

AGENDA

REGULAR CITY COUNCIL MEETING

September 27, 2021

5:30 p.m.

VIA ZOOM

<https://zoom.us/j/93160851764?pwd=VVhUVkpSb1h2aFBhbUtsMEY2bnZHQT09>

Meeting ID: 931 6085 1764

Passcode: 216856

Dial +1 346 248 7799 or +1 669 900 6833

1. CALL TO ORDER
2. ROLL CALL OF COUNCIL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. PRESENTATIONS/PROCLAMATIONS

A. Northwest Natural Gas Update on Low Carbon Pathway

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 COUNCIL REPORTS
9. 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.

CITY OF THE DALLES

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

- A. Approval of the September 13, 2021 Regular City Council Meeting Minutes

10. ACTION ITEMS

- A. Authorization to Reimburse Klickitat County for Installation of Aviation Fuel Tank system at the Airport

11. DISCUSSION ITEMS

- A. Discussion of Potential Development Agreement with Design LLC Related to Utilities

12. ADJOURNMENT

This meeting conducted VIA Zoom

Prepared by/
Izetta Grossman, CMC
City Clerk

Our Low Carbon Pathway: Vision 2050

Mary Moerlins
Director of Environmental Policy & Corporate Responsibility

DEFINING ZERO

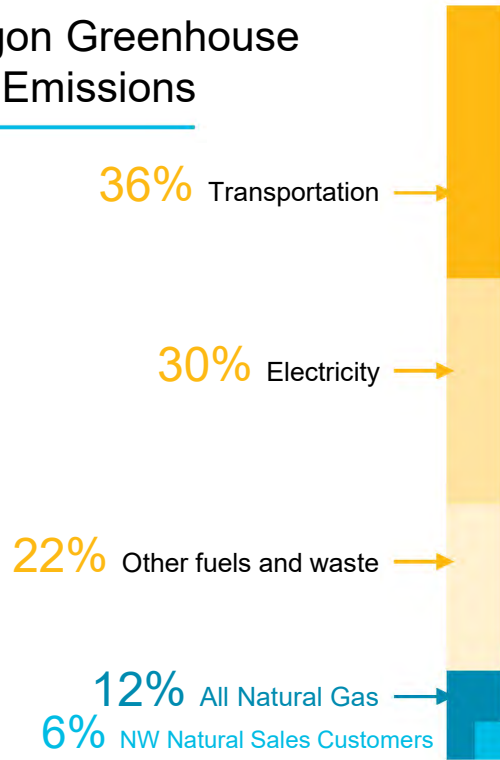
What carbon-neutral means and why we're considering it

- Carbon neutrality means having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks and displacement.
- In order to achieve net zero emissions, all worldwide greenhouse gas (GHG) emissions will have to be counterbalanced by carbon reducing actions.
- Holistically, a carbon neutral goal optimizes for the least cost - highest impact solutions.



Role of our Current System

Oregon Greenhouse Gas Emissions



NW Natural serves 2.5 million people in 140 communities.

That service creates 6% of the current Oregon greenhouse gas emissions.

In Washington, our customers' use of gas is approximately 0.5% of state GHG emissions



Our Shared Values

We must innovate and evolve together, in a way that leaves no one behind.

EQUITY

Provide warmth affordably to the people that depend on us



ENVIRONMENT

Drive down emissions with efficiency, renewables, new technology



ECONOMY

Use our tightest, modern system to support economic vitality and health



Getting to Zero

The pathway to our vision of carbon neutral by 2050



Renewable sources that do not contribute new carbon to the atmosphere



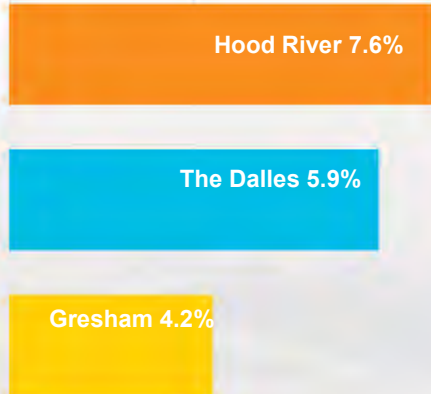
Partnership with cleaner electric systems to create seasonal and peak energy storage



Encouraging end-use innovation for deep efficiency

SMART ENERGY PARTICIPATION

Residential Customer Participation Rate¹



7.9% of all residential customers Participating across territory (WA + OR)

¹ As a percentage of NW Natural sales customers in each city June 2020.



Carbon Regulation & Low Carbon Goals

OR & WA Building Carbon Regulation programs

- Executive order in OR (Climate Protection Program)
- Legislative approach in WA (cap and trade)

Directional alignment with NW Natural Carbon Neutral Goal

- Deep decarbonization is possible through conservation, renewable integration & innovation

Goal achievement is possible, tactics matter.

