

AGENDA

REGULAR CITY COUNCIL MEETING

September 24, 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. World Habitat Day Proclamation
 - B. Oregon Days of Culture Proclamation
 - C. 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 September 10, 2012 Regular City Council Meeting Minutes
- B. Resolution No. 12-014 Concurring With the Mayor's Appointment to the Traffic Safety Commission

11. DISCUSSION ITEMS

- A. Discussion Regarding Opposition of Coal Trains [**Agenda Staff Report #12-063**]
- B. Update Regarding Revenue Impacts From Residential Water Rate Adjustments Implemented in December 2011 [**Agenda Staff Report #12-064**]

12. ADJOURNMENT

This meeting conducted in a handicap accessible room.

Prepared by/
Julie Krueger, MMC
City Clerk



PROCLAMATION

WHEREAS, The Dalles Area Habitat for Humanity was established in 1993; and

WHEREAS, The Dalles Area Habitat for Humanity has advocated for neighborhood revitalization and secure tenure; which is being celebrated on World Habitat Day of 2012; and

WHEREAS, The Dalles Area Habitat for Humanity will continue to address the lack of decent housing around the world and the need for affordable housing in the Mid-Columbia Area;

NOW, THEREFORE, I, James L. Wilcox , Mayor of The Dalles hereby proclaim October 1, 2012, as

“World Habitat Day”

in The Dalles, and urge the citizens to celebrate and participate in local events, including an informational booth and potluck on October 1 to honor the group’s achievements and all the people who have worked so hard locally.

SIGNED and DATED this 24th Day of September, 2012



SIGNED: _____
James L. Wilcox, Mayor

ATTEST: _____
Julie Krueger, MMC, City Clerk

0055 4624/12

PROCLAMATION

WHEREAS, culture draws us together in common purpose, understanding and celebration; and

WHEREAS, Oregon's arts, heritage and humanities museums, libraries, theaters, historical societies, art centers and heritage sites are the heart of our communities; and

WHEREAS, supporting culture, by giving to cultural nonprofits and to the Oregon Cultural Trust is vital to preserving the past, sustaining the present and creating the future; and

WHEREAS, the Oregon Culture Trust presents Oregon Days of Culture October 1 through 8, with October 8 marking the tenth anniversary of Oregon's innovative cultural tax credit, encouraging new public and private investment in Oregon culture;

NOW, THEREFORE, I, James L. Wilcox, Mayor of the City of The Dalles, proclaim October 1 through 8, 2012 as

“OREGON DAYS OF CULTURE”

in the City of The Dalles and call upon our citizens to participate in Oregon culture, celebrate its vibrancy and depth and give to the arts, heritage and humanities to ensure their future vitality.

APPROVED AND DATED THIS 24th DAY OF SEPTEMBER, 2012

SIGNED:

James L. Wilcox, Mayor

ATTEST:

Julie Krueger, MMC, City Clerk




12/17 4624 0055



AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
September 24, 2012	Consent Agenda 10, A - B	N/A

TO: Honorable Mayor and City Council

FROM: Julie Krueger, MMC, City Clerk 

THRU: Nolan K. Young, City Manager

DATE: September 12, 2012

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

A. **ITEM:** Approval of September 10, 2012 Regular City Council Meeting Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the September 10, 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 September 10, 2012 regular City Council meeting.

B. **ITEM:** Resolution No. 12-014 Concurring With the Mayor's Appointment of John Layson to the Traffic Safety Commission.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The Mayor has selected John Layson to fill a vacancy on the Traffic Safety Commission.

RECOMMENDATION: That City Council adopt Resolution No. 12-014 concurring with the Mayor's appointment of John Layson to the Traffic Safety Commission.

MINUTES

REGULAR COUNCIL MEETING
OF
SEPTEMBER 10, 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, Brian Ahier, Tim McGlothlin

COUNCIL ABSENT: None

STAFF PRESENT: City Manager Nolan Young, City Attorney Gene Parker, City Clerk Julie Krueger, Police Chief Jay Waterbury, Community Development Director Dan Durow, Public Works Director Dave Anderson, Finance Director Kate Mast, Engineer Dale McCabe, Administrative Fellow Garrett Chrostek, Senior Planner Dick Gassman

CALL TO ORDER

Mayor Wilcox called the meeting to order at 5:34 p.m.

ROLL CALL

Roll call was conducted by City Clerk Krueger; all Councilors present.

