

**ONTARIO CITY COUNCIL MEETING MINUTES**  
**July 18, 2016**

The regular meeting of the Ontario City Council was called to order by Mayor Ronald Verini at 7:00 p.m. on Monday, July 18, 2016, in the Council Chambers of City Hall. Council members present were Ronald Verini, Norm Crume, Tessa Winebarger, Betty Carter, Marty Justus, and Charlotte Fugate. Larry Tuttle was excused.

Members of staff present were Adam Brown, Tori Barnett, Cal Kunz, Kari Ott, and Larry Sullivan.

The meeting was recorded and copies are available at City Hall.

Chief Cal Kunz led everyone in the Pledge of Allegiance.

**AGENDA**

Charlotte Fugate moved, seconded by Betty Carter, to adopt the Agenda as amended. Roll call vote: Crume-yes; Winebarger-yes; Carter-yes; Justus-yes; Tuttle-out; Fugate-yes; Verini-yes. Motion carried 6/0/1.

**CONSENT AGENDA**

Councilor Fugate asked why they were receiving so many invoices, especially those that had already been paid.

Kari Ott, Finance, stated that was requested by the Auditor, to strengthen internal controls.

Councilor Justus stated a concern with the city investing in a partial analog system for the new telephone system. What would it cost to bring the trunk lines to the city, into 21<sup>st</sup> Century standards? Was that just too cost prohibitive?

Sheri Smith, IT Supervisor, stated it wasn't just a trunk line coming in. They'd need a secondary line so that if they did anything not in-house, there'd be a backup. The largest concern is two-fold. First, was the need for the secondary line, to support, in case the first line went down. That would be provided by a different company. If one internet line went down, they'd still have access. Secondly, technology division is limited. There is only one employee in that department. There was a \$100K budget, and half of that was for that employee. There was not even the ability in the current budget to plan for anything outside of just maintenance. That employee is so busy doing what he's doing, that unless they are able to find more money to hire another person, when he was on vacation, or out ill, or at a training, there would be someone else to bring the system back up. If something was going to be based on the city's internal network structure, the goal would be to have someone secondary in the department. There was absolutely no backup. She was not aware of the exact cost, but it was something to consider in the future. There was definitely a need for more than one person in IT.

Councilor Justus asked if the bid was split between internet over, what?

Ms. Smith stated she was concerned that Councilor Justus thought this technology was outdated. Regardless of the company they selected, it was up to date, current technology. That it was partial analog was hybrid. That would give the ability to expand with IP Protocol in the outer buildings.

Betty Carter moved, seconded by Norm Crume, to adopt Consent Agenda items A) Minutes of Regular Meeting of July 5, 2016; B) Minutes of Action Excerpt from 06/29/2016 Work Session; Item C) Approval of the Bills; and Item D) Bid Award: Central Telephone Communications System (Enhanced Communications). Roll call vote: Crume-yes; Winebarger-yes; Carter-yes; Justus-yes; Tuttle-out; Fugate-yes; Verini-yes. Motion carried 6/0/1.

## **NEW BUSINESS**

### **North Regional Sewer System – Cost Allocation Recommendation**

Betsy Roberts, City Engineer, CH2M Hill, presented.

The goal was to obtain the consent from the Council for the allocation of cost for the project. That would require some changes to the City Code. They could possibly wrap that in with the rate study. First, they needed to know if the process was what the Council wanted to move forward with.