- NW Natural is actively engaged in both states advocating for thoughtful program design & customer protections

Regulation, Goals and Impacts

- NW Natural can and will decarbonize the system and the product delivered to customers
- *How* we achieve the regulated and voluntary goals is influenced by the rules-
 - NW Natural formal comments and engagement
 - Input from community members, industry and advocates
- All energy systems in our region are decarbonizing- all sectors will see cost impacts
- Best outcomes happen with all solutions on the table

We embrace the change. With the electric and gas systems working together, The Northwest and beyond can meet climate goals.

We're committed to a carbon neutral pipeline by 2050.

There is no technical barrier.

Coal plants will close.

Nearly half of Oregon natural gas use is for power generation, and more will be needed without coal.

Electrification of heating is ineffective and expensive.

Roughly 2 out of 3 Oregonians rely on natural gas for home heating, yet it's 3% of greenhouse gas emissions.

Reliability must be a part of the solution.

Designed for winter; with 3x the peak capacity of the electric grid and seasonal storage, gas system can also operate when the power is out.

Citizens choose natural gas.¹

- **73%** of voters support use of natural gas because its affordable, reliable and has lower emissions.
- **78%** of voters agreed that families and businesses should have a choice of energy options to meet their needs.
- **83%** of voters believe use of renewable natural gas should be encouraged.

A History of Looking Forward



1860s

1950s

2000s

2019 ► Beyond

Manufactured gas for lighting and heat

Network expands with arrival of Northwest pipeline

- Modernized system
- Leads rate decoupling
- First carbon offset program, Smart Energy

RNG and Renewable Hydrogen to deeply decarbonize

Destination Zero:

The pathway to our vision of carbon neutral

A decarbonizing network:

- Renewable Natural Gas
- Hydrogen
- Waste CO₂
- Renewable Electricity





Let's create the future we imagine.



AGENDA STAFF REPORT

AGENDA LOCATION: Item #9A

MEETING DATE: September 27, 2021

TO: Honorable Mayor and City Council

FROM: Izetta Grossman, CMC, City Clerk

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

- A. **ITEM:** Approval of the September 13, 2021 Regular City Council Meeting Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the September 13, 2021 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 13, 2021 Regular City Council meeting minutes.

MINUTES

CITY COUNCIL MEETING
September 13, 2021
5:30 p.m.

VIA ZOOM
LIVESTREAM VIA City website

PRESIDING: Mayor Richard Mays

COUNCIL PRESENT: Darcy Long-Curtiss, Tim McGlothlin, Rod Runyon, Scott Randall,
Dan Richardson

COUNCIL ABSENT: None

STAFF PRESENT: City Manager Julie Krueger, City Legal Counsel Jonathan Kara,
City Clerk Izetta Grossman, Finance Director Angie Wilson,
Community Development Director Alice Cannon, Public Works
Director Dave Anderson, Human Resources Director Daniel
Hunter, Chief of Police Tom Worthy

CALL TO ORDER

The meeting was called to order by Mayor Mays at 5:31 p.m.

ROLL CALL OF COUNCIL

Roll Call was conducted by City Clerk Grossman. All Councilors present.

PLEDGE OF ALLEGIANCE

Mayor Mays asked Councilor McGlothlin to lead the Pledge of Allegiance.

Councilor McGlothlin invited the audience to join in the Pledge of Allegiance.

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APPROVAL OF AGENDA

City Manager Julie Krueger said an Executive Session had been added to the end of the agenda. She said a supplemental agenda had been sent to City Council and the media.

It was moved by Long and seconded by Randall to approve the agenda as amended. The motion carried 5 to 0; Long, Randall, Runyon, Richardson, McGlothlin voting in favor; none opposed.

PRESENTATIONS PROCLAMATIONS

Certificate of Recognition – Greg & Katie Cummings

Mayor Mays presented the Cummings with a certificate of recognition and a City Medallion for their selfless actions July 3 at the Marina fire.

Out of the Box Thinking – Robert Kuenzinger

Mayor Mays presented Mr. Kuenzinger a certificate for out of the box thinking that resulted in smoother traffic flow at Sixth and Webber Streets.

Welcome Sign Presentation – Beautification Committee

Following is Beautification Committee President Tiffany Prince's update on the Welcome Sign project.

Update: Over the last year the Beautification Committee began to explore the idea of new welcome signs for The Dalles. Part of the initial work was to identify the locations best suited for the signs with the help and consultation of ODOT and City staff. ODOT was very helpful in identifying areas near the freeway that would be suitable considering traffic flow and visibility. (Hours were spent on site discussing these issues.)

- One idea regarding design was created by a former committee member (Max Butensky) which was used on ball caps which are now presented to owners of property selected for the monthly beautification award. This is just one idea of possibly many which City staff may already have spent time on. The Committee recommends the design be simple, and river related (as the river is what connects us all in The Dalles).

- The Beautification Committee would like the City to support the Welcome Sign project. We understand that the design, structure and placement are City responsibilities; however, we only wish to offer our support and share the information we have already received from ODOT and Public works.

