

PUBLIC WORKS COMMITTEE MEETING MINUTES
Tuesday, November 8, 2016, 3:00p.m. M.T.
**** PUBLIC WORKS HEADQUARTERS ****

Meeting called to order at 3:00 p.m. by Riley Hill, Public Works Committee Chairman.

Committee members present included Mr. Scott Wilson, Mr. Bernie Babcock, and Mr. Riley Hill (Hart & Woodcock - absent).

Others present included Cliff Leeper, Betsy Roberts, Suzanne Mulvany, Dan Cummings, Adam Brown, City Manager, Kari Ott, Oster Professional Group, and Hunter Marrow, Argus Observer.

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.

ADOPTION OF MINUTES – OCTOBER 11, 2016

RESOLUTION, ACTION &/OR MOTION:

The motion was made by Mr. Wilson, seconded by Mr. Babcock to adopt the minutes of the previous meeting, October 11, 2016: Motion passed unanimously (Hart & Woodcock - absent).

WATER / WASTEWATER RATE STUDY PRESENTATION #2

KARI OTT

Average Residential Home Cost for Service

SERVICE	MONTHLY COST	ANNUAL COST
Water	25.44	305.28
Wastewater	25.61	307.32
Total	\$ 51.05	\$ 612.60

Assumptions:

- ~ 2% Inflation
- ~ Sludge Removal \$2m (\$100,000 annually).
- ~ No growth assumed.
- ~ Full CIP Funding (Except for NPDES)
- ~ Debt from State Revolving Loan Fund (2.29% int. & fee).

WATER FINANCIAL ANALYSIS

Issues:

- East Side Water Reservoir Leak.
- Water Treatment Plant Corrosion.
- Old Drive Chain.
- Baffle Wall Deterioration.

Major Water CIP's:

- WTP Phase 1 (Budgeted & happening now)
- Solids Removal
- Baffle Wall Replacement
- Water Master Plan
- Well 18 (becomes more time critical if City shares Snake River Water Right with new development)
- Phase 2 WTP Audit – Increase WTP Capacity
- Phase 3 WTP Audit – Clearwell & other identified upgrades
- Modify Decant System Pump & Piping
- Replace Backwash Piping
- Hydraulic Model Calibration
- Bench Reservoir Evaluation & Improvement

WATER FUND	2017	2018	2019	2020	2021
REVENUES	\$2,890,950	\$2,874,891	2,874,400	\$2,873,888	\$2,873,400
EXPENDITURES					
OPERATING	\$1,989,739	\$2,082,000	\$2,180,000	\$2,282,000	\$2,389,000
DEBT	\$295,421	\$295,421	\$295,221	\$294,822	\$299,046
ADMIN	\$199,505	\$199,505	\$199,505	\$199,505	\$199,505
CAPITAL	\$1,861,500	\$ 604,358	\$ 482,483	\$1,386,464	\$ 86,047
Total	\$4,346,165	\$3,181,284	\$3,157,209	\$4,162,791	\$2,973,598
NET	(\$1,455,215)	(\$306,393)	(\$282,809)	(\$1,288,903)	(\$100,198)

Water Alternatives - Financing \$1.1 million WesTech module, assuming average residential consumption of 8,700 gallons per month, and includes UCF Charge:

- A) No increases (\$25.44 per month)
 - Result-> Negative cash flow & not meeting recommended reserve.
- B) 2.5% annual increase / 5 years (\$28.78 per month after 5 yrs.)
 - Result-> not meeting our recommended reserve.
- C) 5.0% annual increase/5yrs (\$32.47 per month after 5 yrs.)
 - 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 (\$30.74 per month after 5 yrs.)
 - Result-> Positive cash flow & meeting recommended reserve in 5 years – ready for 2023 debt service.
- E) 14% front loaded year 1 (\$29.00 per month after 5 yrs.)
 - Result-> Positive cash flow & meeting recommended reserve in 5 years – ready for 2023 debt service.

Water Alternative	Cumulative Rate Increase	Ending Cash Balance	Reserve Requirement	Average Monthly Residential Bill	Monthly Increase of: (After 5 yrs.)	Annual Increase of: (After 5 yrs.)
A	0%	(\$366,000)	\$1,195,000	\$25.44	-	-
B	13.1%	\$466,000	\$1,195,000	\$28.78	\$ 3.34	\$40.12
C	27.6%	\$1,293,000	\$1,195,000	\$32.47	\$ 7.03	\$84.35
D	20.8%	\$1,352,000	\$1,195,000	\$30.74	\$ 5.30	\$63.59
E	14.0%	\$1,307,000	\$1,195,000	\$29.00	\$ 3.56	\$42.74

GENERAL DISCUSSION ON WATER:

- ~ Water Master Plan – Why do we have to do another Water Master Plan? It is mandated by the state. In order for them to loan us money we have to have a Master Plan that shares that we have a plan moving forward.
- ~ Well 18 (becomes more time critical if the City shares Snake River Water Right with new development) – Is another ground water source to provide more flow. We have a total of approximately 23 million+ gallons a day and of that 23 we have 14 million gallons that can come from the Snake River itself. The remainder of the balance comes from ground water sources. The Chem-feed system we are currently working on is helping to

balance that water use better. Right now we are 80/20 (80% River, 20% Ground) and will be shifting to 60/40, which means the wells become that much more important. Ground water is not directly impacted by algae bloom, etc. so consequently the chemical feed systems will not require the volume of chemicals needed.

