency	\$ (20,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ (3,167,234)</b>	<b>\$ (3,126,752)</b>	<b>\$ (3,265,814)</b>	<b>\$ (3,391,540)</b>	<b>\$ (3,517,266)</b>	<b>\$ (3,642,992)</b>	<b>\$ (3,768,717)</b>	<b>\$ (3,894,443)</b>	<b>\$ (4,020,169)</b>	<b>\$ (4,145,894)</b>	<b>\$ (4,271,620)</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 545,219</b>	<b>\$ 1,312,176</b>	<b>\$ 1,090,689</b>	<b>\$ 1,477,063</b>	<b>\$ 1,465,323</b>	<b>\$ 1,591,311</b>	<b>\$ 1,717,512</b>	<b>\$ 1,843,441</b>	<b>\$ 2,029,029</b>	<b>\$ 2,215,462</b>	<b>\$ 2,401,691</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital Improvements	\$ (283,152)	\$ (709,248)	\$ (270,701)	\$ (285,723)	\$ (300,973)	\$ (314,608)	\$ (328,488)	\$ (342,623)	\$ (358,873)	\$ (375,398)	\$ (392,210)
Debt Service	\$ (656,947)	\$ (1,508,253)	\$ (861,459)	\$ (856,533)	\$ (955,016)	\$ (1,025,881)	\$ (1,193,626)	\$ (1,704,397)	\$ (1,705,752)	\$ (1,917,573)	\$ (2,498,890)
<b>Sub-Total</b>	<b>\$ (940,099)</b>	<b>\$ (2,217,502)</b>	<b>\$ (1,132,160)</b>	<b>\$ (1,142,257)</b>	<b>\$ (1,255,989)</b>	<b>\$ (1,340,489)</b>	<b>\$ (1,522,114)</b>	<b>\$ (2,047,020)</b>	<b>\$ (2,064,625)</b>	<b>\$ (2,292,971)</b>	<b>\$ (2,891,100)</b>
<b>Surplus (Deficit) Revenue</b>	<b>\$ (394,880)</b>	<b>\$ (905,326)</b>	<b>\$ (41,471)</b>	<b>\$ 334,806</b>	<b>\$ 209,334</b>	<b>\$ 250,822</b>	<b>\$ 195,398</b>	<b>\$ (203,579)</b>	<b>\$ (35,596)</b>	<b>\$ (77,509)</b>	<b>\$ (489,409)</b>
<b>COMBINED Reserve and Water Funds</b>	<b>\$ 1,736,672</b>	<b>\$ 831,347</b>	<b>\$ 789,876</b>	<b>\$ 1,124,682</b>	<b>\$ 1,334,016</b>	<b>\$ 1,584,839</b>	<b>\$ 1,780,237</b>	<b>\$ 1,576,658</b>	<b>\$ 1,541,062</b>	<b>\$ 1,463,553</b>	<b>\$ 974,144</b>
Less Unavailable Capital	\$ (653,143)	\$ (653,143)	\$ (661,400)	\$ (669,810)	\$ (678,377)	\$ (687,106)	\$ (696,003)	\$ (705,072)	\$ (714,318)	\$ (723,747)	\$ (733,364)
<b>AVAILABLE FUND BALANCE</b>	<b>\$ 178,203</b>	<b>\$ 128,476</b>	<b>\$ 128,476</b>	<b>\$ 454,873</b>	<b>\$ 655,639</b>	<b>\$ 897,732</b>	<b>\$ 1,084,234</b>	<b>\$ 871,586</b>	<b>\$ 826,744</b>	<b>\$ 739,806</b>	<b>\$ 240,780</b>