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- We believe that new attractive Welcome signs for The Dalles will be an **important first impression** of the community; which in turn supports visitors and is a good investment in building a healthy economic base.

Prince showed slides of the locations and design idea.

City Manager Julie Krueger said she would need Council consensus for staff to proceed with the project, adding it the next fiscal year budget.

It was the consensus of Council for staff to proceed.

Long thanked the committee for all the work done on an important project.

AUDIENCE PARTICIPATION

Debi Ferrer, 900 West 18th Street, representing Protect Oregon's Progress, a local activist group read her statement regarding climate change. (attached)

City Manager Julie Krueger said the City was preparing for the Visioning Plan process. She said it would be a perfect time for Ferrer to participate in the process.

Ms. Ferrer said she looked forward to participating. She said she would be contacting the County and Port soon.

CITY MANAGER REPORT

City Manager Julie Krueger referred to a Memo sent to Council regarding implementing a hiring bonus for police department lateral hires. She said it was cost effective considering the training cost of new officers attending academy and time with training officers before they were fully able to be on patrol. She said there would be approximately a \$14,000 savings.

City Manager Krueger said the first half of the bonus would be paid with the first pay check and the second half after one year of service.

Long said typically police officers don't move around much. She said only those looking to move would be interested and questioned if the bonus made the offer more attractive.

Chief Worthy said Councilor Long was correct, in the past officers didn't move around much. He said times have changed, new officers are more likely to move around. He said the request

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was for a standard bonus, that would make the position more attractive.

He said lateral hires would go through a thorough background check and a 12-month trial period. He said there was a small risk of them leaving.

It was moved by Richardson and seconded by Runyon to proceed with staff recommendation of hiring bonuses for lateral hire of police officers. The motion carried 5 to 0; Richardson, Runyon, Randall, McGlothlin, Long in favor; none opposed.

CITY COUNCIL REPORTS

McGlothlin read his report. (attached)

Runyon reported:

- Veteran's Museum meeting – Open Tuesday, Wednesday and Thursday from 1-4om
- POW/MIA recognition Friday, September 17th, 6:00 p.m. to 6:30 p.m. at Kelly View Point

Richardson asked when the Google Agreements would be brought to Council.

City Manager Julie Krueger said the Strategic Investment Project would be on the October 25, 2021 Council Agenda, and the discussion of Potential Development Agreement with Design LLC Related to Utilities would be on the September 27, 2021 Council Agenda.

CONSENT AGENDA

Mayor Mays announced the Council appointment of Councilor Long to the Traffic Safety Commission.

It was moved by Runyon and seconded by Long to approve the Consent Agenda as presented. The motion carried 5 to 0, Runyon, Long, McGlothlin, Randall, Richardson voting in favor; none opposed.

Items approved on the consent agenda were: 1) July 12, 2021 Regular City Council Meeting Minutes; 2) July 26, 2021 Regular City Council Meeting Minutes; 3) Resolution No. 21-018 Concurring with the Mayor's Appointments to Various Committees, Commissions and Boards; 4) Resolution No. 21-019 Assessing the Real Properties at 1290 West Eighth Street; and 809 East Seventh Street for Cost of Abatement of Junk, Garbage, and Noxious Vegetation; 5) Declaring certain Public Works Department Equipment as Surplus Property and Authorize its Disposal.

CONTRACT REVIEW BOARD

Public Works Director Dave Anderson reviewed the staff report.

It was moved by Randall and seconded by Long to authorize the purchase of a new 2021 Dodge Ram 5500, 4X4 flatbed pickup from Ron Tonkin Dodge, in an amount not to exceed \$67,080 plus license fees. The motion carried 5 to 0; Randall, Long, Richardson, Runyon, McGlothlin voting in favor; none opposed.

ACTION ITEMS

Distribution of First Installment of American Recovery Plan Revenues

City Manager Julie Krueger reviewed the staff report.

She noted that Finance Director Angie Wilson would be watching the criteria for the expenditures, before distributing the funds. She said the criteria has been adjusted a few times already.

City Manager Krueger said the following were under review:

- \$400,000 to Northern Wasco County Parks & Recreation District (NWCPRD) for Sorosis Park rehabilitation was pending the budget from NWCPRD.
- Reimbursement for Transient Room Tax was only for lost funds, research being done to determine the exact amount
- Navigation Center had an additional request to assist with property purchase if needed

Richardson asked for clarification regarding when those items would be brought back to the Council for approval.

City Manager Krueger said if approved at the meeting, staff would fund the items if they still met the criteria. She said if NWCPRD wasn't ready this year the item would be moved to next fiscal year.

Richardson said he would like to see more concrete information on what the Mid-Columbia Community Action Council (MCCAC) funds would be used for; and NWCPRD funding.

City Manager Krueger said she would bring Council more information as the projects became shovel ready.