Over a year ago, the Council stated they needed to determine a more palatable cost allocation for the north regional area. Some were in the city limits, but most were not. The north regional lift station was installed years ago. Parts were done between 2002 and 2008. A sewer main was installed, a lift station was installed, and a water line. It was installed to help encourage development in that area. The economy tanked, and the development didn't come to fruition. They'd normally look into a repayment program, across the board, covering the costs, but about one year ago, the Council realized the expense was quite high, and instructed staff to come back with a better cost. That cost, as determined by Chuck Mickelson and staff, was \$3,081 per acre for the lift station; sewer was 41¢ a linear foot; 54¢ on the water. Upon current review, they provided three options for the Public Works Committee to review and provide input. It was discovered that there were loans, but not for everything. There was a loan for the lift station, but only 34%. The North Beltline sewer had no loan, nor was the water line. There was nothing being paid back at the current time. The Public Works Committee came with the option of paying back only what remained currently on the loan. When staff researched that option, it eliminated, for some, any cost for the sewer line, a lift station cost of \$2,602 instead of \$3,081; and no cost on the water line. It was still a cost, of course, anywhere from \$500 to \$5,000. This was on top of the other fees, such as a tap fee for sewer, water meter, or extension of service. Smaller properties could be \$500, with larger properties up to \$21K. Those were based upon discussions and dollar amounts from a year ago. It wouldn't be much smaller currently.

Councilor Justus stated he represented Western Treasure Valley Storage Units, done on Washington Avenue. He believed they were on 3.5 acres, and had a half-bath. They were trying to bring the chocolate company in, and for that half-bath, it would have been \$13K. It was because of the size of the lot, not the amount of sewer usage. IF the Auto Wrecking Club, or the auto salvage places, taking up ten acres, but there were two toilets and two sinks in the place. They weren't getting everyone saying they wanted to connect to sewer was because of the cost of connection. For example, if someone came in and tore down the storage units and built townhouses, there would be a higher fee. A 5-acre parcel might use less water and sewer, than a half-acre parcel, depending on the use.

Ms. Roberts stated she would counter that with *“what’s already there, is already there”*, regarding the size of the sanitary sewer line. An apartment complex would have individual fees, in addition to the cost for connection. Staff was struggling to find a good base. They might find that everyone only needed a half-bath, so they couldn’t expect to collect any additional fees to help pay back the debt. There were industrial rates for sewer, if there was an appropriate need, that being true industry or provided toxic or concentrated waste.

Councilor Justus stated he could see industry coming in to that area. There were some very large parcels currently available. Where and how did they make it an appropriate fee for a small business that was trying to get established. It wasn’t only that cost, but there was the requirement for annexation, too. Now, annexed, the property had to be brought up to city code, which were parking ordinances, handicapped parking ordinances, and landscaping. All those things had to be done for the privilege of connecting to the sewer, and becoming a citizen of the city. They were not encouraging small business growth. This proposal was much more cost effective than it was before, but it wasn’t a plan to encourage someone to come into the city. What would be the cost benefit if the city annexed all those properties into the city, tax wise, over five years.

Ms. Roberts stated that was a bit different from where they were trying to go with the issue. The annexation was a different rule. They were trying to determine how to allocate the costs there, and to make it palatable.

Councilor Justus stated all this did was address a certain piece. Fixing one didn’t fix that no one wanted to be inside the city limits.

Ms. Roberts agreed, but this was all they were tasked with. She also understood that there were a lot of moving parts. If Council wanted them to approach this project, they were open for that.

Mayor Verini stated if they moved forward with this, it didn’t prevent them from doing what Councilor Justus spoke of. The proposal solved just a small portion, but it took them closer to the bigger picture.

Councilor Justus agreed. He was asking that they look at the big picture and ask themselves if this was a solution that was needed. He didn’t want to fix this without having a whole solution. Pass this, and then they get told that to encourage these folks to become a tax paying citizen of Ontario, this next step was necessary. The ultimate goal was to increase the city’s tax base. He wanted to ensure that the fix, fixed all of it. He didn’t want to refix a fix.

Larry Sullivan, City Attorney, stated the Council passed an ordinance a few years back that dealt with sewer connection and water connection fees, based upon a complicated formula for charging fees to properties coming into the city, who were receiving water and sewer connections for the first time. Those ordinances, as on the books now, was to try and capture some costs that the city incurred in building out the water and sewer system, which would include the regional lift station. He believed that before the Council currently, was to take those ordinances, and instead of relying on the formulas in those, to explain the unique situation they were in, that due to the particular lift station and its high cost, it wasn’t fair to use that formula to spread these costs that far, and to come back with a revision to the water and sewer connection fee ordinance to address this particular situation, and to lower the cost to the properties that would have a higher cost due to the project. The Council would get an opportunity to come back, review the ordinances, determine the interaction with other ordinances, and to decide if they wanted to adopt that ordinance separately, or to look at something else. There was a danger to get nothing accomplished. It appeared that CH2 was trying to tackle this one project, present a possible solution, and get that solved so they could move on to other projects.