PLEDGE OF ALLEGIANCE

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

MINUTES (Continued)
Regular Council Meeting
September 10, 2012
Page 2

APPROVAL OF AGENDA

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

AUDIENCE PARTICIPATION

Gary Dunning, 1814 Minnesota Street, The Dalles, said the community had developed a covenant several years ago and that in light of bad things happening in the community, hoped it would be embraced again and suggested the City put it on their website. He distributed copies of the Community Covenant to the City Council.

CITY MANAGER REPORT

City Manager Young reported that The Dalles Dam Tours had been postponed due to the shuttles having axle problems.

CITY ATTORNEY REPORT

City Attorney Parker reported that he had been working with the Airport Managers regarding an appeal to a storm water permit. He said a buffer had been established and a motion had now been filed to dissolve the appeal.

Parker said the Codes Enforcement Officer was currently working through the process to demolish a dangerous building at 600 East 12th Street.

CITY COUNCIL REPORTS

Councilor Wood asked if the Council would address the coal train issue at a future meeting. City Attorney Parker said he would be preparing information for Council consideration at their September 24 meeting.

Wood said she had received a complaint about people hunting in the Taylor Lakes area and asked if it was legal to hunt there. Community Development Director Durow said it was legal to hunt in that area.

Councilor McGlothlin noted the next Traffic Safety Commission meeting would be held on September 19.

MINUTES (Continued)
Regular Council Meeting
September 10, 2012
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Councilor Dick reported there had been no quorum for the last Urban Renewal Advisory Committee meeting, but they had heard a report on urban renewal projects.

Councilor Ahier reported the Council of Governments had a special meeting to make changes to their employee health care plan.

Ahier said since the decision had been made regarding location of a downtown parking structure, the Council should reconsider the Transportation Center lease for the Veterans. He said he supported extending the duration of the lease. Ahier said he also supported the concept of assisting with the financing of the installation of a new flag pole.

There was consensus of the Council to direct the City Manager to work with Wasco County to extend the lease of the Transportation Center for the Veteran's Service Office.

Councilor Dick said the Council should keep in mind the long term use of the building could be returned to use for transportation.

Mayor Wilcox said he had enjoyed the dedication of the new commercial dock and festival park and said the project was a success because of all the work done by City Manager Nolan Young. He said Mr. Young's importance to the project could not be acknowledged enough.

Wilcox said he had attended the grand opening for Coastal Farm Supply. He said the owner had mentioned that he had recently opened three stores and had the best service from the City of The Dalles. Mayor Wilcox thanked the City staff for the great service they provide.

Mayor Wilcox said though he had not added his name to a recent article from the City Council regarding urban renewal projects, he did support urban renewal and hoped the projects were successful.

Wilcox said the yard sale signs continued to be placed on street corners and it looked terrible.

CONSENT AGENDA

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

Items approved by Consent Agenda were: 1) approval of July 23, 2012 regular City Council meeting minutes; and 2) approval of August 13, 2012 special City Council meeting minutes.

CONTRACT REVIEW BOARD ACTIONS

Authorization to Purchase Two Pre-Fabricated Sanitary Sewer Lift Stations from Romtec Utilities to Replace the Meadows and Jordan Street Lift Stations

Public Works Director Anderson reviewed the staff report.

Councilor Ahier asked how old the east side lift station was when it had to be replaced and what the expected life of a station was. Public Works Director Anderson said the east side station had been installed in the early 1970's and failed in 2009. He said the expected life for a lift station was approximately 40 years.

Councilor Spatz asked for clarification regarding the reasons for using a sole source supplier. Anderson said the reasons were competitive pricing, superior design, no need for staff to engineer them, and to have a standardized product.

It was moved by Wood and seconded by Spatz to authorize the expenditure of funds to purchase two pre-fabricated sanitary sewer lift stations from Romtec Industries for an amount not to exceed \$387,200.51. The motion carried unanimously.

Award Contract for Installation of Two Pre-Fabricated Sanitary Sewer Lift Stations to Replace Meadows and Jordan Street Lift Stations

The staff report was reviewed by Public Works Director Anderson.

It was moved by McGlothlin and seconded by Ahier to authorize the City Manager to enter into a contract with Crestline Construction in an amount not to exceed \$236,183.00. The motion carried unanimously.

ACTION ITEMS

Approval to Move the City's Non-Public Safety Retirement Plan

City Clerk Krueger reviewed the staff report.

It was moved by Wood and seconded by Ahier to authorize the City Manager to proceed with moving the City's non-public safety retirement plan to Standard Insurance. The motion carried unanimously.

