

CITY OF PILOT ROCK

Council Meeting

February 16, 2016

7:00 PM

A. Called to Order

Having a quorum the Regular Council meeting was called to order by Mayor Carnes at 7:00 PM. Council members present were Deacon Perkins, Terry Womack, Jim Hinkle, Raymond Doherty and Bob Deno. Also present were Teri Porter and Steve Draper. Citizens present were Don and Linda Hill, Danita Beers, ML Slabick, Legaya Bernabe, Holly Jo Beers, John R. Taylor, Lorain Green, Brad Baird, Jadon Herron, Shandi Christiansen, Jackie Carey, Michelle Casady, Shawna Kirk, Karen Bopp and Pastor Jeffers.

B. INVOCATION

Pastor Jeffers gave the invocation.

C. PLEDGE OF ALLEGIANCE

D. APPEARANCE OF INTERESTED CITIZENS

Shawna Kirk of the Pilot Rock Cemetery District addressed Council with a request to reduce the notary rate for the cemetery district, stating that they are a non-profit that charges low deed fees and must find ways to keep the fees down. **On a motion by Councilor Hinkle and seconded by Councilor Deno, Council agreed to waive the notary fee for all non-profit organizations. Councilor Perkins works for the cemetery so he abstained from the vote. Councilors Doherty and Womack voted in favor.**

E. PRESENTATIONS

None.

F. ACTION ITEMS

On a motion by Councilor Doherty and seconded by Councilor Perkins Council added F-4 Control Panel Expense. All present voted yes.

F-1 Waste Water Facility Plan Update

Braid Baird and Jadon Herron of Anderson Perry were present to update Council regarding the One Stop Meeting as well as the meeting with DEQ.

Regarding funding the following was discussed:

1. February 10, 2016, representatives from the different funding agencies (DEQ, USDA, IFA) came to Pilot Rock to meet with Mayor Carnes, Teri Porter, Steve Draper, Councilor Perkins and Doherty, Jadon Herron and Brad Baird regarding funding for the Waste Water Facility upgrade.
2. They were presented with the data for the two plans, option #1 and option #4.
3. They were asked to run the options with and without lining the primary cell.

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4. They were asked to run the numbers for #1 with and without the relocation expense for the OHV park.
5. The results are [attached](#).
6. After all scenarios were run it revealed that USDA had the lower interest rate and the lower EDU (monthly sewer rate to citizens), but did have a 40 term. USDA offers the greater amount of grant money. No penalty for pre payment.
7. The sewer line and eliminating the lift station is included.
8. USDA will require interim financing with DEQ at a .91% interest rate. When the project is done USDA will pay off the DEQ loan.
9. The USDA loan is a fixed rate at 1.88%. The city qualified for the poverty rate for USDA and is why we were able to get such a low rate.
10. Time is of the essence the rate changes every quarter.
11. The interest amounts are included in the total cost of the projects, plus a 10% contingency.
12. If the cost come in less it is subtracted from the grant funds first.
13. USDA requires that you have a 10% reserve that you build up every year until you have the equivalent of an annual payment, in case you have a bad year you can still make you payment.
14. Councilor Doherty stated that once we get that 10% we do not want to pay a bunch of our own money on the project because it will take away from the amount of the grant. We need to borrow the money and not use our own until the loan is done then we can use our money to start paying down the loan otherwise we lose some of the grant money.
15. If we have a couple of million saved in the bank it will alter our financial statement and could affect us qualifying.
16. If you spend any money in advance of the funding UDDA will allow you to reimburse yourself out of the project.
17. USDA are very heavy on paper work, but are good to work with.
18. There is no loan origination fee.
19. We can make a principle payment at any time. After the loan is approved and the project is done.
20. The design would be done in 2017, build in 2018 and be done at the end of 2018. Pay off your interim loan and your first loan payment would be due at the end of 2019. As soon as the project is closed out you can prepay.
21. What is the drawback to the USDA loan? It is a 40 year loan. But in order to get up to \$1.4m in grant money you must go 40 years. You would want to leverage the grant and pay it off early.