Councilor Fugate stated Dan Cummings had told her that if an ordinance was created, it affected the entire city, not just one spot.

Mr. Cummings stated yes, and the cost allocation was not established by ordinance. He didn't see where this action would cause the need for an ordinance change.

Mr. Sullivan stated the formula that was in the ordinance wouldn't allow this type of calculation being done without coming back before Council to apply a different formula to accomplish what CH2 was trying to do. He believed that would take an ordinance modification. It could give the Council authority, via resolution, to apply a different set of calculations under certain circumstances.

Mr. Cummings asked how they'd justify to the rate payers and tax payers that the Council would forgive an existing debt, but wanted more money to do the same thing to a different area. For economic development, he'd love to see the costs go away, so they could get some development out there, but he didn't know if that was the smart way to go.

Mr. Sullivan stated part of the problem with the lift station, was when that project was approved, there wasn't any discussion on the Council about how that cost would be recaptured.

Councilor Fugate stated she believed Kari [Ott] was supposed to provide her a figure on how much was collected on the other systems, the recaptured amount.

Ms. Ott stated she didn't know how much had been recaptured.

Councilor Fugate verified the lift station was about \$1.3M, or that was the balance.

Mr. Cummings stated the entire project was about \$5.3M, as he remembered it.

Councilor Fugate wanted to know how much had been collected to current.

Ms. Ott stated she had the loan balance.

Councilor Fugate verified the project was around \$5M.

Mr. Cummings stated that was what he remembered. The lift station was about \$4M by itself.

Ms. Roberts stated around \$5.5M. This was done over several years.

Mr. Brown stated he struggled with what was predictable. If they based collection on what they knew, they could divide the amount by the number of feet. If they charged for a bathroom, for example, then they wouldn't know the denominator. It wasn't perfect when based upon feet, but it was predictable, and allowed them to capture the costs remaining on the project.

Councilor Justus stated there was a project, and they needed to look into how they could encourage annexation. The costs were expended, so they needed to get it back. The sewer line on Washington Avenue, so properties behind Washington, a person would have to pay to connect to sewer, but pay to bring the line to the property, too. The overall development cost became too prohibitive. They needed to encourage use of the Business Loan Fund, or form an LID. He thought they should analyze the cost of annexation and development into the city. If the city owed \$1.3M on this, and they annexed people in, they could increase tax revenue by \$2M over six years. Was that a good economic investment.

Mr. Cummings agreed with the philosophy, but there was another part of the ordinance, and that was for site development. They had the means to do what Councilor Justus was saying, to a certain extent, but the number would still be associated with the entire project. Council just needed to decide if they wanted the rate payers to pick up the tab.

Mr. Sullivan stated that under an existing ordinance those costs could be spread out over ten years.

Mr. Brown stated it appeared it would be good for everyone to have some education about the available tools out there. They'd been discussing one, but there were other options. Maybe staff should come back with a list of those tools. The relief they were currently discussing was on the back of the water and sewer fund. The people already there would be subsidizing future development.

Councilor Crume stated the problem was that they invested that money ten years ago, had the Love's development, but nothing since then. Some looked, but walked away. Should the Council hold out for the total expense; how long to wait before getting it, if ever; or, swallow the costs and decrease the cost to bring in development. That was his struggle.