MINUTES (Continued)
Regular Council Meeting
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Approval to Enter Into Agreement With Oregon Department of Transportation to Receive Surface Transportation Program Funds for the East 19th Street Reconstruction Project

Public Works Director Dave Anderson reviewed the staff report. It was noted the approximate annual allocation of funds was 94% of \$140,000 and the annual allocations were placed in a fund for up to four years to accumulate enough money to construct a project. Anderson said the final cost for the East 19th Street project would be less than \$425,000.

Mayor Wilcox said the title of the fund, Street and Bridge Replacement Fund, should be changed because it really didn't fit with the projects.

It was moved by Spatz and seconded by Wood to authorize Agreement No. 28661 with ODOT to accept funds exchanged under the Surface Transportation Program for the East 19th Street Reconstruction Project in an amount not to exceed \$425,000. The motion carried unanimously.

General Ordinance No. 12-1317 Regulating the Conduct and Business of Second Hand Dealers and Certain Sales of Used Property; Requiring Records; Requiring a License for Second Hand Dealers; Providing Penalties; and Repealing General Ordinance No. 83-1048

City Attorney Parker reviewed the staff report. He said Section 1, C had been changed to clarify that the ordinance intended to regulate businesses that purchased regulated property at any business location for resale. Parker said Section 1, D had been changed to delete the exemption for used goods less than 50% of gross sales, and said Section 8 had been revised to provide for weekly reporting instead of daily reporting.

Councilor Ahier asked if this ordinance would apply to businesses who come to town to buy and sell gold. It was noted this type of business would fall under the rules of the transient merchant ordinance.

Eric Stovall thanked the City for allowing Second Hand Dealers to participate in the process of drafting the ordinance language. He said the ordinance was an improvement and urged the Council to adopt it. He said reporting may be more work but was good protection for the merchants.

There was a discussion regarding how the proposed ordinance may affect other businesses who primarily sell new merchandise, but some of their merchandise could be used. City Attorney Parker said he would contact businesses and let them know about the new ordinance.

Mary Merrill, The Dalles, asked if the ordinance included charitable organizations who sell used clothing. City Attorney Parker said non-profits had been exempted.

City Clerk Krueger read General Ordinance No. 12-1317 by title.

It was moved by Wood and seconded by McGlothlin to adopt General Ordinance No. 12-1317 regulating the conduct and business of Second Hand Dealers and certain sales of used property; requiring records; requiring a license for Second Hand Dealers; providing penalties; and repealing General Ordinance No. 83-1048, by title. The motion carried unanimously.

General Ordinance No. 12-1325 Amending Land Use Development Ordinance

City Attorney Parker reviewed the staff report. He said staff had drafted language for Section 1, M and asked that they select either option #1 or #2. Following discussion, the City Council agreed the language outlined in option #2 was most suitable.

There was discussion regarding language restricting the height of shrubs. It was noted this subject would be revisited in 2013 when the next round of LUDO amendments were discussed.

City Clerk Krueger read General Ordinance No. 12-1325 by title.

It was moved by Spatz and seconded by Wood to adopt General Ordinance No. 12-1325 with the option #2 language Section 1 (M) of the ordinance concerning accessory use size, by title. The motion carried unanimously.

General Ordinance No. 12-1326 Amending General Ordinance No. 97-1216 Concerning Regulation of Food Carts and Other Transient Merchant Vendors on City Owned or Leased Property

City Attorney Parker reviewed the staff report.

City Clerk Krueger read General Ordinance No. 12-1326 by title.

It was moved by Ahier and seconded by Wood to adopt General Ordinance No. 12-1326 amending General Ordinance No. 97-1216 concerning regulation of food carts and other transient merchant vendors on City owned or leased property, by title. The motion carried unanimously.

DISCUSSION ITEMS

Discussion Regarding Main Street Steering Committee's Economic Improvement District Plan

City Manager Young reviewed the staff report.

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Regular Council Meeting
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Mayor Wilcox, Councilor Wood and Councilor Dick disclosed they all owned property in the proposed Economic Improvement District. City Attorney Parker said it was proper to disclose, but this proposal was for a class of properties and could be discussed and voted on.

Chuck Covert expressed support for the Plan and said the Main Street Committee supported the proposal. He said he had heard positive comments regarding implementation of an Economic Improvement District.

Mary Merrill said the Main Street Committee had been working hard to improve the downtown economic conditions, helping with the Jammin July event and inventorying empty buildings in the downtown. She noted one building had already been rented as a result of that information being available on face book. Merrill expressed her appreciation of the City for their support but said it was time for the Program to have its own staff.