McGlothlin said for those struggling with rent Mid-Columbia Housing has funds available. He encouraged citizens to contact them.

It was moved by Richardson and seconded by McGlothlin to approve funding for projects and programs as presented, from 2021 American Recover Plan funds with the understanding there will be more information brought to Council on NWCPRD and MCCAC requests as it becomes available. The motion carried 5 to 0, Richardson, McGlothlin, Long, Randall, Runyon voting in favor; none opposed.

City Manager Julie Krueger said she was proud of both staff and Council in their thoughtful approach considering what was important to the community when deciding on the best use of these funds.

EXECUTIVE SESSION

In accordance with ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Mayor Mays Recessed Open Session at 6:38 p.m.

Mayor Mays Reconvened Open Session at 7:29 p.m.

ADJOURNMENT

Being no further business, the meeting adjourned at 7:31 p.m.

Submitted by/
Izetta Grossman, CMC
City Clerk

SIGNED:

Richard A. Mays, Mayor

ATTEST:

Izetta Grossman, CMC City Clerk

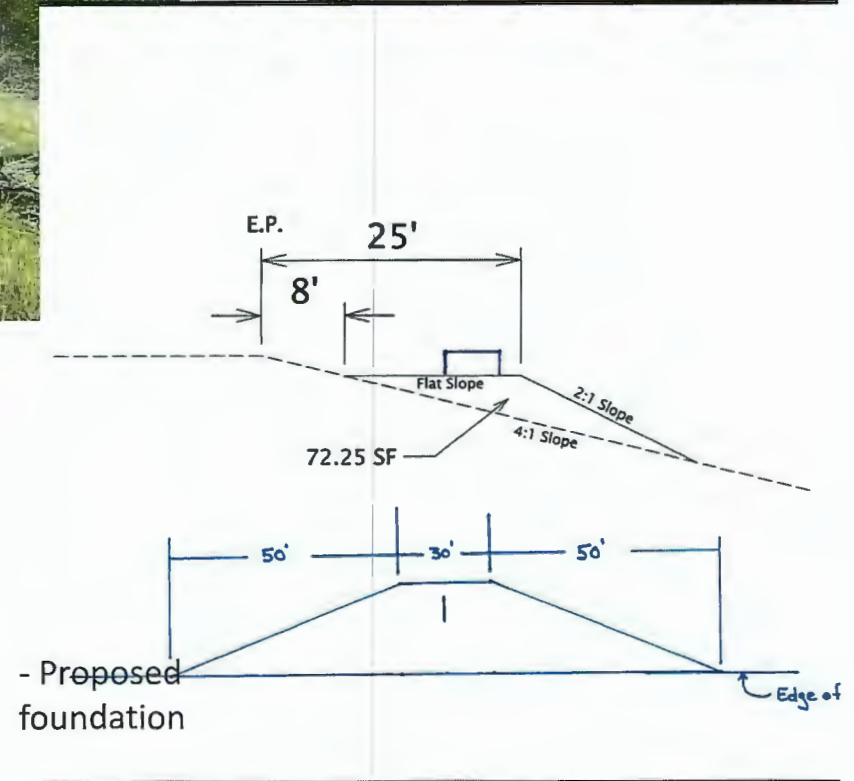
West Side/Eastbound

- Location: River Rd between Exit 82 and Hwy 30
- Size: variable - (more flexibility than East Side). Consider platform construction
 - Est. 250 cubic yards
 - No other size restrictions
- Materials:
 - Can utilize 8' L x 6' H x 8" D rock walls
 - Steelwork





- View of W-side, depicting foundation, repurposed rock wall to set the backdrop for sign (6 x 8ft)



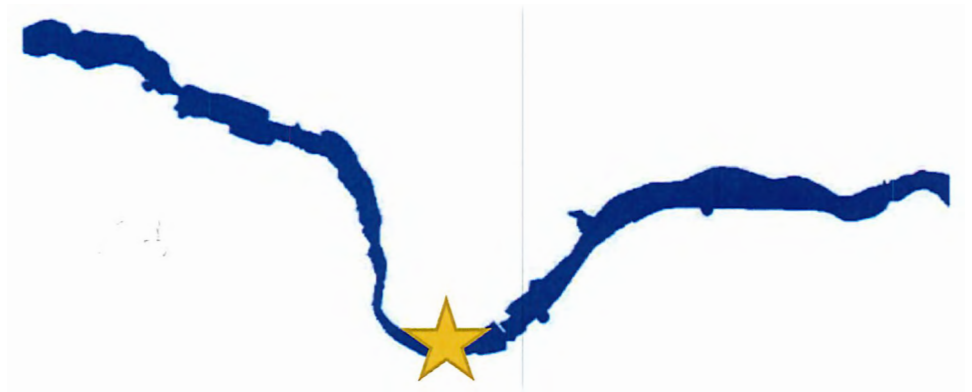
East side/Westbound

- Location: Exit 85, Top of Ramp
- Size:
 - 36" H x 111' W ; option to extend higher
 - Bottom of sign > 9' and 11' (on sloped ground)
- Materials:
 - Supported by 2 4" x 4" beams