Regarding the meeting with DEQ:

1. We went into the meeting with several questions for DEQ.
2. What are the requirements to line the lagoon? An over \$1m cost.
3. Councilor Womack asked if there is a way to check if the primary lagoon is already lined. There is a DEQ seepage evaluation using expensive equipment, do a very detailed seepage

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evaluation during the summertime based on the DEQ guide lines that will tell you how much the lagoon is leaking. The feedback we are getting from DEQ is that they do not care how much it is leaking or not, the reason is the lagoon has been in place for 40-60 years, as the lagoon is used solids get dispersed throughout the lagoon and build up in different rates in different parts of the lagoon so you get variable seepage rates where some spots will seep a lot and some not at all.

4. DEQ states no matter how well a lagoon liner is built it will leak overtime and since this lagoon is so close to Birch Creek and any water that seeps out of it will most likely wind up in Birch Creek.
5. DEQ wants to see a new engineered liner in that lagoon, so even the most detailed evaluation, that still would not meet there requirements.
6. Teri and Councilor Doherty supported that what they heard DEQ say over and over is that every liner leaks. Doherty stated that they also said that we would need a NPDES permit but said they were not available. Liners will deteriorate over time so every so often we will be faced with replacing the liner again.
7. All of this is being driven by increase regulatory oversight from recent federal court case, that is why DEQ has more stringent regulations next to streams with water quality.
8. The life of a liner is based on a lot of factors. Everyone assumes at least a 20 year life but they last much longer 40-50-60 years. But DEQ's position is that they will all leak eventually and you cannot seep a drop into that ground water or creek.
9. We could be on the hook for a 40 year loan for a liner that will last only 20.

Option #5

1. Lagoons are going to leak no matter what liner you put in.
2. Option #1 proposed putting the lagoon in the existing bike pit next to Mt. Judy. The concern is that the lined lagoon would seep into Mt. Judy landfill. There are liners on the existing landfill but they are not designed for any sort of water sitting on top of them, so they would not hold the water out. The concern is that the water would go through the landfill, then travel through the landfill, increase decomposition, travel through the liner and through the ground which would increase contamination into the ground and into the ground water. It could also increase settlement in the area.
3. The final word we got from DEQ is this is not a good idea. Councilors Perkins, Doherty, Porter and Draper confirmed that DEQ said "it is a bad idea".
4. Councilor Doherty also pointed out that they stated that we would need to put monitoring wells around it so we would be right back to monitoring again.
5. Taylor questioned that DEQ is requesting that we line our existing lagoon by the creek to alleviate the seepage problem, but lining a lagoon at the bike pit would not be sufficient. It was explained that DEQ has stated that all liners leak, it is just a matter of time. So weather you line the existing lagoon or a lagoon at the bike pit it will leak eventually and we will have to deal with the concern again. There are too many unknowns as to what can happen, you

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leave yourself open to risk. DEQ strongly stated that it is a bad idea, why do it in an area that has potential risk.