Bob McNary asked if the City would have to pay the proposed assessment on properties they own in the district. City Manager Young said governments would be exempt from the assessment.

Councilor Ahier said he appreciated the City's role in supporting the program and hoped the program would spur development in the downtown.

It was moved by Wood and seconded by Spatz to direct the City Attorney to publish a 30 day notice for the first public hearing on October 22, 2012 and prepare the EID ordinance for Council consideration. The motion carried unanimously.

Discussion Regarding an Opportunity to Enter into a Ground Lease for Construction and Operation of an Electric Vehicle Charging Station

Public Works Director Anderson reviewed the staff report.

Councilor Spatz said he was familiar with the company proposing the project. He asked who would pay for the grid power. Public Works Director Anderson said the company would pay for the power. Spatz asked who would be responsible for insurance and indemnification, what the depreciation would be and if the City would have to buy the station at a later time. He asked how many parking spaces would be required to install the station. Public Works Director Anderson said the City would have an opportunity to buy the station but it would not be required. He said three parking spaces would be needed to install the station.

Spatz said he supported the concept, but would like to have more information regarding the specific project. Council Ahier agreed with Spatz that he supported the concept.

MINUTES (Continued)
Regular Council Meeting
September 10, 2012
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Mayor Wilcox said within 10 years, the station would be old technology. He said he did not support the project and opposed using the ARCO parking lot as a location because there was not enough parking in that area.

Staff was directed to consider other possible locations, provide more detailed information and report back to Council.

ADJOURNMENT

Being no further business, the meeting adjourned at 7:23 p.m.

Submitted by/
Julie Krueger, MMC
City Clerk

SIGNED:

James L. Wilcox, Mayor

ATTEST:

Julie Krueger, MMC, City Clerk

RESOLUTION NO. 12-014

**A RESOLUTION CONCURRING WITH THE MAYOR'S
APPOINTMENT TO THE TRAFFIC SAFETY COMMISSION**

WHEREAS, there is a vacancy on the Traffic Safety Commission; and

WHEREAS, the Mayor has selected John Layson for appointment to the Traffic Safety
Commission;

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

Section 1. The City Council hereby concurs with the appointment of John Layson to the
Traffic Safety Commission; term to expire April 30, 2015.

Section 2. This Resolution shall be effective September 24, 2012.

PASSED AND ADOPTED THIS 24th DAY OF SEPTEMBER, 2012

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

AND APPROVED BY THE MAYOR THIS 24th DAY OF SEPTEMBER, 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 ext. 1122
FAX (541) 296-6906

AGENDA STAFF REPORT

CITY OF THE DALLES

MEETING DATE:	AGENDA LOCATION:	AGENDA REPORT #
September 24, 2012	Discussion Items 11, A	12-063

TO: Honorable Mayor and City Council

FROM: Gene E. Parker, City Attorney

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

DATE: September 12, 2012

ISSUE: Discussion item concerning proposed Resolution No. 12-013 regarding use of railroads for transportation of coal for coal export projects.

RELATED CITY COUNCIL GOAL: None.

PREVIOUS AGENDA REPORT NUMBERS: None.

BACKGROUND: The City Council has conducted two town hall meetings to provide an opportunity for public comment and input related to proposals for coal export projects which would involve the transportation of coal from the Powder River Basin in Wyoming by train, to proposed export facilities in Oregon and Washington. The first town hall meeting on April 16, 2012 primarily focused upon comments and concerns raised by persons and organizations opposed to the use of the coal trains. The second town hall meeting on June 4, 2012 was designed to hear presentations from representatives from the Union Pacific and Burlington Northern railroad companies, and from the Morrow Pacific Project, one of the proposed coal export projects.

Councilor Spatz requested that a discussion item be placed upon the Council's agenda to discuss the possible adoption of a resolution concerning the coal train issue. Enclosed with this staff report are two proposed resolutions. Option A is a resolution similar to one adopted by the City

of Camas, Washington. This resolution does not express opposition to the proposed use of the coal trains; it's primary focus is to urge the appropriate authorities to conduct an environmental impact statement that would study the potential impact of the coal trains on the City of The Dalles and other cities located along the rail lines where the coal would be transported. Option B is a resolution based upon a resolution opposing the use of the coal trains which was recently adopted by the City of Hood River.