Mr. Cummings stated that history showed that they'd already paid off almost \$4M of the project, with only \$1M to go. It would probably be paid off before any more development came in, the way it was. If the cost was forgiven, they might get some development. Another thing added was SDCs. The area had been promoted hard. To his knowledge, the lines were not installed for Love's. Love's came after. Having it already in place was what brought in Love's. The main reason it was installed was for the beltline. The original plan was to put the pipe in, but the lift station. In his opinion, as hard as it had been to get development out there, because of the cost and the SDCs coming back, it had been tough. But, even if they waived it, he didn't know if that would make a difference.

Councilor Crume stated if Mr. Cummings was an investor, ten years ago, he wouldn't have invested \$5M for the small recapture they'd received to date. But, the city had made that investment, so how could they move forward? He had asked for some information from Dan Shepard about a particular piece they'd all dealt with, that had been turned down by the owner, because it was cost prohibitive. It was located at the foot of Verde Drive. They wanted to put in a single wide trailer for an office building, but it was going to cost \$31,793 to hook that up. No one would spend that much money to hook that up.

Mr. Cummings stated he believed he was referring Curtis Containers, was already developed, so staff might have looked at it and determined it was difficult to provide that option because they would waive the costs, but no other development would occur.

Councilor Crume stated it was hard for him to accept, and today's cost was more palatable, at \$7,400. With that compared to the \$31K, the city could have had a business there that had been operating, that would have benefited the community. By standing on their morals all these years, the city had received nothing. They should've been able to collect 100% of what had been expended out there, and not put it on the backs of the taxpayers, but if nothing occurred, and it had been ten years, so did they change it up? Whatever the situation was, they weren't getting development anywhere in town like any of them wanted to see, for various reasons. Some wanted to develop, but were turned away by the cost. The only sensible thing would be to get some business around, versus zero. It would be at a loss, but some was better than nothing.

Ms. Roberts stated that was the question the Public Works Committee struggled with. They were a group of business people and property owners within the city, and they were looking for a balance. In comparing the \$31K vs. \$7400, or Love's, which went from \$43K to \$19K, that was a huge savings.

Mr. Cummings stated when he was on the Public Works Committee meeting, it was not a unanimous vote. Some were trying to convince the others to forgive it all. They held a lengthy discussion. The proposed action had barely passed.

Councilor Crume stated they had three things to do. Section "A", get that lined out, so they knew how to progress to "B" and "C", to get that handled. The complexity of trying to do everything at one time, could foul up things. Start out with the basics. Some development had been stopped, so start there and find some possible options.

Councilor Fugate stated there had been a moratorium on SDCs for two years, and that didn't help them at all. Now, they were going to give away \$1.3M to encourage people to come to that area. She wasn't sure that was beneficial. Secondly, she was concerned about the precedent of doing this in one area, because the city couldn't afford to do that anywhere else. If done for one, would they be required to do that in other parts of the city?

Mr. Cummings stated if they changed the ordinance, language could be added to address that.

Mr. Sullivan stated staff could come back before Council with various options for ways to recapture costs or give the city opportunities to waive costs. That could be done, such as a reimbursement district. If there was a build out of water and sewer that would allow the city, on a rational level, that if something was extended, they'd identify the properties that would be required to repay that cost, and then give those properties notice of what that cost would be, and let them know before they annexed into the city. They wouldn't have a vote because they were outside the city limits, but it would be more rational. There were many things that could be done, and he'd be happy to participate in giving the Council some options.

Councilor Justus stated they obviously they would encourage people to annex into the city, but the only way to force someone to annex was if they wanted sewer. Several people out there were using water. Could they make the same standard for the water, as they were doing for the sewer? If someone tapped into the city's water supply, it required annexation. If that was analyzed, they'd be annexed, and could arrive at a solution for the cost of sewer connection. But, they were also now paying taxes. Right now, they could use city water, and unless your sewer/septic failed, were they required to connect to city sewer. That required annexation. If they used city utilities at all, it should require annexation. They'd collect tax dollars, and they could get a solution for their sewer.

Mr. Sullivan stated if they were going to annex them in to hook up to water, they would be forced to connect to sewer. They could not have a property within the city limits that wasn't hooked up to the city sewer system. They could not have people with septic systems in the city limits.

