

**PUBLIC WORKS COMMITTEE MEETING MINUTES**  
**Tuesday, October 11, 2016, 3:00p.m. M.T.**  
**\*\* PUBLIC WORKS HEADQUARTERS \*\***

Meeting called to order at 3:15 p.m. by Riley Hill, Public Works Committee Chairman.

Committee members present included Mr. Scott Wilson, Mr. Riley Hill, and Mr. Pat Woodcock (Babcock, Hart - excused).

Others present included Cliff Leeper, Betsy Roberts, Suzanne Mulvany, Adam Brown, City Manager and Kari Ott, Oster Professional Group.

The press was notified. This meeting was recorded (the tape is available at the Public Works Headquarters); the minutes are on file at City Hall and on the city's website at [www.ontariooregon.org](http://www.ontariooregon.org).

**ADOPTION OF MINUTES – SEPTEMBER 13<sup>TH</sup> AND 27<sup>TH</sup>, 2016**

**RESOLUTION, ACTION &/OR MOTION:**

**The motion was made by Mr. Wilson, seconded by Mr. Woodcock to adopt the minutes of the previous meetings, September 13, 2016 and September 27, 2016: Motion passed unanimously (Babcock and Hart-excused).**

**WATER / WASTEWATER RATE STUDY**  
**PRESENTATION**

*KARI OTT*

**Assumptions:**

- 2% Inflation,
- Full CIP Funding (except for NPDES),
- Debt from State Revolving Loan Fund (2.29% int. & fee),
- No growth.

**Water Alternatives** - Financing \$1.1 million WesTech module:

- A) No increases
  - Result-> Negative cash flow & not meeting recommended reserve.
- B) 2.5% annual increase / 5 years
  - Result-> not meeting our recommended reserve.
- C) 5.0% annual increase/5yrs
  - Result-> Positive cash flow & meeting recommended reserve in 5 years – insufficient for 2023 debt service.
- D) 10%, 2.5%, 2.5%, 2.5%, 2% over 5 years
  - Result-> Positive cash flow & meeting recommended reserve in 5 years – ready for 2023 debt service.
- E) 14% front loaded year 1
  - Result-> Positive cash flow & meeting recommended reserve in 5 years – ready for 2023 debt service.

Alternative (Water only)	Cumulative Rate Increase	Ending Cash Balance	Reserve Requirement
A	0%	(\$366,000)	\$1,195,000
B	13.1%	\$466,000	\$1,195,000
C	27.6%	1,293,000	\$1,195,000
<b>D</b>	<b>20.8%</b>	<b>\$1,352,000</b>	<b>\$1,195,000</b>
<b>E</b>	<b>14%</b>	<b>\$1,307,000</b>	<b>\$1,195,000</b>

**Wastewater Alternatives** – Financing \$2 million sludge removal (NPDES requirements not addressed; cost unknown):

- A) No increase
  - Result-> Negative Cash Flow in 2018. Recommended reserve not met.
- B) 2.5% annual increase
  - Result-> Negative cash flow in 2018. Recommended reserve not met.
- C) 5% annual increase
  - Result-> Negative cash flow in 2019. Recommended reserve not met.
- D) 10%, 10%, 3%, 2.5%, 2.5% over 5 years
  - Result-> Positive Cash Flow. 50% of recommended reserve met by 2021.
- E) 25.5% front loaded year 1
  - Result-> Positive Cash Flow. Meet recommended reserve.

Alternative (Wastewater only)	Cumulative Rate Increase	Ending Cash Balance	Reserve Requirement
A	0%	(\$1,849,000)	\$1,103,000
B	13.1%	(\$1,034,000)	\$1,103,000
C	27.6%	(\$220,000)	\$1,103,000
<b>D</b>	<b>30.0%</b>	<b>\$562,000</b>	<b>\$1,103,000</b>
<b>E</b>	<b>25.5%</b>	<b>\$1,145,000</b>	<b>\$1,103,000</b>

**DISCUSSION:**

Water alternatives:

- ~ RH - Is the percent going across the board to Ore-Ida & the prison?
- ~ BR - Both have negotiated contracts and we are in the process of going through them. The SRCI contract is very clear in that it is calculated as a unit just like the residential. So SRCI would also receive it across the board, and still looking at Ore-Ida. But when Dennis put this model together he did include and calculated for those contracts.
- ~ RH - Believe the contract with the prison is about up.
- ~ CL - We are meeting with SRCI early next week. (On the agenda to discuss).
- ~ KO - In order to hit our reserve we would at least have to do the "C", which is the 5% for five years or the "D" or "E" alternatives. If you take the percentage up front you'll have to readjust it after five years, otherwise we will end up in the same boat that we are in now. Where we are behind and we need to keep up with inflation at least or try to come close.
- ~ "D" or "E" would probably be the best alternatives just because in the long run it would give our citizens a lower increase but we still get the cash we need.
- ~ SW - Experience is people relate better to dollar amounts than they do percentages.