BUDGET IMPLICATIONS: No specific budget implications for the City are anticipated if either version of the proposed resolution is adopted by the Council

ALTERNATIVES:

- A. Staff Recommendation. *This is a discussion item so the staff is not making any particular recommendation. The Council can choose to adopt one of the proposed versions, or amend one of the versions and adopt that amended version, or determine not to adopt a resolution concerning this issue.*

RESOLUTION NO. 12-013

(Option A)

**A RESOLUTION EXPRESSING CONCERN REGARDING
POTENTIAL ADVERSE IMPACTS FROM INCREASING
NUMBER OF TRAINS TRANSPORTING COAL THROUGH
THE CITY OF THE DALLES, AND REQUESTING THE
APPROPRIATE AUTHORITIES TO REQUIRE AN
ENVIRONMENTAL IMPACT STATEMENT WHICH
IDENTIFIES THE IMPACTS TO THE CITY OF THE DALLES**

WHEREAS, there are currently a number of projects proposed which include the transportation of coal by train from the Powder River Basin in Wyoming to facilities located in the States of Oregon and Washington; and

WHEREAS, under these proposed projects, the potential exists for an increase in the number of trains transporting coal through the City of The Dalles; and

WHEREAS, the Union Pacific Railroad has track lines located in the City of The Dalles, including four at-grade crossings; and

WHEREAS, during two town hall presentations, the City Council heard public comment expressing concern for the potential for coal dust being generated by the trains, having a negative impact upon the residents of the City of The Dalles; and

WHEREAS, the City Council is concerned that the potential increase in train traffic used to transport coal could result in closure of at-grade crossings with greater frequency and for longer period of times, which could possibly contribute to traffic congestion and negatively impact emergency service response times; and

WHEREAS, the City Council is concerned about the impact on the community's health, environment, safety, and local business from coal dust and other particulates which may be blown from or fall from the train cars used to transport the coal;

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

Section 1. The City Council urges the appropriate authorities to require an environmental impact statement which identifies and measures the impacts upon the City of The Dalles and other communities located within the Columbia River Gorge from the increase in coal train traffic.

Section 2. The City Council urges the appropriate authorities to hold at least one of the environmental impact scoping hearings at a location within the City of The Dalles.

Section 3. This Resolution shall be effective as of September 24, 2012.

PASSED AND ADOPTED THIS 24TH DAY OF SEPTEMBER, 2012

Voting Yes, Councilors: _____

Voting No, Councilors: _____

Abstaining, Councilors: _____

Absent, Councilors: _____

AND APPROVED BY THE MAYOR THIS 24TH DAY OF SEPTEMBER, 2012

James L. Wilcox, Mayor

ATTEST:

Julie Krueger, City Clerk

RESOLUTION NO. 12-013

(Option B)

**A RESOLUTION EXPRESSING THE CITY OF
THE DALLES' CONCERNS AND OPPOSITION
TO TRANSPORTING COAL THROUGH THE
CITY OF THE DALLES**

WHEREAS, there are currently a number of projects proposed which include the transportation of coal by train from the Powder River Basin in Wyoming to facilities located in the States of Oregon and Washington; and

WHEREAS, under these proposed projects, the potential exists for an significant increase in the number of trains transporting coal through the City of The Dalles; and

WHEREAS, the Union Pacific Railroad has track lines located in the City of The Dalles, including four at-grade crossings; and

WHEREAS, during two town hall presentations, the City Council heard public comment expressing concern for the potential for coal dust being generated by the trains, having a negative impact upon the residents of the City of The Dalles; and

WHEREAS, the City Council is concerned that the potential increase in train traffic used to transport coal could result in closure of at-grade crossings with greater frequency and for longer period of times, which could possibly contribute to traffic congestion and negatively impact emergency service response times; and

WHEREAS, increased rail traffic will lead to an increase in diesel emissions in communities along rail lines; and

WHEREAS, an increase in coal train traffic could raise the risk of a train derailment taking place, and the City Council has concerns about the City's ability to deal with the public safety and health risks caused by a coal train derailment; and

WHEREAS, public health risks associated with diesel emissions and other pollutants from coal trains disproportionately impact children, the elderly, and those with existing respiratory issues; and

WHEREAS, the route which the coal trains would follow is adjacent to the historic downtown area of the City, and to the recently completed Lewis and Clark Festival Park, and the City Council is concerned about the potential negative impact of the increased number of coal trains upon customers of local businesses, and visitors to downtown area and the Festival Park; and

WHEREAS, the City Council is concerned about the impact on the community's health, environment, safety, and commercial and agricultural business from coal dust and other particulates which may be blown from or fall from the train cars used to transport the coal;

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

Section 1. The City Council of the City of The Dalles opposes coal export projects which entail transporting coal through the City of The Dalles.