6. Option #5 was presented. Ariel maps were passed out and were visible on the overhead screen.
7. Option #5 proposes creating lagoons North of the bike pit.
 - It would require abandoning the existing lagoons down by the creek.
 - pump the wastewater up the hill through the existing 8" PVC forcemain that is there.
 - Then tie into that forcemain with a newly constructed forcemain that would put that water into the lagoons.
 - 2 approx. 7.5 acre treatment lagoons. They will provide all the treatment of the wastewater, control all the odors, eat up all the bad stuff coming into the lagoons.
 - There are 2 7.5 acre, 4' deep, lined lagoons instead of 1 13 acre lagoon. This will provide redundancy in case you have to work on one of your lagoons you can bypass one to work on it while the other is still treating the wastewater. It is a smart thing to do.
 - Once the treatment is provided in those two lagoons it would overflow into the lined 40 acre evaporative lagoon.
8. As already stated all lagoons will eventually leak somewhat, the advantage of this option is that you will not be leaking into the creek or landfill or ground water. With this option DEQ is a lot easier to work with, the amount of allowable seepage is a lot more. The regulations are a lot more lax because you are protecting groundwater quality and not the river.
9. It would require a pump. There would actually be 3 pumps (2 the work alternating back and forth and one on reserve). A generator and backup would also be necessary.
10. With this option DEQ tells us that they would not require any monitoring, a savings of about \$12,000 a year. There is very little risk that they are concerned about.
11. This option would not require purchase of additional property. The city already owns all the land needed.
12. There is no discharge to Birch Creek. That eliminates the risk that DEQ will come back with different environmental regulations that we now have to meet.
13. There is room for future expansion.
14. The lagoons will not be in the floodplain.
15. This option takes us out of the risks and takes advantage of the property and the topography.
16. The price of this option is \$5.1m. This includes abandoning the old lagoon and dealing with the sludge. (Drain the lagoon, sample the sludge, run for test, approval from DEQ where we can dump it, lay it flat and end as a field.) Fix the gravity line and eliminate the lift station.
17. Once the old lagoons are decommissioned it could be sold or used for something else.
18. DEQ will allow us to continue to use our existing lagoons until we get the new one built.
19. A Bentonite liner will be covered with about a foot of soil to protect it if it should go dry. Plants would also aid to protect the liner. Councilor Doherty stated that he visited with the

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Bentonite people and they assured him that if it is covered with dirt it would protect the liner for up to a year.

20. This plan was reviewed with DEQ today and they feel this is a good plan.
21. We would still qualify for the USDA grant and the sewer rates would still be at about \$41 per user.
22. Taylor asked if we made a principal payment would they re-amortize the balance of the payment over a shorter term? Payments are set until we pay it off.
23. The yearly overhead would be more because of the lift station, but without having to monitor we will save \$12,000 a year.
24. Taylor stated that regarding the lagoon located at the existing bike pit, DEQ is concerned about leaking into the groundwater, but locating the lagoon just 175 ft away they are not concerned. It was explained that DEQ's concern is the lagoon at the bike pit leaking through the existing wood waste landfill. This would not be an issue as option #5 will not leak into any landfill. Taylor asked if there is any data to support that? It was explained that no data was provided, but we heard from 4 members of DEQ that it was a bad idea, when we pressed they invited John Straun, the person who ultimately makes these decisions into the meeting and he to said it was a "bad idea". We did not feel we needed any more data than that. It would put at risk of further regulatory violations in the future.

Next Steps:

1. The City needs to select a preferred option.
2. Amend the plan with the selected option and submit to DEQ for final approval.
3. Councilor Perkins suggested that we take time to look at the figures and plan and not make a firm decision on option 5 until the next meeting. He suggests that maybe some folks don't want a 40 year term. It was explained that you have to have a 40 year term to be eligible for the grant money. There was discussion that since options #1&4 are no longer viable options the direction seems clear that we will go with option #5. Also there are time restraints as it relates to getting the available grant funds. Funds run out as the year goes on, so we want to get in asap.

On a motion by Councilor Doherty and seconded by Councilor Deno, Council agreed to adopt option #5 and direct Anderson Perry to move forward with submittals to DEQ and USDA. All present voted yes.

In discussion Councilor Perkins suggests meeting to come up with a financial game plan. Council agreed to meet in a work session on March 1, 2016, at 6pm. Anderson Perry would be present.

F-2 Budget Calendar

On a motion by Councilor Hinkle and seconded by Councilor Womack, Council approved the 2017 Budget Calendar. All present voted yes.

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F-3 Approve Vacation for Teri Porter

On a motion by Councilor Deno and seconded by Councilor Doherty Council approved vacation for Teri Porter. All present voted yes.