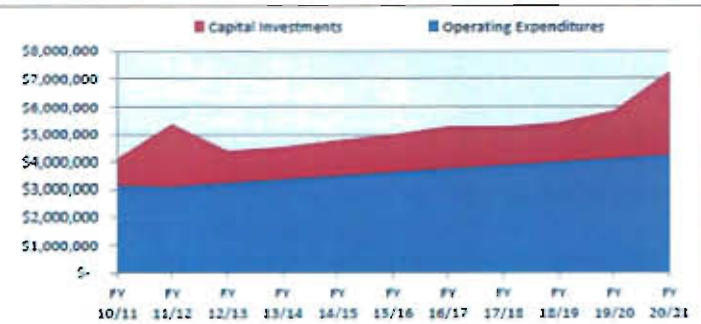
## THE DALLES WATER RATES: Option #3A

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>REVENUES</b>											
SDC Fees	\$ 33,856	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755
Other revenue	\$ 35,958	\$ 412,783	\$ 18,387	\$ 218,534	\$ 19,970	\$ 20,481	\$ 20,601	\$ 20,260	\$ 21,503	\$ 23,602	\$ 25,941
User Fees	\$ 3,330,687	\$ 3,679,456	\$ 3,991,410	\$ 4,303,362	\$ 4,492,017	\$ 4,742,320	\$ 4,869,327	\$ 5,057,982	\$ 5,369,934	\$ 5,681,886	\$ 6,147,959
Rate Increase	10%	10%	10%	6%	8%	4%	6%	10%	10%	15%	16%
Revenue from Rate Increase	\$ 311,952	\$ 311,952	\$ 311,952	\$ 188,655	\$ 250,303	\$ 127,006	\$ 188,655	\$ 311,952	\$ 311,952	\$ 466,073	\$ 496,898
<b>Sub-total</b>	<b>\$ 3,712,453</b>	<b>\$ 4,438,928</b>	<b>\$ 4,356,504</b>	<b>\$ 4,745,306</b>	<b>\$ 4,797,045</b>	<b>\$ 4,924,562</b>	<b>\$ 5,113,338</b>	<b>\$ 5,424,949</b>	<b>\$ 5,738,144</b>	<b>\$ 6,206,315</b>	<b>\$ 6,705,552</b>
<b>EXPENDITURES</b>											
Maintenance and Operation	\$ (2,647,538)	\$ (2,629,499)	\$ (2,734,913)	\$ (2,840,326)	\$ (2,945,740)	\$ (3,051,153)	\$ (3,156,567)	\$ (3,261,980)	\$ (3,367,394)	\$ (3,472,807)	\$ (3,578,221)
Administrative Services	\$ (499,228)	\$ (497,253)	\$ (530,901)	\$ (551,214)	\$ (571,526)	\$ (591,838)	\$ (612,150)	\$ (632,463)	\$ (652,775)	\$ (673,087)	\$ (693,399)
Contingency	\$ (20,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ (3,167,234)</b>	<b>\$ (3,126,752)</b>	<b>\$ (3,265,814)</b>	<b>\$ (3,391,540)</b>	<b>\$ (3,517,266)</b>	<b>\$ (3,642,992)</b>	<b>\$ (3,768,717)</b>	<b>\$ (3,894,443)</b>	<b>\$ (4,020,169)</b>	<b>\$ (4,145,894)</b>	<b>\$ (4,271,620)</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 545,219</b>	<b>\$ 1,312,176</b>	<b>\$ 1,090,689</b>	<b>\$ 1,353,766</b>	<b>\$ 1,279,779</b>	<b>\$ 1,281,571</b>	<b>\$ 1,344,621</b>	<b>\$ 1,530,506</b>	<b>\$ 1,717,975</b>	<b>\$ 2,060,421</b>	<b>\$ 2,433,932</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital Improvements	\$ (283,152)	\$ (709,248)	\$ (270,701)	\$ (282,025)	\$ (295,424)	\$ (305,361)	\$ (317,391)	\$ (333,376)	\$ (349,626)	\$ (370,775)	\$ (393,135)
Debt Service	\$ (656,947)	\$ (1,508,253)	\$ (861,459)	\$ (856,533)	\$ (955,016)	\$ (1,025,881)	\$ (1,170,284)	\$ (1,024,345)	\$ (1,025,700)	\$ (1,299,856)	\$ (2,561,949)
<b>Sub-Total</b>	<b>\$ (940,099)</b>	<b>\$ (2,217,502)</b>	<b>\$ (1,132,160)</b>	<b>\$ (1,138,558)</b>	<b>\$ (1,250,441)</b>	<b>\$ (1,331,242)</b>	<b>\$ (1,487,676)</b>	<b>\$ (1,357,721)</b>	<b>\$ (1,375,326)</b>	<b>\$ (1,670,631)</b>	<b>\$ (2,955,084)</b>
<b>Surplus (Deficit) Revenue</b>	<b>\$ (394,880)</b>	<b>\$ (905,326)</b>	<b>\$ (41,471)</b>	<b>\$ 215,208</b>	<b>\$ 29,338</b>	<b>\$ (49,671)</b>	<b>\$ (143,055)</b>	<b>\$ 172,785</b>	<b>\$ 342,649</b>	<b>\$ 389,790</b>	<b>\$ (521,152)</b>
<b>COMBINED Reserve and Water Funds</b>	<b>\$ 1,736,672</b>	<b>\$ 831,347</b>	<b>\$ 789,876</b>	<b>\$ 1,005,084</b>	<b>\$ 1,034,423</b>	<b>\$ 984,752</b>	<b>\$ 841,696</b>	<b>\$ 1,014,481</b>	<b>\$ 1,357,131</b>	<b>\$ 1,746,921</b>	<b>\$ 1,225,769</b>
<b>Less Unavailable Capital</b>	<b>\$ -</b>	<b>\$ (653,143)</b>	<b>\$ (661,400)</b>	<b>\$ (669,610)</b>	<b>\$ (678,377)</b>	<b>\$ (687,106)</b>	<b>\$ (696,003)</b>	<b>\$ (705,072)</b>	<b>\$ (714,318)</b>	<b>\$ (723,747)</b>	<b>\$ (733,364)</b>
<b>AVAILABLE FUND BALANCE</b>	<b>\$ 178,203</b>	<b>\$ 128,476</b>	<b>\$ 128,476</b>	<b>\$ 335,274</b>	<b>\$ 356,046</b>	<b>\$ 297,646</b>	<b>\$ 145,693</b>	<b>\$ 309,409</b>	<b>\$ 642,812</b>	<b>\$ 1,023,174</b>	<b>\$ 492,405</b>