Councilor Justus stated he knew there were some. One was on the corner of 11<sup>th</sup> and Alameda. But, if water was used, then they had to connect to sewer. They needed to solve the issue. They could be offered a five-year plan for connection, with a payment plan.

Councilor Carter stated that Mr. Brown had suggested putting a proposal together, to bring everything together. What Councilor Justus was saying also needed to come to the table. Education was needed to loop all these things together.

Mr. Brown stated he could bring a list of tools in the toolbox for what was available to businesses who wanted to relocate, in addition to something like that.

Councilor Crume stated using Councilor Justus's idea on the water to annex people in, would that be legal to do with someone who was already connected to city water?

Mr. Sullivan stated no, only new ones. If already connected, they city had lost their leverage.

Councilor Justus stated they could raise the rates. To him, the city should be charging those outside the city limits, who were using the services, the cost of what it would be if they were paying taxes to the city. Charge like they are in the limits. Right now, why be in the city? The city needed to put together policies and procedures that encouraged people to want to pay taxes.

Mr. Cummings stated it was his understanding that a majority of the people the city had allowed to connect to water, and not been annexed or connected to sewer, was the reason for the well failure. Then the sewer system was too far away, and the city limits were not contiguous, so they were at the catch 22. That's why the city had allowed them to connect. Policy was to require connection, but they had to put within the ordinance the ability to connect to the water line without annexing. The sewer was different. Ordinance stated if the sewer was going to be connected, they had to be annexed in, unless there was special permission awarded by the Council, and that permission was supposed to be that they were so far away from the sewer, or it was cost prohibitive, or they weren't contiguous, and there were a few times that had been granted. But, to change the ordinance to read they had to annex in before connecting to water, they'd probably put a lot of people at risk out there that couldn't annex in for various reasons.

Councilor Justus stated he understood that, but the city had to invest in their infrastructure. To encourage people to annex in, the infrastructure had to be improved and services. If the city wanted someone in the city limits, then the city had to do something to help them accomplish that.

Mr. Cummings stated that had been done, but if they weren't able to recapture the money, so you could help out the next person in the same situation, then there was no money to help anyone.

Councilor Justus wanted to know what they were going to do to encourage them to complete the process. His concern was that they'd do that, and how much could they expect from Dan to get this done? They needed to have a policy that encourage people to annex into Ontario, so the city could collect taxes, then borrow money to improve the infrastructure and to encourage annexation.

Mr. Cummings agreed, but to borrow money, they would have to convince the rate payers and tax payers to pay that loan back. It was always asking the same people to pay for development. That was the decision the Council had to make.

Councilor Crume stated the biggest issue appeared to be the timing of when this was done. Not the best option the city made. Hopefully, they'd do better on their investments for infrastructure. Also, he wasn't convinced that just because someone annexed in, that the city would collect more money. There would be the expense of road maintenance, police and fire protection, so unless set up correctly, there might be no income coming in to make a profit.

Mayor Verini stated staff was requesting Council consensus regarding the cost allocation formula recommended by the Public Works Committee, and to direct staff to work with the City Attorney to prepare the appropriate resolution for incorporating the changes to the wastewater rates.

Councilor Fugate asked if that would increase the utility rates.

Mr. Sullivan stated no, not based on the vote that night.

Call for consensus:

CF- no; TW-yes; NC-yes; MJ-yes; BC-yes; LT-out; RV-yes. Consensus to move forward 5/1/1.

Mayor Verini stated this would open the communication over a much wider net, and he hoped to see something from the City Manager over the next month.

### **Water Treatment Plant Bid Opening**

Betsy Roberts, City Engineer, CH2M Hill, presented.

A bid opening for the City's 2016 Water Treatment Plant Chemical Feed Improvements Project was held on June 30, 2016. Only one bid was received, that being from RSCI Group out of Boise for \$1,699,200. Staff requested additional information, and following receipt of that data, staff was staying with the current recommendation to rebid the project.