- ~ Wes-Tech System – To increase capacity to the system additional hydraulics are needed; scheduled for 2020.
- ~ How much will my bill increase and when? This is what residents will care about. Make sure tables are explained up front.

WASTEWATER FINANCIAL ANALYSIS

(NPDES requirements not addressed; cost unknown)

Issues:

- 22 years of Sludge buildup
- Corroded Manhole
- Corroded Pipe

Major Wastewater CIP's:

- NPDES Permit
- WW Facility Plan
- Sludge Removal, Phase 1
- Implementation of Facility Plan / Permit
- WWTP Bank Erosion Control
- SRCI Lift Station Evaluation, Design, and Construction
- SRCI Lift Station Repair
- SRCI Manhole Replacement, Design and Construction

WASTEWATER FUND	2017	2018	2019	2020	2021
REVENUES	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000
EXPENDITURES					
OPERATING	\$1,841,956	\$1,927,000	\$2,015,000	\$2,108,000	\$2,205,000
DEBT	\$602,604	\$602,100	\$476,625	\$370,459	\$275,040
ADMIN	\$211,328	\$211,328	\$211,328	\$211,328	\$211,328
CAPITAL	\$382,500	\$2,552,205	\$723,173	\$562,856	\$561,694
Total	\$3,038,388	\$5,292,633	\$3,426,126	\$3,252,643	\$3,253,062
NET	(\$158,388)	(\$2,412,633)	(\$546,126)	(\$372,643)	(\$453,062)

Wastewater Alternatives – Financing \$2 million sludge removal; assuming average residential winter average of 4,500 gallons per month:

- A) No increase *(\$25.61 per month)*
 - Result-> Negative Cash Flow in 2018. Recommended reserve not met.
- B) 2.5% annual increase *(\$28.98 per month after 5 yrs.)*
 - Result-> Negative cash flow in 2018. Recommended reserve not met.
- C) 5% annual increase *(\$32.69 per month after 5 yrs.)*
 - Result-> Negative cash flow in 2019. Recommended reserve not met.
- D) 10%, 10%, 3%, 2.5%, 2.5% over 5 years *(\$33.53 per month after 5 yrs.)*
 - Result-> Positive Cash Flow. 50% of recommended reserve met by 2021.
- E) 25.5% front loaded year 1 *(\$32.14 per month after 5 yrs.)*
 - Result-> Positive Cash Flow. Meet recommended reserve.

Wastewater Alternative	Cumulative Rate Increase	Ending Cash Balance	Reserve Requirement	Average Monthly Residential Bill	Monthly Increase of: (After 5 yrs.)	Annual Increase of: (After 5 yrs.)
A	0%	(\$1,849,000)	\$1,103,000	\$25.61	-	-
B	13.1%	(\$1,034,000)	\$1,103,000	\$28.98	\$ 3.37	\$40.38
C	27.6%	(\$220,000)	\$1,103,000	\$32.69	\$ 7.08	\$84.91
D	30.0%	\$562,000	\$1,103,000	\$33.53	\$ 7.92	\$95.08
E	25.5%	\$1,145,000	\$1,103,000	\$32.14	\$ 6.53	\$78.37

**WATER & WASTEWATER
* ALTERNATIVES COMBINED ***

Combined Alternatives	Average Monthly Residential Bill	Monthly Increase of: (After 5 yrs.)	Annual Increase of: (After 5 yrs.)
A	\$51.05	-	-
B	\$57.76	\$ 6.71	\$80.50
C	\$65.16	\$ 14.10	\$169.26
D	\$64.27	\$ 13.22	\$158.67
E	\$61.14	\$ 10.09	\$121.11

GENERAL DISCUSSION:

- ~ RH – If the council chose to go with Alt E, how long will that last before we would need another increase?
- ~ AB – At the end of the five (5) years we need to develop a formula that would trigger it.
- ~ KO – This is based on Water, Sewer & UCF, not Storm because it is a flat rate. So the actual bill will be approximately \$1 or so more.
- ~ SW – Noticed that the reserve goes up every year.
- ~ KO – That is because operating expenses increase every year and we still want to hit 6 months of operating expenses. So with the inflation rate at 2% our reserve will also increase about 2%. We take the capital projects out of that equation so it’s just the contract, labor, etc.
- ~ BB – Based on the data there are only two options, and the front-loading looks the best in terms of the long-term expenses, option ‘E’.
- ~ AB – We stopped at alternative ‘E’ because that is where we meet our needs, that’s the minimum. We have to have reserves.
- ~ The last rate increase was in 2005, 11 years ago.
- ~ SW – Based on the facts this is what is needed for the sewer and water to remain solid. Believe that ‘E’ is the one we should suggest to go with.
- ~ Still need to update the chart so it is a bit clearer. Present it with the front-loading in terms of how it works from year-to-year.