## THE DALLES WATER RATES: Option #3B

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>REVENUES</b>											
SDC Fees	\$ 33,856	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755	\$ 34,755
Other revenue	\$ 35,958	\$ 412,763	\$ 18,387	\$ 218,235	\$ 19,669	\$ 20,179	\$ 20,896	\$ 21,453	\$ 23,300	\$ 25,706	\$ 27,608
User Fees	\$ 3,330,687	\$ 3,679,458	\$ 3,991,410	\$ 4,241,713	\$ 4,492,017	\$ 4,742,320	\$ 4,992,624	\$ 5,242,927	\$ 5,493,231	\$ 5,743,534	\$ 6,055,486
Rate Increase	10%	10%	8%	8%	8%	8%	8%	8%	8%	10%	12%
Revenue from Rate Increase	\$ 311,952	\$ 311,952	\$ 250,303	\$ 250,303	\$ 250,303	\$ 250,303	\$ 250,303	\$ 250,303	\$ 250,303	\$ 311,952	\$ 373,601
<b>Sub-total</b>	<b>\$ 3,712,453</b>	<b>\$ 4,438,928</b>	<b>\$ 4,294,855</b>	<b>\$ 4,745,007</b>	<b>\$ 4,796,744</b>	<b>\$ 5,047,557</b>	<b>\$ 5,298,578</b>	<b>\$ 5,549,439</b>	<b>\$ 5,801,590</b>	<b>\$ 6,115,948</b>	<b>\$ 6,491,449</b>
<b>EXPENDITURES</b>											
Maintenance and Operation	\$ (2,647,538)	\$ (2,629,499)	\$ (2,734,913)	\$ (2,840,326)	\$ (2,945,740)	\$ (3,051,153)	\$ (3,156,567)	\$ (3,261,980)	\$ (3,367,394)	\$ (3,472,807)	\$ (3,578,221)
Administrative Services	\$ (499,228)	\$ (497,253)	\$ (530,901)	\$ (551,214)	\$ (571,526)	\$ (591,838)	\$ (612,150)	\$ (632,463)	\$ (652,775)	\$ (673,087)	\$ (693,399)
Contingency	\$ (20,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ (3,167,234)</b>	<b>\$ (3,126,752)</b>	<b>\$ (3,265,814)</b>	<b>\$ (3,391,540)</b>	<b>\$ (3,517,266)</b>	<b>\$ (3,642,992)</b>	<b>\$ (3,768,717)</b>	<b>\$ (3,894,443)</b>	<b>\$ (4,020,169)</b>	<b>\$ (4,145,894)</b>	<b>\$ (4,271,620)</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 545,219</b>	<b>\$ 1,312,176</b>	<b>\$ 1,029,041</b>	<b>\$ 1,353,467</b>	<b>\$ 1,279,479</b>	<b>\$ 1,404,566</b>	<b>\$ 1,529,861</b>	<b>\$ 1,654,996</b>	<b>\$ 1,781,421</b>	<b>\$ 1,970,053</b>	<b>\$ 2,219,829</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital Improvements	\$ (283,152)	\$ (709,248)	\$ (268,851)	\$ (282,025)	\$ (295,434)	\$ (309,059)	\$ (322,940)	\$ (337,075)	\$ (351,475)	\$ (368,001)	\$ (386,662)
Debt Service	\$ (656,947)	\$ (1,508,253)	\$ (861,459)	\$ (856,533)	\$ (955,016)	\$ (1,025,881)	\$ (1,170,284)	\$ (1,024,345)	\$ (1,025,700)	\$ (1,299,856)	\$ (2,561,949)
<b>Sub-Total</b>	<b>\$ (940,099)</b>	<b>\$ (2,217,502)</b>	<b>\$ (1,130,311)</b>	<b>\$ (1,138,558)</b>	<b>\$ (1,250,441)</b>	<b>\$ (1,334,941)</b>	<b>\$ (1,493,224)</b>	<b>\$ (1,361,420)</b>	<b>\$ (1,377,175)</b>	<b>\$ (1,667,857)</b>	<b>\$ (2,948,611)</b>
<b>Surplus (Deficit) Revenue</b>	<b>\$ (394,880)</b>	<b>\$ (905,326)</b>	<b>\$ (101,270)</b>	<b>\$ 214,909</b>	<b>\$ 29,038</b>	<b>\$ 69,625</b>	<b>\$ 36,637</b>	<b>\$ 293,576</b>	<b>\$ 404,246</b>	<b>\$ 302,196</b>	<b>\$ (728,782)</b>
<b>COMBINED Reserve and Water Funds</b>	<b>\$ 1,736,672</b>	<b>\$ 831,347</b>	<b>\$ 730,077</b>	<b>\$ 944,986</b>	<b>\$ 974,024</b>	<b>\$ 1,043,649</b>	<b>\$ 1,080,286</b>	<b>\$ 1,373,862</b>	<b>\$ 1,778,107</b>	<b>\$ 2,080,303</b>	<b>\$ 1,351,522</b>
Less Unavailable Capital	\$ -	\$ (653,143)	\$ (661,400)	\$ (669,610)	\$ (678,377)	\$ (687,106)	\$ (696,003)	\$ (705,072)	\$ (714,318)	\$ (723,747)	\$ (733,364)
<b>AVAILABLE FUND BALANCE</b>	<b>\$ 178,203</b>	<b>\$ 68,677</b>	<b>\$ 275,176</b>	<b>\$ 275,176</b>	<b>\$ 295,647</b>	<b>\$ 356,543</b>	<b>\$ 384,283</b>	<b>\$ 668,790</b>	<b>\$ 1,063,789</b>	<b>\$ 1,356,556</b>	<b>\$ 618,158</b>