F-4 Approval to Purchase a Control Box for Sewer Lift Station

Draper stated that we are having trouble with the controller at sewer lift station #1. It was put in about 1993. He asks Council to approve the purchase of a new controller the will cost approximately \$3500. **On a motion by Councilor Doherty and seconded by Councilor Deno, Council agreed to allow Steve to spend up to \$3,500 for a controller. All present voted yes.** Steve stated that per policy, he will call around to get 3 bids as it is over the \$2,500 threshold.

H. INFORMATION ITEMS

H-1 Department Head Report

CITY HALL:

1. City Hall will be closed for Presidents Day on the 15th.
2. Discontinued all posting of the Chief position.
3. Received Officer Badal Ballistic Vest.
4. Met with Dave Nelson of CIS, regarding review of the Police Dept.
5. Starting budget process. Getting the worksheets to the dept. heads.
6. Sending out letters to neighbors and affected agencies for Public Hearing to be held on March 15th for the Planning Commission to consider a request to Annex and Rezone.
7. Have received an agreement from ODOT regarding the School Crosswalk at Hwy 395 and McGowan. A project started over a year ago. The project would put a light some distance from the cross walk around the blind curve in the road, that will flash when there are children in the walk. The light comes at no cost to us but we will be responsible for maintenance. I have submitted a copy to Chief Caldera for review and will now send to City attorney for review. It will be on the next Council agenda for final approval.
8. Working a draft of the employment contract for Chief Caldera. Have reviewed with Steve and sent to CIS attorney's for review.
9. DEQ meeting is scheduled for morning of February 16th.
10. Attended a Dispatch Advisory Board meeting along Mayor Carnes. It appears that our dispatch fees will calculate to be approximately \$17,500 annually. There may be room for negotiation whether we can work up to that figure over a few years. I have kept Chief Caldera in the loop and let him handle it as the time comes.
11. Compiled monthly consumption numbers for each rate for the engineers. Info needed for One Stop.
12. One Stop meeting on February 10. Very informative. Councilors Doherty and Perkins met with Staff, Mayor Carnes and Brad Baird after the funding agencies left, to further discuss options.
13. Prepared the Council Chambers and materials for the work session held on Monday the 8th. It was a good meeting will compile questions to bring to DEQ meeting.

POLICE:

1. Lt. Caldera and Officer Badal attended CPR and First Aid training.
2. Lt. Caldera is attempting to arrange a meeting with Nathan Fertello, the host of the Pilot Rock Community Watch, Facebook page to discuss the use of the cite.

PUBLIC WORKS:

1. Still having trouble with the sewer lift station. A technician will be out to take a look at it.

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2. Have had some sewer plugs in town.
3. Having issues with the Polaris side by side.
4. February 8, 2016, Work session was good meeting.
5. Removed the letters from the board above City Hall as requested.

I CONSENT CALENDAR

Bills Total: \$6,225.40

Councilor Perkins pointed out that there was a typo in the minutes page 5 #3 under OHV Park Relocation should be A&P not A&V. Councilor Womack stated that on the same page #34 should be 30,000 gal. instead of 30 gal.

On a motion by Councilor Perkins and seconded by Councilor Doherty, Council agreed to accept the consent calendar with corrections. All present voted yes.

J COUNCIL COMMENTS

None.

K. EXECUTIVE SESSION:

Council went into executive session at 8:22 pm, under ORS 192.660(2)(a). Employment of a public officer. Present were Mayor Carnes, Councilors Deno, Perkins, Doherty, Hinkle, and Womack. Teri Porter, Steve Draper and Bill Caldera.

Council returned to regular session at 8:55 pm.

On a motion by Councilor Doherty and seconded by Councilor Hinkle, Council agreed to accept the employment agreement between the City of Pilot Rock and William Caldera with the changes. All present voted yes.

K. ADJOURNMENT

Council agreed to adjourn at 8:56 PM.

APPROVED _____

ATTEST _____