Section 2. The City Council urges the Governor and other decision makers to work on a comprehensive policy to prevent shipping coal through the City of The Dalles by rail in conjunction with proposed coal export projects.

Section 3. The City Council will request from the Union Pacific Railroad, and make public, any plans for new or expanded rail facilities or significant rail traffic volume increases within the City of The Dalles.

Section 4. The City Council will request that Union Pacific Railroad carefully monitor the loading of coal at the coal mines as part of the contract(s) with the coal companies to assure best loading practices in order to reduce the amount of coal and coal dust coming out of the rail cars.

Section 5. The City Council urges the appropriate permitting authorities to require an environmental impact statement which identifies and measures the impacts on the City of The Dalles from a significant increase in coal train traffic.

Section 6. The City Council urges the appropriate permitting authorities to hold at least one environmental scoping hearing at a location in the City of The Dalles.

Section 7. This Resolution shall be effective as of September 24, 2012.

PASSED AND ADOPTED THIS 24TH DAY OF SEPTEMBER, 2012

Voting Yes, Councilors: _____

Voting No, Councilors: _____

Abstaining, Councilors: _____

Absent, Councilors: _____

AND APPROVED BY THE MAYOR THIS 24TH DAY OF SEPTEMBER, 2012

James L. Wilcox, Mayor

ATTEST:

Julie Krueger, City Clerk



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 #
September 24, 2012	Discussion Item	12-064

TO: Honorable Mayor and City Council

FROM: Dave Anderson, Public Works Director

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

DATE: September 11, 2012

ISSUE: Residential 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, #12-051

BACKGROUND: City Council considered information on July 23, 2012 reviewing the previous water fund analyses and summarizing revenue impacts from the water utility rate increases that were adopted in the Fall 2011. At that meeting, Councilors indicated their continued support for the previously-adopted capital improvement project list and schedule. The action by Council in July allowed the planned 10% water rate increases for commercial customers to take effect on September 1, 2012 as provided in Resolution No. 11-026 (adopted October 24, 2011) and delayed any residential water rate increase until additional revenue data from the summer 2012 could be reviewed. Still yet to be reconsidered is the planned 10% residential rate increase for 2012 provided in Resolution No. 11-026.

Revenue Update

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 No. 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 by an additional 4% for a total FY 2012-13 revenue increase of 10%.

Resolution No. 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 No. 11-026 became effective on December 1, 2011. For this revenue comparison, data is now available for the months of December – August. During cooler months when outdoor water use is limited, we would expect an 8+% increase in revenues from the rate adjustments enacted in 2011. The City actually realized an increase in revenue for the months of December – May of 7.86%, very close to the target.

Since the consumptive rates for residential customers were increased significantly more than the base rates, it would be necessary for revenues to increase by 13.1% during the summer irrigation months of June – September to meet the desired target of a 10% increase in annual revenue. So far this summer, June – August revenues have increased an average of 17.2%. However, the alternating “high-low” monthly revenue pattern continues as shown below, and the best prediction is that, if September comes in with an increase of about 8.1%, we will realize a 10.6% increase in annual water utility revenue from the rate adjustments adopted in 2011.

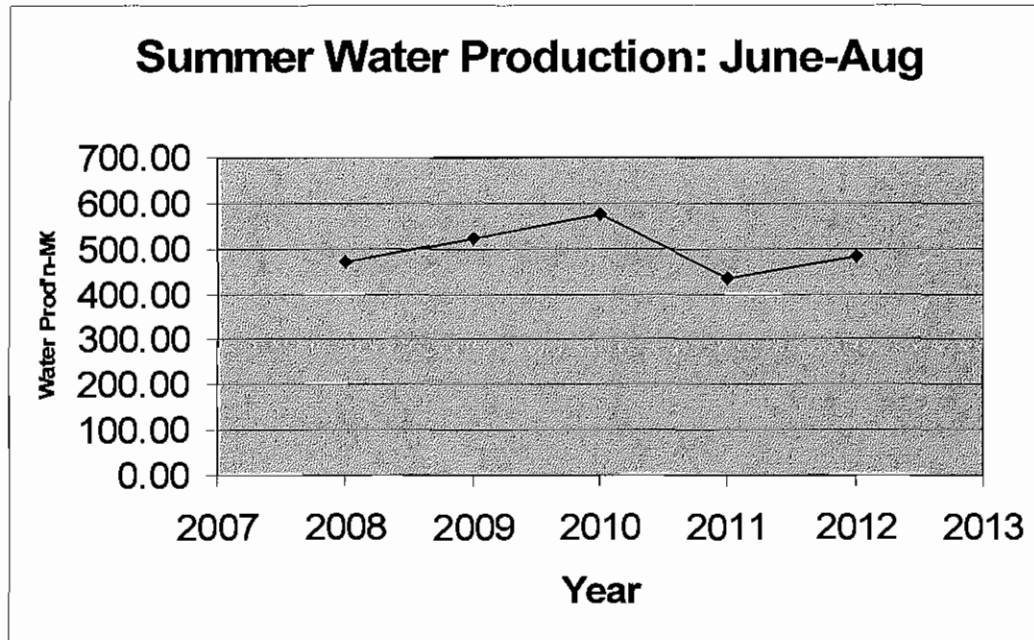
Dec	3.83%	Jun	17.71%
Jan	11.44%	Jul	9.88%
Feb	5.15%	Aug	23.51%
Mar	11.47%		17.17%
Apr	4.33%		
May	11.25%		
	7.86%		