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It was moved by Wood and seconded by McGlothlin to adopt Special Ordinance No. 11-542 vacating a portion of Terrace Drive and East Terrace Drive located adjacent to the Mayfield property at 513 East Terrace Drive, by title. The motion carried unanimously, Dick abstaining; Spatz absent.

Resolution No. 11-025 Accepting a Deed of Dedication from Stanley G. Mayfield

City Attorney Parker reviewed the staff report.

Councilor Dick excused himself from deliberations due to conflict of interest. He stated he was the attorney for the estate of Mr. Mayfield.

It was moved by Wood and seconded by McGlothlin to adopt Resolution No. 11-025 accepting a deed of dedication from Stanley G. Mayfield. The motion carried unanimously, Dick abstaining; Spatz absent.

General Ordinance No. 11-1313 Amending Land Use Development Ordinance No. 98-1222

Senior Planner Gassman reviewed the staff report.

City Clerk Krueger read General Ordinance No. 11-1313 by title.

It was moved by McGlothlin and seconded by Ahier to adopt General Ordinance No. 11-1313 amending Land Use Development Ordinance 98-1222 by title. The motion carried unanimously, Spatz absent.

DISCUSSION ITEMS

Report Regarding Water Rates and Water Capital Improvement Plan Re-Evaluation

Administrative Intern Will Norris presented a PowerPoint presentation and reviewed the staff report.

Councilor Ahier asked that the presentation be added to the City's website for citizens to view. He said it was interesting that with the addition of businesses and homes to the community, that water usage had not increased. He said it could be assumed people were using conservation measures.

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Public Works Director Anderson noted several projects that had been completed which had not originally been included in the Water Capital Improvement Plan, including the DEQ temperature mitigation, Port water line extension and Third Street Streetscape Project.

Anderson said it was important to note that if the Dog River Line project was delayed for too long, as outlined in Option #3, the permit process would have to be started over.

Councilor Ahier said he believed Option #1 would be too much of a burden on rate payers and he preferred Option #2, which had a more balanced rate increase while still allowing important projects to be completed. Public Works Director Anderson said the Dog River project could stay on schedule using the Option #2 structure.

Mayor Wilcox said increasing the water rates would create more brown lawns and our community would be ugly. He said new development needed to happen in the town to pay for the projects.

There was a discussion regarding lowering the base usage from 10,000 gallons to 5,000 or 8,000. Councilor Ahier said he would like to see data to see what would happen with the revenues if the base was lowered.

Mayor Wilcox said the cost of living index did not help citizens when their water rates were doubled. He reiterated the need to focus on bringing new users on the system to help pay for the projects.

Councilor Wood said there was no guarantee that there would be enough new customers to pay for projects. She said in order to get bonding for the projects, the City would have to prove it's rate structure would be adequate to repay the bond.