Design Components

- Symbolism representative of TD
 - wind, pioneering history, trade/commerce, fish: river symbolizes all these things
 - Focus on simplicity to convey a concise message
 - Avoid polarizing an industry (cherries vs wheat)
- Synergy between signs
 - 'Welcome...' + 'symbols' + color
- Metalwork
 - Local Artists
- Durability and sustainability



**POP Climate Committee - Draft Statement for The Dalles City Council Meeting
Monday September 13, 5:30 pm**

Mayor Mays, Councilors,

Thank you for the opportunity for citizens to share their concerns. Tonight I'm speaking on behalf of a local group of citizens, called Protect Oregon's Progress and other residents who are concerned by the impacts of global warming.

We are here tonight to ask the City Council to take seriously the threat climate change poses to our city – including drought, fires, disease, displacement, and severe and erratic weather. Your actions now have the potential to affect our community for decades to come. As you begin long-range planning this fall, we ask that you look at things through a lens of climate change. The time for debating whether or not this is “real” is over. Climate change is upon us. Now it's time for all leaders to take action.

We see three major questions that we all should be asking ourselves as we make decisions going forward:

- How can we mitigate the impacts of climate change?
- How can we adapt to the impacts of climate change?
- What can we do to reduce our greenhouse gas emissions?

Obviously, answers to these questions deserve much more thought and discussion than we have time for tonight. We hope this is just the beginning.

It is essential to acknowledge that there is a cost to act, but also a cost to not act.

Consider, for example, that a third of U.S. residents live in a county that was struck by a climate-fueled disaster just in the [last three months](#). Many of those events set new records and led to billions of dollars in damages. Locally, I think it's safe to say most of us don't want more record heat waves like we had this past summer. Globally, the [newest report](#) by the Intergovernmental Panel on Climate Change informs us that the planet is entering the hottest period in the last 125,000 years.

Several of our neighboring communities are way ahead of us on this front, which is good news for us – we can learn from their experiences. This is certainly not something The Dalles has to figure out on its own.

We want to emphasize that this is an **opportunity** for our community - an opportunity to be leaders in a changing economy, to establish local renewable sources of energy to keep costs down, and to work together toward a more livable future. We urge you to begin this planning, along with the County and the Port, as well as other local stakeholders, and start building a healthier, more vibrant, more resilient community for us all.

Protect Oregon's Progress
Climate Action Committee

Sunday, September 12, 2021

The month of August is generally set aside for Councilors to schedule family gatherings and time to get away. This past month it seemed as if events required immediate attention. First and foremost, I would like to thank all first responders that continue to protect and serve our community. This year, with the help of the immediate air support, fires in our region have been short lived and controlled before any major loss of property and life. Thank you fire, police, emergency and all support personnel for your service.

- Homelessness continues to be on a rise and I have been working with Director Kenny LaPointe to assist and locate the Navigation Center that is planned for our city. Meetings with Sheriff Lane McGill, our Mayor Rich Mays, and other key officials will continue until a site can be secured.
- During the month of August saw an increase of theft, and other criminal activity. I attended meetings with business owners, law enforcement, and Mayor Mays to discuss ways to minimize and ease the impact. I believe these meetings have resulted in laying solid groundwork that will positively impact our city in reducing crime.
- Covid-19 cases once again started to rise in August. A close personal friend remains hospitalized in Portland and remains in critical but stable condition. I am hearing stories of the impact of the pandemic on our community. The financial and emotional drain on individuals continues to be a worry. There are growing numbers of fellow citizens that are struggling to survive the economic impact that this virus is creating. We stand our best chance of making it through this crisis if we work together and support one another. As my mother always told me...this too shall pass.
- Our airport continues to move forward. Fuel sales remain at an all-time record.
- The Public Works department has been busy this summer with projects such as ADA curb improvements, paved streets, chip seal projects and new paint stripping. The new speed signs, lighted stop signs, and traffic lights have all improved the safety of motorists. Thank you.
- I am working to find solutions to our shopping cart dilemma. A company sells a magnetic activated wheel that will lock when it is removed from a controlled area shows great promise.
- The veteran park located south of Ixtapa restaurant is well underway and looking good. Thank you Jonathan and Julie for thinking out of the box.

I would like to highlight an issue that has come to my attention. There are those silent, unrepresented individuals that have worked two jobs and sacrificed during this pandemic. I worry that landlords seeking to recover losses from unpaid rent, credit lines that have been pushed to a limit and individuals just trying to make ends meet, will suffer the most as we recover. We cannot forget these individuals as we work to fairly distribute recovery funds to most in need. With that said, I conclude my report.