There was a bid cost of almost \$1.7M. In looking at the project, there was the potential for an overrun of \$224K. In the current fiscal year, the budget was \$1.8M. There was approximately \$30K that, unfortunately, had not been paid in the last fiscal year, and carried over, so it would be deducted from the \$1.8M. NSA was the engineer of record, and they looked at what it would be to do services during construction. A portion of that was CH2 work. Further, another fee, estimated at 1%, or around \$15-16K, for special inspections. Those had to occur outside for structural type items. That reduced them to \$1.64M. Deducting construction costs, as shown at \$1.699M, and the estimated 10%, it showed they were already over by \$224K.

They were seeking information from RSCI. As they were over by 9%, they asked what staff would be doing. In the current environment, that wasn't unheard of. RSCI said they really wanted the job, they offered up some deductions, reducing it to \$1.54M. They reduced their base bid by \$157K. To accept all the modifications suggested by RSCI, it would include changing out the fiber reinforced plastic tanks to polyethylene; changing the pumps from the product currently used to something else; deleting one of the hypochlorite tanks [currently had three]; also, eliminating the caustic storage tank. That would be replaced with totes. However, by eliminating tanks now, they'd have to put them in later.

Mr. Leeper added if they eliminated the caustic tank, then staff would have to haul and handle the totes, and there were some serious safety issues associated with that, and it created another layer of labor.

Ms. Roberts stated that would leave them with an overage of approximately \$49K. Moving to accepting part of the negotiated project, taking the budget, deducting all costs, which were estimates, and reviewing their proposals for deleting some items, staff determined that there were only two items that would be accepted as deductions. One, staff did not want to eliminate the caustic tank. Second, regarding the polyethylene tanks were already there, and one was only seven years old. The cost to replace later would be significant, as this new construction would be built around the tanks. Staff wanted to stay with the tanks. It was the same with one of the sodium hypochlorite – staff needed it, and they couldn't get by without it.

Mr. Leeper reminded them that when this was done, they'd not be shut down. They would remain up and running.

Ms. Roberts stated it was more doable with the multiple tanks. They could look at a different pump style, but staff had good experience with the proposed pumps. Changing out the roof structure, staff's structural and architectural folks reviewed that, and were okay. Based on that, they were still over by \$175K.

Another alternative was to completely rebid the project. Staff added in an additional \$10K to the \$1.8M for rebidding costs. The iffy part was that they used staff's estimate of \$1.558M, but that was the unknown. What they got was more contractors bidding, a more vibrant environment in the area might bring in lower bids; but there was the potential, estimated, overage of \$28K.

Staff was currently suggesting a rebid of the project. They might attract more bidders, but they could lose the existing bidder. They could realize some cost savings, but it could also come in higher, or go over. There was a cost associated with rebidding. If it was rebid, staff would plan to rebid within six weeks, to get construction done during the winter. Staff wanted to get the project done, as they were risking system failure at the Water Treatment Plant.

They could accept the partially negotiated changes, which would be to take the bid from RSCI, and negotiate out a few items. They'd change the route system, and probably change out the pumps, saving approximately \$45-48K. On the good size, they knew what they were saving, as well as how much they might be over. They were still getting quality with the known, instead of perhaps an unknown contractor.

Mr. Leeper stated this was a big decision before Council, and wanted to ensure the Council had all their questions answered.

Councilor Justus asked where the money was coming from.

Ms. Ott stated they looked at Water Contingency, which had \$500,286 budgeted, as well as the Utility Capitalization Fee, which had \$1,916,469. She'd recommend the funding come out of the UCF fund, as that was a healthier fund.

Councilor Justus asked if the \$1.9M out of the UCF? How much was allocated out of that fund this year?

Ms. Ott stated that was the remaining contingency.

Councilor Crume stated with regard to rebidding, he had hoped to hear there might be more than one more bidder, but it didn't appear that would be the case.

Ms. Roberts stated they contacted contractors for this project, and they had thought there might be three who would bid. They could also extend their reach a bit further.