City Manager Young explained that reducing the base usage amount would not change the revenue very much and he said unit costs may have to be increased to compensate for a lower base usage amount.

Councilor Ahier said he would like to see the data regarding the reduced base usage.

Mayor Wilcox said he preferred Option #2B to bring forward for discussion at a public hearing. It was the consensus of the City Council to develop information for the public hearing based on Option #2B. Mayor Wilcox suggested proceeding with the hearing regarding rates and look at other base usage models later. City Manager Young said staff would look at other alternatives that would be revenue neutral and include the information in the report, but would proceed with the rate hearing using option #2B.

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### CITY ATTORNEY REPORT

City Attorney Parker said he was working with the Police Department and interested parties to revise the proposed second hand dealer ordinance and continued to work on the yard sale sign issues. He said he hoped to bring both issues for further Council consideration in October.

### CITY COUNCIL REPORTS

Mayor pro-tem Ahier reported he had attended the 911 Memorial Service and it had been an excellent event. He said the memorial piece was now on display at the Fire Station and encouraged people to stop by and take a look at it.

Councilor McGlothlin reported on recent Traffic Safety Commission activity, noting the parking had been improved at the intersection of 12<sup>th</sup> and Oregon Streets; 10<sup>th</sup> Street improvements had been completed; and there was continuing discussion regarding the signs in the round about; left turn issues at Holsteins was being reviewed; and there were still concerns regarding traffic at the Sixth Street triangle area.

### CONSENT AGENDA

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

Items approved by Consent Agenda were: approval of July 25, 2011 regular City Council meeting minutes; 2) approval of August 8, 2011 special City Council meeting minutes; and 3) approval of August 26, 2011 special City Council meeting minutes.

### PUBLIC HEARINGS

#### Public Hearing to Receive Testimony Regarding Proposed Water Rates

Mayor pro-tem Ahier reviewed the procedures to be followed for the public hearing.

Public Works Director Dave Anderson reviewed the staff report. He noted some reasons for maintaining the 10,000 gallon base included the fact that a very high percentage of the costs of the water system were fixed and the main cost was not tied to treating water beyond the base. He said it was also a way to keep the water fund more stable and have predictable revenues.

Anderson noted that while there were currently no large metered users on the system, he did calculate systems development charges for eight, ten, and 12 inch meters to address any future



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large users. Anderson said the calculations were based on the same formula as the other charges in place.

Testimony

Bob McNary, 1525 East Ninth Street, The Dalles, said he worked with the Fellowship of Churches and was concerned that the elderly may not be able to pay higher water bills. He said a senior citizen rate should be considered.

Barbara Pashek, 1332 West 10<sup>th</sup> Street, The Dalles asked if the increases would be applied to both residential and commercial customers. Public Works Director Anderson said it would be applied to all customers.

Pashek said a senior citizen rate was a good idea. She also expressed concern that landlords would expect renters to pay for higher water bills.

Jim Broehl, 318 West 12<sup>th</sup> Street, The Dalles, said the 10,000 gallon base had been established to provide enough water for residents to water their lawns. He said the primary cost of the water was in delivering it to the customers, not for the volume of water. Broehl said instead of a senior rate, the Council should consider a low income rate because there were many low income residents that were not senior citizens.

Hearing no further testimony, the public hearing was closed.

Council Deliberation

Mayor pro-tem Ahier said he could not support an additional 4% rate increase on top of the recently implemented 6% increase. He said he did support a reduced base of approximately 8,000 gallons, which would provide an additional 1% in revenue. Ahier said the over base charges were very inexpensive and did not keep people from watering their lawns. He suggested the increases be based on the over base consumption instead of the entire water bill. Ahier said he did support a discount program for low income or senior residents.

Public Works Director Anderson said the City did have a low income program in place and it was administered by the Community Action Program (CAP).

Councilor Wood said there were many senior citizens who could afford the water rates and would prefer to call a discount program low income, not just for seniors. She said it was the City's responsibility to maintain the water system and infrastructure so everyone would continue to receive the service. Wood said she was supportive of keeping the 10,000 gallon base and was

willing to approve an additional 4% increase in order to stay on track with funding needed to complete the projects outlined in the Master Plan.

Ahier asked the status of the current cycle of increases in the Master Plan. Public Works Director Anderson said the current plan was adopted in 2006 and the increases were identified as 10% for years 2007, 2008, 2009, and 2010; 6% for year 2011; and 4% for years 2012, 2013, 2014, and 2015.

Anderson said some of the reason for the shortfall in funding included conservation measured, more efficient fixtures, and a lower rate of growth than anticipated. He said some projects had to be completed that had not been included in the original project list in order to comply with new and changing regulations.