Timothy McGlothlin, President
The Dalles City Council



**Mid-Columbia
Community
Action Council**

Mid-Columbia Community Action Council
Serving Hood River, Wasco, and Sherman Counties
312 E. 4th St, The Dalles, OR 97058
606 State St, Suite 1B, Hood River, OR 97031
Tel: (541) 298-5131
www.MCCAC.com

September 13, 2021

RE: Approval for Distribution of First Installment of American Recovery Plan Revenues

Mayor Mays and The Dalles City Councilmembers,

First and foremost, I want to thank you for prioritizing homelessness, affordable housing development and other social service programs with the use of the City's allocation of American Recovery Plan Act (ARPA) funding. It is so important that we ensure our most vulnerable friends and neighbors have access to the resources they need to thrive as the COVID-19 pandemic continues to take its toll on our community.

Earlier this summer I provided comment to you related to Mid-Columbia Community Action Council (MCCAC) receiving an allocation of \$1.5 million from the Oregon Legislature (House Bill 5006) to acquire and develop property for a Navigation Center in The Dalles. This Navigation Center will serve as a critical community resource as the future location of the MCCAC shelter site, MCCAC offices and co-located partner agency offices. This multi-agency service center will assist homeless and low-income community members in accessing an array of resources that will help provide economic stability. While the \$1.5 million will go a long way towards building out the Navigation Center, additional funding will be needed. MCCAC is extremely grateful that the City of The Dalles recognizes the need for additional financial resources to be placed into this project.

As many of you know, MCCAC also plans to expand its Permanent Supportive Housing resources in the community through the development of new affordable housing. While MCCAC currently owns ten affordable rental homes dedicated to serve formerly homeless Veterans in The Dalles, there is a great need to expand this resource in our community. Through the expanded development, MCCAC plans to triple the number of rental homes dedicated to serve formerly homeless Veterans while also adding additional homes for other vulnerable community members. With extremely low rental vacancy rates and rising rents, it is incredibly important that we increase affordable housing options that ensure community members have pathways out of homelessness to long-term housing stability. MCCAC appreciates the City of The Dalles for placing emphasis on future affordable housing development through its use of ARPA funds.

Again, I want to thank The Dalles City Council, Mayor Mays and City staff for your continued partnership and dedication to our community.

In service to our community,

Kenny LaPoint, MCCAC Executive Director



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #10A

MEETING DATE: September 27, 2021

TO: Honorable Mayor and City Council

FROM: Angie Wilson, Finance Director
Jeff Renard, Airport Manager

ISSUE: Authorization to pay Klickitat County for Installation of Aviation Fuel Tank System at the Airport

BACKGROUND: On April 8, 2020 Klickitat County purchased the Bulk Fuel Farm for the airport with the approval of the Airport Board. The Bulk Fuel Farm covered the Aviation Fuel Tanks, rigging services, placement of tanks and the Airport fuel tanks concrete pad. The original cost was \$217,775.64. The City and Klickitat County split the cost between both entities. In FY2021-22 the City paid a partial payment in the amount of \$50,000.00. Klickitat County has sent an invoice in the remaining amount for \$58,887.82. This item was put in the budget for this FY2021-22 and was approved by the budget committee.

In July, Airport Board approved additional upgrades for the Bulk Fuel Farm to complete and convert the additional fuel tank to the new system. To complete this project would upgrade to fire code ATA103. This will make the system U.S. compliant for military and commercial air traffic. The cost would be \$109,768.33. This project is included in the budget for FY2021-22 but it was budgeted for \$80,000. There is enough money in that line item due to not doing a couple of projects that were budgeted for this fiscal year to include Security Fencing and the construction of the drainage ditch.

BUDGET IMPLICATIONS: The adopted FY2021-22 budget includes the \$168,655.53 in line 061-6100-000.73-30 of the Airport Fund for the payment of this project. There are adequate funds available for these projects.

COUNCIL ALTERNATIVES:

1. ***Staff Recommendation: Move to authorize the payment of the Klickitat County Invoice in the amount of \$58,887.82 and move to authorize the payment to Klickitat County for the upgrade to Bulk Fuel Farm for the Jet A conversion in the amount of \$109,768.33***
2. Deny authorization to pay Klickitat County and provide additional direction to staff on how to proceed.



AGENDA STAFF REPORT

AGENDA LOCATION: Discussion Item #11A

MEETING DATE: September 27, 2021

TO: Honorable Mayor and City Council

FROM: Dave Anderson, Public Works Director

ISSUE: Discussion of potential Development Agreement with Design LLC related to utilities for future development

BACKGROUND: Design LLC (Design) is pursuing a potential opportunity to construct a new data center in The Dalles on the old aluminum smelter site. City staff has been engaged with Design to identify the utility needs for the potential development and create a plan to provide for those needs while not compromising the interests of other existing or future City utility customers. In support of those water and sewer utility planning efforts, a number of analyses and reports have been completed to guide decisions. This report will provide a summary of the efforts completed and present the concepts for a potential Development Agreement for consideration at a future City Council meeting. The City previously entered into a Development Agreement with Design in 2015 related to the last data center that was constructed.