Councilor Crume verified that the contractors they'd been in contact with for this, were in the Boise area.

Mr. Leeper agreed that if they went out for rebid, they had no idea what they'd see come in. Their goal that night was to present the different options to the Council.

Councilor Crume stated if the Council selected Option #3, and pulled the funds from the UCF, the time difference between completion of construction, or they got the bid they guesstimated, what was the time frame difference for running the Water Treatment Plant.

Ms. Roberts stated it would make Jerry much more comfortable. That start up time and time for dealing with challenges, they kept closing that window. That plant needed to be up by the first of May.

Mr. Leeper stated if they started construction mid to late October, it was hoped that construction would be completed by end of April. If construction was delayed – say for Thanksgiving – they might be looking at the end of May. If completed by end of May, they still could meet the requirements associated with the heavy demands on the system, irrigation wise. If they went into June or July of 2017, that put them at a large disadvantage.

Mayor Verini stated it appeared that to rebid would put them under a time constraint, and there was a possibility that the bids they were thinking about being more palatable, might not come in.

Mr. Leeper agreed. They could end up with no bidders, or they could a lot of bidders.

Councilor Carter asked how old the system was.

Mr. Leeper stated it was from 1979. Some modifications were made in mid-1990, or early 2000, but it was a system mixed and matched, and they'd like to have a new system that was to the 21<sup>st</sup> Century standards. Technology had changed a lot.

Councilor Winebarger stated the reality was that if they didn't get the tanks up and running, they might not be able to provide the citizens with the clean water, if there was a major catastrophe. If they went out for bid, worse case would be outrageous bids, or none at all, leaving them in the same spot, but pushing it back and still risking the failures.

Mr. Brown stated if they were considering going with the bid, all those options had the 10% contingency built in. For the \$169K to \$155K built in to each one of those.

Councilor Crume stated he didn't think it was in the citizen's best interest to wait. He wasn't convinced they'd get any better bids. He wanted to express his appreciation for the work done by CH2 for presenting the different options.

Councilor Justus stated in making the modifications, changing the rooflines and not doing the motors, was that something they'd be coming back in a two years asking to do anyway?

Ms. Roberts stated no.

Norm Crume moved, seconded by Tessa Winebarger, to accept Project 3, with the potential overrun of \$175,442, taking the remaining funds from the Utility Capitalization Fund. Roll call vote: Crume-yes; Winebarger-yes; Carter-yes; Justus-yes; Tuttle-out; Fugate-yes; Verini-yes. Motion carried 6/0/1.

#### **National Pollutant Discharge Elimination System Permit (NPDES) – Phase 1**

Betsy Roberts, City Engineer, CH2, presented.

Mark Bowen, Paul Woods, and Cliff Leeper had attended the Thursday work session, and provided information on this action.

The City of Ontario's National Pollutant Discharge Elimination System Permit (NPDES) Permit had been extended administratively since 2009 by the Oregon Department of Environmental Quality (DEQ). The DEQ was now ready to engage the City in developing an updated permit.

Staff recommended taking a proactive role in helping to direct this process forward. This proactive approach included securing the professional services of Paul Woods, Woods Consulting Group, an engineer with a long and recent history working through NPDES permits with the Oregon DEQ. Additionally, CH2M would provide owner representation and technical support for the initial review and meetings.

Phase 2 of the project would be developed after the initial meetings with DEQ and a clearer path forward was developed. This phase should be brief and not labor intensive.

Because the City discharged its treated effluent from the Wastewater Treatment Plant (WWTP) to the Snake River through the fall and winter, they were required to have an NPDES permit. Administrative extension of the permit was very common and was a means for the DEQ to extend an existing permit under its current requirements until the DEQ had time to renegotiate a new permit. Typically, over time, new effluent quality standards would become more restrictive. These new limits were what the DEQ wished to incorporate into the City's new permit.