Councilor McGlothlin asked if there might be some cost savings on the expenditure side of the water fund. Public Works Director Anderson said the staff always monitored the expenditures. McGlothlin said he was open to all options presented by staff and through testimony.

Councilor Dick said he was pleased to learn the City already had a low income program in place. He said due to the high fixed costs of water production, he supported leaving the base at 10,000 gallons and would also support consideration of an increase on the over base costs.

McGlothlin asked what would happen if the City did not comply with all the federal mandates. Anderson said noncompliance with water quality mandates could create very large fines for the City.

Ahier said the Master Plan was well done, he just could not support an additional 4% increase this year for the water rates, saying he didn't feel it was an urgent matter. He asked that a more measured approach be taken and asked for information regarding revenue projections for the volume charges and information regarding the ratio between the base and volume charges.

Anderson said he would provide additional information regarding the amount the volume rate would need to be to keep the base at its current rate and still meet the needs outlined in the Master Plan.

Councilor Dick noted that increases could also have a negative impact on businesses and said he hoped citizens would continue to have enough water to irrigate the trees in the community.



CITY OF THE DALLES  
Department of Public Works  
1215 West First Street  
The Dalles, Oregon 97058

## AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
October 10, 2011	Public Hearing 11, A	11-088

**TO:** Honorable Mayor and City Council  
**FROM:** Dave Anderson, Public Works Director  
**THRU:** Nolan K. Young, City Manager *NK Young*  
**DATE:** September 22, 2011  
**ISSUE:** Water utility rates

**CITY COUNCIL GOALS:** Goal 4, Tier 1, B: Re-evaluate water and sewer rates to meet operations and capital improvement needs.

**PREVIOUS AGENDA REPORT NUMBERS:** #11-080, #11-084

**BACKGROUND:** City Council conducted a Public Hearing related to water utility rates on September 12, 2011. Following that hearing, Council directed staff to develop information summarizing additional alternative rate structures. Council also reiterated its support for the project and funding schedule that had been presented as Option 2B in a report presented to Council on July 25<sup>th</sup> by Will Norris, Administrative Intern.

Staff has developed four new potential residential rate structure alternatives, each intended to generate the same amount of revenue as the originally proposed 4% increases in both monthly base rate and volume charges. This projection is based on the random survey of 5% of customers done by intern Will Norris. It's important to note that each of the alternative rate structures assume that customer behavior and also water consumption patterns remain unchanged after the rate adjustments; no allowances have been made for additional conservation that may occur. Since there was no discussion or direction from Council related to commercial/industrial rates, and since the development of alternative rate scenarios for those types of accounts would be difficult without outside assistance, the original proposal to raise commercial rates 4% within the current rate structure is still recommended by staff. Commercial customers provide an average of 38% of all water rate revenues.



The alternative residential rate schedules that are outlined below consider two issues – increasing the monthly base rate by amounts less than the original 4% and adjusting the amount of water included in the monthly base rate, considering both a 10,000 gallon per month volume (current) and an 8,000 gallon per month base volume. The rate for each 1,000 gallons of use over the base is then adjusted so that total revenue is the same for all alternatives.

#### **Alternative Residential Rate Schedules**

<b>Rate Schedule</b>	<b>Monthly Base Rate Increase</b>	<b>Monthly Base Charge</b>	<b>Base Charge Increase</b>	<b>Base Volume (gallons)</b>	<b>Volume charge (per 1000 gal)</b>	<b>Volume Charge Increase</b>
Original	4%	\$44.38	\$1.71	10,000	\$1.05	4%
Alt 1	2%	\$43.52	\$0.85	10,000	\$1.31	29.7%
Alt 2	2%	\$43.52	\$0.85	8,000	\$1.11	9.9%
Alt 3	0%	\$42.67	\$0.00	10,000	\$1.56	54.4%
Alt 4	0%	\$42.67	\$0.00	8,000	\$1.33	31.7%

Since these rate scenarios assume no changes in residential water consumption patterns, staff recommends that the selected rate schedule be re-evaluated in about one year after implementation to confirm that anticipated revenues have been realized, allowing for adjustments if necessary. It is also recommended that the rate adjustment schedule outlined in Option 2B then be implemented as originally proposed, with 10% rate increases on September 1 of each year 2012-2014, 8% annual rate increases in 2015-2017, and annual 10% rate increases in years 2018-2020.

Following the public hearing, staff will be seeking direction from Council regarding finalizing a water utility rate resolution. Staff proposes to present a final resolution to Council for adoption on October 24, 2011 with rates to be effective December 1, 2011.

**BUDGET IMPLICATIONS:** None at this time. If the one of the rates schedules presented in this report are approved by the Council, customers of the water utility will have rate increases in the amounts outlined above, and collection of revenue in accordance with the proposed rate schedule will allow the City to complete capital improvements as set forth in the City's capital improvement plans and Water Master Plan option 2.