The consideration of the new data center, like any industrial development, requires an understanding of its utility needs and the City's capacity to meet those needs. It has been the practice and policy of the City to require a new development to, at the development's expense, provide for the utility systems needs to serve the development. Historically this has included such requirements as the extension of water and sanitary sewer mainline piping and construction of sewer pump stations.

Studies

Water Supply and Demands: The City's 20-year Water System Master Plan is 15 years old and did not anticipate the type of development that is currently proposed for the smelter site. Therefore, a number of new analyses were completed to guide decisions related to the proposed new data center; City staff was integrally involved in the development of these analyses. The first was a study completed by GSI Water Solutions entitled *Water Supply Analysis for Buildable Lands Assessment in the 310 Zone*. GSI is a firm that the City has utilized for all its water rights planning and administration activities

over the last two decades. This study evaluated all the City's water sources and rights to determine the amount of water available to support existing and future development, compared that to the projected demands of all the development that could likely occur in the City's "310 Water Service Zone", and identified strategies to augment the City's water supplies to meet those projected future demands. The 310 Zone (water supplied from an equivalent elevation of 310 feet above sea level) is the City's largest water service zone which extends from Brewery Grade through the entire downtown area, west along West 6th Street and north to include all the Port Industrial Area. This study identified that if all the potential development within the 310 Zone occurred that could occur, while also allowing for continued commercial and residential growth in the rest of the City's Urban Growth Area (UGA), additional water supplies would need to be developed. The report also provided a recommended strategy to meet those projected demands.

In summary, the report concluded the City's current water system capacity is 9.9 million gallons per day (mgd) on a sustained average-day basis. It also projected that the future total maximum day demand for the City, with all areas within the UGA at full build-out including Design's proposed development, would be 17.5 mgd. From this analysis, it is apparent that, without additional water supplies, the City would not be able to meet the projected future water demands at build-out.

The report identified a multi-pronged approach to meeting the future water demands of the City. One prong would be development of all the City's existing groundwater rights. While The Dalles is located within a state-designated critical groundwater area meaning that no new rights are available for use of native groundwater, the City has about 5 mgd of currently undeveloped groundwater rights from historical wells that have been abandoned including the one in the basement of City Hall. Second is the acquisition of existing water rights from the old Northwest Aluminum wells that were located on or near the smelter site. The third prong would be the implementation of an Aquifer Storage and Recovery (ASR) program. ASR was previously discussed in detail with City Council and is a technology whereby treated water from the Wicks Water Treatment Plant would be pumped down into a well for storage in the aquifer during the winter and spring when surplus surface water to which the City has rights is available and the water is later withdrawn when it is needed to meet summer demands. ASR is essentially a way of storing surface water without building a dam and would help the City's water supply system be more resilient to climate change. ASR also benefits the aquifer because state regulations allow a user to withdraw only up to 90% of the water that is stored; the aquifer retains 10%. The City has a "limited license" and water right to implement an ASR program; Design paid for all the engineering, technical evaluation, and permit application costs for the City's ASR license.

Other longer-term opportunities identified in the report include an expansion of the City's Wicks Water Treatment Plant (which is a project already identified in the City's Water Master Plan) and implementation of an Aquifer Recharge (AR) program which is slightly different than ASR in how it is regulated and implemented.

Water Infrastructure Needs: The second analysis completed was summarized in a technical memorandum by RH2 Engineering, an established engineering firm in the

Pacific Northwest with expertise in municipal water and wastewater system planning and design. This analysis focused on the infrastructure needed to supply the 310 Zone at build-out. Since most of the anticipated new development in the 310 Zone that would impact water demands will occur in the Port Industrial Area, the proposed system improvements are focused in that area. The major improvements needed included some new water mains to be constructed, new above-ground finished water reservoir(s) in the Port Area, new wells in the Port, and a booster pump station; the wells and pump station would all be equipped with emergency back-up power systems.

Groundwater Quality: The third analysis that was done was an evaluation of groundwater quality and risks by the environmental engineering and planning firm of Maul Foster & Alongi. This analysis was conducted to help ensure that any new wells that may be constructed in the Port Area would have water quality that meets state and federal drinking water standards, and that they wouldn't be susceptible to contamination from previous industrial and landfill uses in the area.

The new wells recommended to be constructed on the Port would tap into the same aquifer as the City's three existing wells – The Dalles Groundwater Reservoir (DGWR) which is sometimes called “The Dalles Pool”. The top of this aquifer is nearly 300 feet below the ground with mostly impervious basalt above it. Sampling since the 1980s confirms that contamination from the previous industrial uses is present in shallower water-bearing zones which is separated from DGWR by impervious basalt. All testing indicates that groundwater from DGWR at this site meets all drinking water standards.