RESOLUTION, ACTION &/OR MOTION:

The motion was made by Mr. Babcock seconded by Mr. Wilson the Public Works Committee recommend to the City Council to strongly look at the Water and Wastewater Alternative Plans ‘E’; with an amendment to show a year-by-year increase to the consumer: Mr. Scott Wilson – Yes; Mr. Bernie Babcock – Yes; Mr. Riley Hill – Yes; Motion Passed 3-0-2 (Hart & Woodcock - absent).

SRCI LIFT STATION

CLIFF/BETSY

~ **Meet with SRCI:**

- Met with the new superintendent and the assistant superintendent; talked about multiple issues:
 - Talked about population / SRCI is largest prison facility in the state of Oregon.
 - Water requirements that SRCI has and what the future holds regarding their water usage. In 2014 SRCI was using potable water for all their irrigation but as of last year are using wells so now they don't require as much water.
 - Also agreed to sit down and talk with them in the future about the lift station. Regarding alternatives to the lift station whether or not it made sense to go under the Malheur River with a bore and eliminate the lift station in its entirety or to increase the wet well size.
- They are interested in updating their agreement. We are currently calculating their surcharge which is part of their contract. They would like to get on a better schedule (rather than lump sum all at once).
- Their population is 3,200 inmates and the employee population was 8 to 900. Which is an increase to when we last negotiated a contract.
- 2014 saw a significant demand on potable water which caused a degree of anxiety because we were feeling their water needs along with Heinz, and everyone irrigating. So was an opportunity to talk to them and found out that the wells were owned by private owner & was under bankruptcy. Since then issue has been resolved; now have access and are using wells.
- When does the contract expire? It is ongoing until it is renegotiated as there is not a specific date on the contract.
- Would be helpful to have a short explanation on how the contract works, and a bit on what you think the CIP's are going to be. We can then hand it off to representative Bentz, the Senator, and any economic development directors so they can shadow that as it's going through the next session

NPDES PERMIT

CLIFF/BETSY

~ **NPDES Permit:** *National Pollutant Discharge Elimination System (Wastewater Permit)*

- Had a meeting with two representatives from the State in Pendleton on the 1ST of November.
- Sent a team over which included Adam, Cliff, Betsy, two other individuals from our CH2M office and the contractor we hired to help us mandate the permit.
- During that meeting we discussed multiple options related to the following:
 - Went over schedule of permit; ours has been administratively extended since 2009
 - Asked for a 15 year compliance schedule, which is three (3) permit cycles. One was hesitant but the other was willing to work with us. So the three cycles are 1) Planning (get through the facility plan etc.), 2) Get financing in order and getting the design started, and 3) Get construction done and meeting the requirements needed.
- One advantage of extending out longer is the technology improvement over the years.
- Continuing to look for Grants.
- In 2018 going to remove solids and try to eliminate inventory we have right now. The real question is whether or not the arsenic is re-solubilizing as it goes through that process. We won't know until it's done.
- The first thing that we will focus on is understanding the system well enough to make some logical scientific predictions as to which way to go.
- Our next meeting is not scheduled yet but we owe them back our detailed plan in 2 to 3 weeks (18th).

~ **Updates:**

~ FY Projects (Future projects):

- Sanitary sewer relocation - the part of the sanitary sewer project that was not done - the rerouting. The design is being looked at right now and to be ready for springtime.
- Water line replacement - (\$150,000) getting one of our on-call engineers to do it; have that project done this spring as well. Considering having it be adjacent to the sewer work we are doing. (Engineering, design and construction on all of these).
- North Park right-of-way extension of the NW Washington (JTA funds) - Enough funding left over to probably purchase the right-of-way for the North Park section.
 - RH - prior to CH2M, had conversations with the owner. Thought the understanding was he would give us the land; that the engineering was already partially done.
 - DC - after meeting they are not donating. What they agreed to do was to accept the same dollar amount that they received from the State for NW Washington. This money can only be spent on right-of-way and street section.

~ N. Regional LS Ordinance Update:

- Went to Council and had the first reading yesterday, 11/7/16. Was successful and will have second reading at the next meeting.

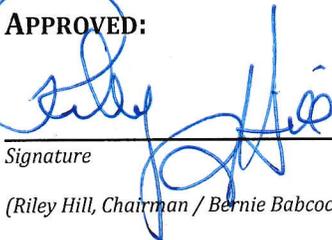
~ Eastside Tank Update:

- Was drained and evaluated. The contractor came back, the liner supplier was with them, CH2M came in and flew in our linings coating expert. Got in, look at it, and there were pinholes in the liner. Those are being repaired. There had been a saw cut that was being done; the new liner was supposed to be pulled into the saw cut, however there were gaps in that area. So these are all being filled. Will be doing a test on the entire liner of the tank one more time to make sure there are no more pinholes in it and then start filling it again.

ADJOURN

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

APPROVED:



Signature

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