Concern has been expressed about water customers using less water as the rates are increased; in economic terms, this is the issue of the “elasticity” of water usage and rates. Generally speaking, water revenues should be more sensitive to this issue when consumptive rates are increased than if base rates are adjusted. Customers can have more control over how much water they use and therefore the consumptive volumes for which they are charged. As those rates go up, there is more incentive to use less water than if base rates are increased.

Perhaps the best measure of whether recent rate adjustments have resulted in a change in water usage patterns is whether or not the revenue targets are being met. The rate modeling that was conducted to develop rate alternatives for consideration in 2011 was simplified in that it assumed no changes in population or customer behavior. One of those alternatives was implemented and it appears that the revenue targets will be met.

In an effort to further analyze whether recent rate increases have resulted in less water usage, staff evaluated water production data from all sources over the last five years. The graph below shows water production for the City over the last five summers. As can be seen, water production was increasing through 2010, decreased in 2011 (with a cool, wet spring), and then increased again slightly in 2012 (with another cool, wet spring). However, the decreases cannot be fully accounted for by the spring weather because similar patterns also exist for the July and August water production data. A review of precipitation data indicates that there were rain events in June and July of 2011 and 2012 that may have contributed to the lower water usage. And while it’s also

possible that water rate increases have suppressed usage, it is interesting that after implementing a significant increase in the residential consumptive rates, total water usage increased in 2012. In the final analysis, the data does not clearly indicate that recent rate adjustments have significantly changed water usage patterns.



If implemented, the 10% residential rate increases provided in Resolution No. 11-026 will increase the monthly base rate for a ¾-inch or 1-inch meter from \$43.52 to \$47.87 per month (\$4.35 increase) and the consumptive rate from \$1.31 to \$1.44 per 1000 gallons over 10,000 gallons usage in a month.

Staff has developed additional rate adjustment alternatives for Council’s consideration that include lower base rate increases and higher consumptive rates increases, as well as changes in the volume of water included in the base rate. All options are designed to generate the same amount of revenue. All of these alternatives assume no changes in water usage patterns. Following a decision by Council regarding residential rate adjustments for 2012, staff recommends that the rest of the rate schedule adopted in Resolution No. 11-026 be implemented as planned in future years.

Alternative 2012 Residential Rate Schedules

Rate Schedule	Monthly Base Rate Increase	Monthly Base Charge	Base Charge Increase	Base Volume (gallons)	Volume charge (per 1000 gal)	Volume Charge Increase
Original	10%	\$47.87	\$4.35	10,000	\$1.44	10%
Alt 1	7.5%	\$46.78	\$3.26	10,000	\$1.77	35.1%
Alt 2	5%	\$45.70	\$2.18	10,000	\$2.70	106%
Alt 3	0%	\$43.52	\$0.00	8,000	\$2.34	78.6%
Alt 4	5%	\$45.70	\$2.18	8,000	\$1.78	35.9%

BUDGET IMPLICATIONS: The rate schedule provided in Resolution No. 11-026 was anticipated to provide adequate funding to support the CIP schedule outlined in Option 2B. The rate adjustments implemented in 2011 seem to have provided the desired 10% increase in water utility revenue as predicted. If no changes are made to Resolution No. 11-026, customers of the water utility will have rate increases in the amounts outlined previously, 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. While the original proposal to increase all residential rates 10% this year has the greatest amount of certainty for meeting the revenue targets, the rate model used predicts that adoption of any of the rate alternatives presented here to be effective November 1, 2012 will meet the revenue targets necessary to support the CIP schedule now known as Option 2B. That being said, there is greater risk of not meeting those targets when there is more reliance on consumptive revenues than on base rates due to consumer incentives to conserve and variable weather impacts on water usage.