Potential Development Agreement: It is important to understand that certain information related to specific industrial developments is sometimes confidential as “trade secrets” and protected from public disclosure. That is the case for information related to the amount of water used and wastewater discharged by Design's local facilities; it is confidential information. A potential Development Agreement would include a commitment by the City to provide specified water and sanitary sewer system capacities for use by Design, and those quantities would be redacted in any publicly available versions of an Agreement. However, City staff with knowledge and experience in such matters have negotiated the terms of a potential Agreement to protect the City's interests.

A potential Development Agreement would include conditions that Design will provide for the design, permitting, and construction of eight utility-related projects to City standards, and for these improvements to be accepted for final ownership and operation by the City as part of its water utility. Those eight construction projects are:

- Water main looping to connect the newly constructed 18-inch diameter Port Water Main to the older 12-inch diameter water main in River Road. This project will improve the efficiency of water delivery to many water customers in the Port Area, south of Chenowith Creek.
- Construction of a new groundwater well with an 1800 gallons-per-minute (gpm) capacity and emergency back-up power.
- Construction of a new ASR-compatible groundwater well with an 1800 gallons-per-minute (gpm) capacity and emergency back-up power.
- Construction of a new above-ground storage reservoir on the Port to serve the 310

Zone.

- Construction of a new water booster pump station to deliver water from the new reservoir to the 310 Zone under proper pressures.
- Construction of a new sanitary sewer lift (pump) station to serve the Design facility and adjacent industrial customers.
- Construction of a new sanitary sewer force main from the pump station, under the Union Pacific Railroad (UPRR) tracks, to the newly constructed gravity sewer main in West 2nd Street.
- Construction of a shared utility access corridor from River Road to UPRR tracks for access to utility systems.

The total estimated value of these constructed projects is \$28.5 million.

In addition to the constructed projects, Design will provide to the City certificated groundwater rights for a total of 3.88 mgd (6.01 cubic feet per second). These water rights are sufficient to cover about 2/3 of the capacity of the two new wells. The City will be able to use about 1.3 mgd of its currently unused 5 mgd in groundwater rights; the agreement would provide a well to use some of the City's unused groundwater rights. Design will also be granting to the City land and/or easements satisfactory for the utility needs of the City as they relate to these projects.

While the water and wastewater quantities requested for use by Design in a potential Agreement are confidential, both the water rights and well production capacities intended to be provided to the City are each greater than volumes of water that would be requested for this development. Under a potential Agreement, the City would realize a net increase in water rights and supplies to serve the City.

The City would also have commitments under a potential Development Agreement. They would be as follows:

- Implement an ASR Monitoring Program. This is an existing requirement for the City as due diligence under its limited license. Work has already begun on the project.
- Accept the eight Design-constructed projects for City ownership and operation once they are completed to City standards.
- Initiate an update to the City's Water Master Plan within 12 months of the effective date of the Agreement. The existing Water Master Plan is overdue for an update. This project is identified in the City's current 2021/22 budget. The three studies outlined above will help inform the Master Plan update.
- The City recently completed a federally-required Risk and Resiliency Assessment (RRA) of its water system. Information from the RRA will also be incorporated into the updated Master Plan and inform development of a capital improvement plan. The Agreement commits the City to trying to fund and implement countermeasures to improve the resiliency of the water system as indicated by the RRA.
- Credit the cost of providing certain Design-constructed projects against water and sewer SDCs as allowed by the Municipal Code; this will happen regardless of any Agreement because the Municipal Code allows for appropriate costs to be credited against SDCs when an improvement has the capacity to serve others in addition to the developer.

- Not discriminate against Design in the setting of fees, rates, or other charges. Design pays, and will continue to pay, the same water and sewer rates as other commercial/industrial users in the City. Under a Development Agreement the City would initiate a water utility rate study within 12 months of the Effective Date. The intent is to set rates sufficient to cover utility needs and see if any rebalancing of rates is needed City-wide. Sometimes, as time goes by, rates and needs drift such that one customer class may be subsidizing another. It is a common practice to evaluate rates as part of a master plan update. Water rates and SDCs will be evaluated with the Master Plan project.
- Seek to supply recharge water to the new ASR well on the Port as feasible.
- Use the same temperature modeling in the issuance of an Industrial Discharge Permit for the New Development, as was done for the Existing Development and other large industrial dischargers in the City.
- Consider a Memorandum of Understanding with Design regarding water supply scenarios for the 310 Zone.
- Work cooperatively with Design if there are new rules related to temperature for wastewater discharged to the Columbia.

Nearly all the commitments for the City included in the draft agreement are items already underway, planned and/or budgeted.

Staff is seeking direction from the City Council related to a potential Development Agreement. If changes to the concepts outlined herein are desired, they can be forwarded to Design for consideration. With the Council's support, a draft Development Agreement could be brought back for the Council to consider approving through adoption of a Special Ordinance at a future meeting.

BUDGET ALLOCATION: None at this time

COUNCIL ALTERNATIVES:

This is a Discussion Item only.