Wastewater alternatives:

- ~ KO – Sewer fund has been operating in a deficit for most of the years; in the Sewer fund we have three different loans, in which we only have one more payment. One after this year, three more payments for another one, and the third one is out to about 2034 (annual payments). Approximately \$600,000 a year in debt payments right now.
- ~ The average household is based on 4,000 gallons and we can also create some examples for commercial, different ranges where we can put in the dollar amounts.
- ~ Again, "D" or "E" would be the better alternatives to consider. We have to do something or we are not going to be able to pay for any of our water or sewer; right now we are down to just emergency type situations.
- ~ For an average residential household using the one-time increase (for both water & sewer) it would only be about an \$8 per month increase.
- ~ CL - We all know that whatever rate increase we share it's not going to be met favorably. But the point of the matter is we are at the breaking point and we need to do something; there has not been a rate increase for 11 years.

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**SRCI LIFT STATION**

BETSY

- ~ BR - In looking at the contract there is a lot of discussion about their point of delivery for water and coming all the way down the hill. They paid the majority of that work that we were looking at doing with the 37 manhole repair. So those are things that could come off the top of the CIP. For example the SRCI lift station repair in conversion to a siphon system, and the 37 manhole repair going up the line. Right now those are fully loaded into the CIP and those would probably drop out or down because that's infrastructure the prison needs. This is what we've got to work through with them and that should reduce the CIP.
- ~ We bill them for their actual flows and loads, but that is based on their prison count and has an impact on the lift station. And if their increased flow puts the lift station in a position to potentially overflow, that is a problem.
- ~ CL - When we meet with them we need to understand what their current prison count is, the actual number of bodies, plus a reliable count for staff.
- ~ When the prison was built it was designed for medium security and about half the population.
- ~ BR - Found the 1990 original document and a 1997 amendment for the increase in population to 3,000.
- ~ RH - They need to pay for the delivery system maintenance.
- ~ BR - Have not found that specifically yet - still digging. But they had capital costs that they kicked in for those pieces of infrastructure and then they paid for service and treatment, but I don't see OM costs beyond that. Agree however that 20 years down the line, when infrastructure specific to their project needs is in need of repair, they need to help fund that. Especially considering that they created that line to begin with. It's theirs basically so they need to repair it. We are meeting with them on Monday and pretty sure there will be numerous meetings here on out.
  
- ~ Suggestions were made to convert the presentation to dollar amounts and combine the water and sewer into one example rather than splitting them up.

**RESOLUTION, ACTION &/OR MOTION:**

Put all information together in a logical format with water and wastewater combined, and what it equates to for an average water bill. Then present it again so everyone understands it completely.

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**NPDES PERMIT**

BETSY

**NPDES Permit:**

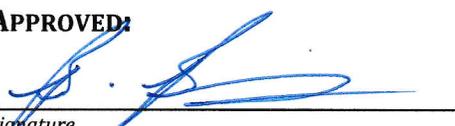
- Negotiations costs are covered in the City's budgeted CIP, but actual impacts are not shown in the water/sewer rate study because we don't know what they will be.
- DEQ came back with a shortened schedule on the permit, and a long compliance time. Working on responding, indicating that if forced into this tight time frame for the permit we want to make sure that it's agreed that if we find an "off ramp" as we go past the issuance of the permit and finish the facility plan over the next 1½ yrs., we can change the permit limits. As we go through the Facility Plan, we may find other studies that need to be done to satisfy this permit or we may find that a variance is something we can do. And that gives us an "off ramp". That could mean that the limit established no longer applies - we need DEQ to agree that in that instance, we can change the permit.
- Internal meeting this Thursday to discuss the process and how we move forward.
- Meet with DEQ in Pendleton on October 27th.

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**ADJOURN**

**The motion was made by Mr. Woodcock seconded by Mr. Wilson to Adjourn: Motion passed unanimously (Babcock and Hart-excused).**

**APPROVED:**

  
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Signature  
(Riley Hill, Chairman / Bernie Babcock, Vice-Chairman)