RECOMMENDATIONS:

1. **Staff Recommendation:** Move to allow the rate schedule providing a 10% residential water rate increase and maintaining a base volume of 10,000 gallons per month, adopted in Resolution No. 11-026, to become effective November 1, 2012 to fund the adopted Water Capital Improvement Plan.
2. Move to adopt Resolution No. 12-015 with Residential Rate Alternative 1: residential water rate increases of 7.5% in base rates and 35.1% in consumptive rates, and maintaining a base volume of 10,000 gallons per month, effective November 1, 2012 to fund the adopted Water Capital Improvement Plan.
3. Move to adopt Resolution No. 12-015 with Residential Rate Alternative 2: residential water rate increases of 5% in base rates and 106% in consumptive rates, and maintaining a base volume of 10,000 gallons per month, effective November 1, 2012 to fund the adopted Water Capital Improvement Plan.
4. Move to adopt Resolution No. 12-015 with Residential Rate Alternative 3: residential water rate increases of 78.6% in consumptive rates and no increase in base rates, and establishing a base volume of 8,000 gallons per month, effective November 1, 2012 to fund the adopted Water Capital Improvement Plan.
5. Move to adopt Resolution No. 12-015 with Residential Rate Alternative 4: residential water rate increases of 5% in base rates and 35.9% in consumptive rates, and establishing a base volume of 8,000 gallons per month, effective November 1, 2012 to fund the adopted Water Capital Improvement Plan.
6. Provide additional direction to staff regarding water utility rates.

RESOLUTION NO. 12-015

A RESOLUTION AMENDING RESOLUTION NO. 11-026, ESTABLISHING METERED WATER RATES AND SANITARY SEWER FEES AND SYSTEM DEVELOPMENT CHARGES FOR THE CITY OF THE DALLES

WHEREAS, on September 12, 2011 and October 10, 2011, the City Council held water rate hearings with the public during which citizens had an opportunity to submit testimony concerning the proposed rate adjustment resolution, in conjunction with the provisions of ORS 294.160; and

WHEREAS, on October 24, 2011, the Council adopted Resolution No. 11-026 establishing metered water rates; and

WHEREAS, in adopting Resolution No. 11-026, the Council requested that water utility rates and revenues be reviewed in one year; and

WHEREAS, on July 23, 2012, the Council delayed the scheduled residential water rate increases provided in Resolution No. 11-026 to allow consideration of data from the 2012 summer irrigation season, and

WHEREAS, the Council wishes to amend the current water rate schedule provided in Resolution No. 11-026 and adopt a residential water rate adjustment effective November 1, 2012; and

WHEREAS, after considering the testimony presented, the Council proposes to adopt water rates consistent with its policies;

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

Section 1. Resolution Amended. Resolution No. 11-026 passed and adopted by City Council on October 24, 2011 is hereby amended. Resolution No. 11-026 shall remain in force to authorize the rates which are in effect until Resolution No. 12-015 becomes effective, and continue to authorize rates not amended by Resolution No. 12-015.

Section 2. Water Fees for Residential and Commercial Accounts. Effective November 1, 2012, the monthly fees charged to City of The Dalles water system users shall be set as follows:

A. **Residential.** Residential water rates are established based upon meter sizes with a fixed charge which includes a _____ gallon monthly volume use and an additional charge per thousand gallons of consumption above _____ gallons per month. The residential rate shall apply to accounts which serve duplex and residential account customers.

Effective November 1, 2012, the fixed residential water rates (base rates) will be increased by _____% and the volume charges (consumptive rates) will be increased by _____%. Future water rate increases for the years 2013-2020 shall remain unchanged by this resolution and be implemented as provided in Resolution No. 11-026.

Section 3. Classification of Fees. Pursuant to ORS 310.145, the City Council declares the fees and charges imposed by this Resolution as being not subject to the provisions of Article XI, Section 11b of the Oregon Constitution.

Section 4. Effective Date of Resolution. The effective date of this Resolution is November 1, 2012.

PASSED AND ADOPTED THIS 24TH DAY OF SEPTEMBER, 2012.

Voting Yes, Councilmembers: _____
Voting No, Councilmembers: _____
Absent, Councilmembers: _____
Abstaining, Councilmembers: _____

AND APPROVED BY THE MAYOR THIS 24TH DAY OF SEPTEMBER, 2012.

James L. Wilcox, Mayor

ATTEST: _____
Julie Krueger, MMC, City Clerk