#### **RECOMMENDATIONS:**

1. Staff Recommendation: Direct staff to finalize a water utility rate resolution for City Council consideration on October 24, 2011.
2. Provide additional direction to staff on how to proceed.

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## PUBLIC HEARINGS

### Public Hearing to Receive Testimony Regarding Water Rate Options

Mayor Wilcox reviewed the procedures to be followed for the hearing.

Public Works Director Anderson reviewed the staff report. He specifically reviewed the four proposed alternative residential rates and said all the proposals would generate the same amount of revenue, which was needed to accomplish the projects identified in the previously accepted Option 2B schedule. Anderson noted there was no proposal to change the proposed four percent increase for the commercial rates, which was approximately 38% of the water rate revenues. He recommended the selected rate schedule be re-evaluated in about one year to confirm the anticipated revenues were being realized, allowing for adjustments if necessary. Anderson further recommended the schedule outlined in Option 2B be implemented as originally proposed with 10% increases on September 1 of each year 2012 through 2014; 8% increases years 2015 through 2017; and 10% increases in years 2018 through 2020.

### Testimony

- ✓ Bruce Harris, 812 West 13<sup>th</sup> Street, The Dalles, said he owned a business installing sprinkler systems. He said many of his customers told him they could not continue to water their lawns if the water rates continued to increase and some of them were paying \$250 per month for water currently. Harris said the City had an abundant supply of water and said it was less expensive to provide water from the City wells than from the water treatment plant. He said if the City reduced water rates, they would sell more water and people would use more water.

Mayor Wilcox asked what the irrigation consumption might be on a standard lot if a person had a sprinkler system. Harris said an average person would use approximately 15,000 gallons per month for irrigation.

Councilor Dick asked if Mr. Harris was advocating that the City not lower the base gallons. Mr. Harris said that was correct. He said he would support increasing the base gallons.

Councilor Ahier said he didn't think increasing the number of gallons for the base rate would help increase revenue which was needed to complete the needed projects.

- ✓ Michael Leash, 206 Court Street, The Dalles, expressed concern regarding commercial rates. He said his establishment was charged approximately \$800 per month for water and sewer and that basing the sewer rates on available seating, when it was seldom at capacity seemed unfair. He asked the City to review the methodology for setting commercial sewer rates.

Public Works Director Anderson said the charges for commercial water rates were based on the size of the water line. He explained that the sewer charges were not solely based on seating, but other factors such as kitchen and bar waste.

Hearing no further testimony, the public hearing was closed.

#### Council Deliberation

Councilor Spatz asked if there was a cost of service analysis. Public Works Director Anderson said one had been included in the 2006 Water Master Plan. He said initially, there had been a 15,000 gallon base for residential and 7,000 gallon base for commercial customers.

Anderson said consumption had been very constant and increasing the base gallons could result in the delay of some water source development projects, which were needed for the future growth and economic development of the community.

Public Works Director Anderson responded to a comment from Mr. Harris regarding the high cost of water, noting that if a person used between 15,000 and 20,000 gallons of water, their monthly bill would be approximately \$42 to \$52 per month. He said if a person had a \$250 monthly water bill, they would be using about 250,000 gallons of water.

Councilor Spatz asked the average consumption during the winter months. Public Works Director Anderson estimated it was between 3,000 and 4,000 gallons per month. Spatz asked if staff had considered a seasonal rate structure. Anderson said that had not been considered, but said people did have the ability to participate in the average billing program.

Councilor Wood reminded the City Council that they had previously selected Option 2B for the water rate increases because it was the least amount of increase for the highest amount of projects to be completed. She said the City had a responsibility to pay for the improvements, operations and to repay bonds. She recommended the base gallon amount be left at 10,000 so as not to cause families an extra financial burden.

Councilor Dick said he supported maintaining the 10,000 gallon base or even increasing it. He said he could support proposed Alternative 1 with a 2% increase to the base rate, a 10,000 gallon base, and a 29.7% increase on the volume charge.

Mayor Wilcox said he also supported Alternative 1.

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Councilor Ahier said he thought it was important to pay for what you use and was not opposed to reducing the base gallons, but felt Alternative 1 was a modest increase. He said it was important that the City Council adopt a reasonable and responsible rate structure.

Councilor Spatz questioned how many rate payers used the average bill pay program. Finance Director Mast said she did not know the number, but not very many people currently used the program. Spatz suggested the program be publicized to ensure the citizens were aware of the option.

Spatz said he understood the need to be responsible and believed it was wise to review the rates in a year, but was opposed to increasing the rates during the poor economic times.