In Ontario's case, there were several increased restrictions or limitations on wastewater quality. The most significant limitation was the lowering of the allowable inorganic arsenic level in the effluent stream. This was especially difficult for Ontario and other communities in the area because of the high background levels of inorganic arsenic that occurred naturally. For example, the background level of inorganic arsenic in the Snake River at the City's Water Treatment Plant (WTP) intake was approximately 4 ug/l. However, the new allowable limit for discharge was 2.1 ug/l.

Recognizing these challenges, the DEQ developed a White Paper specifically for Ontario that described the process the City would take if interested in attaining a Variance for the City's permit from the current constituent limits.

The task orders included the effort to review the validity of the process described, understand the pros, cons, and potential pitfalls, and develop a path forward acceptable to both the City and the DEQ. Phase 2 Task Orders would be developed and presented to Council once the Phase 1 activities were completed and a path forward was developed.

The City Council approved a \$150,000 budget for this fiscal year to conduct NPDES permit negotiations. This activity will fall under that budget. Woods Consulting Group was \$4,864, and the CH2M specialist was \$2,450 for a total cost of \$7,314.

Staff recommended the Council approve CH2M subcontracting with Woods Consulting Group to conduct Phase 1 activities for the development of the City of Ontario NPDES permit, and to approve CH2M engaging internal specialists on Phase 1 activities for the development of the City of Ontario NPDES permit.

Councilor Crume stated that Congressman Greg Wyden had been in town Saturday, and asked for questions. He asked if Congressman Wyden if he'd be interested in getting involved with this project, who indicated yes. They might have some congressional help with this action.

Charlotte Fugate moved, seconded by Marty Justus, that the City Council authorize CH2M to conduct Phase 1 of the City of Ontario NPDES Permit process and to subcontract with Woods Group Consulting for the same Phase 1 effort. Roll call vote: Crume-yes; Winebarger-yes; Carter-yes; Justus-yes; Tuttle-out; Fugate-yes; Verini-yes. Motion carried 6/0/1.

**Ordinance #2717-2016: Cable One Franchise Agreement (First Reading)**

Larry Sullivan, City Attorney, presented.

Mr. Sullivan stated in researching the types of changes that would have to be made, that wouldn't be in the franchise agreement, but in the city's telecommunications ordinance. He had intended, when speaking to Council last Thursday, to take the changes approved by the Oregon Supreme Court and incorporating them into the city's current telecommunications ordinance. After review, it became apparent it would be more complicated, and would not provide time for the Council to really review and make a fully-informed decision. He asked to bring it back to the next Council meeting.

Hearing no objections, Mayor Verini asked to have brought back to the next meeting.

**CORRESPONDENCE, COMMENTS AND EX-OFFICIO REPORTS**

Councilor Winebarger stated Friends of the Aquatic Center was meeting on Wednesday, and they were ready to move into their next phase. They had all the survey results compiled, and they'd be discussing that.

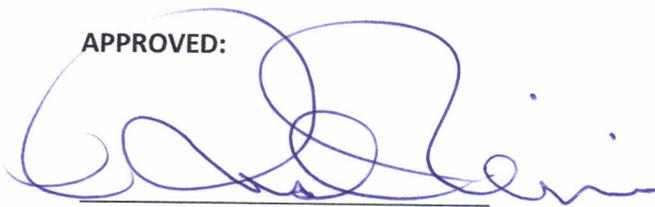
Councilor Fugate stated SREDA was hosting an Economic Development breakfast on Tuesday, from 7:00-8:00 a.m., Four Rivers Cultural Center. They planned to discuss health care, so it might be a good one to attend.

Adam Brown thanked CH2M for their thoroughness in bringing to Council, looking into all sides of the decisions. That was the type of approach needed for the Council to make a sound decision on actions.

**ADJOURN**

Norm Crume moved, seconded by Betty Carter, that the meeting be adjourned. Roll call vote: Crume-yes; Winebarger-yes; Carter-yes; Justus-Yes; Tuttle-out; Fugate-yes; Verini-yes. Motion carried 6/0/1.

**APPROVED:**



Ronald Verini, Mayor

**ATTEST:**



Tori Barnett, MMC, City Recorder