It was moved by Wood and seconded by Dick to direct staff to prepare a water utility rate resolution using Option 2B, Alternative 1; to re-evaluate within one year to confirm revenues were being realized and to be implemented as originally proposed with 10% increases on September 1 of each year 2012 through 2014; 8% increases years 2015 through 2017; and 10% increases in years 2018 through 2020.

Mayor Wilcox asked staff to provide information regarding the number of customers who use more than 10,000 gallons and more than 15,000 gallons of water.

Councilor Ahier said he could support the motion.

Councilor McGlothlin said no one wanted to raise rates, but felt it was the Council's job to do the responsible thing. He said the increase was minimal and hoped the public could be educated as to the impact of the increase to take away people's fears about high water rates.

Councilor Wood said people were more understanding of the need to raise water rates when it was explained to them that the water infrastructure was 150 years old.

The motion to direct staff to prepare a water utility rate resolution using Option 2B, Alternative 1; to re-evaluate within one year to confirm revenues were being realized and to be implemented as originally proposed with 10% increases on September 1 of each year 2012 through 2014; 8% increases years 2015 through 2017; and 10% increases in years 2018 through 2020 was voted on and carried; Spatz voting no.

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Resolution No. 11-028 Authorizing the City of The Dalles to Use an Electronic Lien Docket as Allowed by Oregon Revised Statute 93.643

It was moved by Ahier and seconded by Spatz to adopt Resolution No. 11-028 authorizing the City of The Dalles to use an electronic lien docket as allowed by Oregon Revised Statute 93.643. The motion carried unanimously, Dick absent.

Resolution No. 11-026 Amending Resolution No. 06-028, Establishing Metered Water Rates and Sanitary Sewer Fees and System Development Charges for the City of The Dalles

Public Works Director Dave Anderson reviewed the staff report. He reminded the Council the resolution included a two percent residential base rate increase and a 29.7% consumptive volume charge, as well as a four percent increase for commercial customers. He said the Resolution included a schedule for future rate adjustments to support the capital project schedule.

Councilor Ahier expressed concern that the Resolution did not include a provision for an annual review of proposed rate adjustments. He said it had been agreed at the last meeting that Council would review the rates prior to the next proposed increase in September, 2012.

City Manager Young said the Council could make a motion to require a review or the Resolution could be amended to include that language.

Councilor Spatz said he remained in opposition of any rate increase. He said he would prefer that the City ask the voters to approve a bond measure to accomplish the projects.

Councilor Wood disagreed with Spatz, saying this proposed rate increase was based on an extension of the 2006 Water master Plan projects that had been approved by Council. She said a small rate increase was much more acceptable than an expensive bond measure. She said it was the City's responsibility to provide infrastructure maintenance and upgrade aging water lines.

Ahier said he did believe the two percent base rate increase was acceptable for now, but wanted the City Council to revisit annually before approving additional increases. He asked that staff provide other options for making the improvements aside from rate increases.

Mayor Wilcox said he did not think the City should compete with other taxing entities for bond measures, rather the City should use its rate structure to complete infrastructure improvements.

It was moved by Wood and seconded by Spatz to adopt Resolution No. 11-026 amending Resolution No. 06-028, establishing metered water rates and sanitary sewer fees and system development charges for the City of The Dalles, with a rate review to be completed within a year.

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Wood said it was the City's responsibility to maintain the water system and this rate increase was needed to continue to take care of the delivery of water to the citizens.

Spatz said he could support the Resolution with the condition of reviewing the rates next year, but asked that the City Council at least consider bonds and other options aside from rate increases.

McGlothlin said the City was required by law to maintain it's water system and would support adoption of the Resolution with the condition that the rates be reviewed next year.

Ahier said he thought it would be helpful to have citizen involvement in the process.

Wilcox suggested water rates as a topic for a Town Hall meeting.

City Manager Young said staff would prepare information next year for review and then once the information was developed, it could be a topic for a Town Hall meeting.

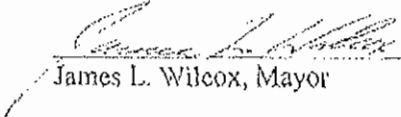
The motion to adopt Resolution No. 11-026 amending Resolution No. 06-028, establishing metered water rates and sanitary sewer fees and system development charges for the City of The Dalles, with a rate review to be completed within a year was voted on and carried unanimously, Dick absent.

ADJOURNMENT

Mr. Jupe thanked the City Council for conducting their meeting at the High School, said he believed the students were genuinely interested and hoped it could be an annual event. Being no further business, the meeting adjourned at 1:35 p.m.

Submitted by/  
Julie Krueger, MMC  
City Clerk

SIGNED:

  
James L. Wilcox, Mayor

ATTEST:

  
Julie Krueger, MMC, City Clerk