
PUBLIC WORKS COMMITTEE MEETING MINUTES

Tuesday September 10, 2019, 3:00 p.m. MT

**** Public Works Headquarters ****

Meeting called to order at 3:25 p.m. by Bernie Babcock, Public Works Committee Chairman.

Committee members present included Mr. Bernie Babcock, Mr. Pat Woodcock, and Mr. Jackson Fox (Wilson & Tuttle – excused).

Others present included Betsy Roberts, Cliff Leeper, and Morgan Gipson.

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

RESOLUTION, ACTION &/OR MOTION:

The motion was made by Mr. Fox seconded by Mr. Woodcock to adopt the previous meeting minutes dated August 13, 2019: Motion passed unanimously.

RESOLUTION, ACTION &/OR MOTION:

The motion was made by Mr. Fox seconded by Mr. Woodcock to adopt the email notice dated May 31, 2019: Motion passed unanimously.

SRCI COSTS

GENERAL DISCUSSION:

CL- We have been in negotiations for 2 plus years first meeting with the staff at the local prison and now dealing with Attorney General. The process has been long and at times not pleasant.

BR- We have made progress and the council is ok with doing an extension with terms listed until 1/31/20.

BR- I have been out for the last week but my team has been working on the dollars. At this point they are fine tuning things.

JF- What are the dollars, I have never seen that here.

BR- We have run those numbers.

BB- Remember Jackson we looked at that spreadsheet that tracked them out for the years.

JF- So what is the new contract, are we making money?

BR- We are trying to update everything. There are a couple things that we are still working on.

JF- I don't understand that comment the Adam Brown made that if we don't sign a contract with them we make more money than if we do sign a contract. Then why would we sign it?

BR- Yeah that is fair and that is correct. It does sound backwards but when you see it you will understand. It is now split out more clearly as to what is happening. They were overpaying on their surcharge. The surcharge was not clear to any of us that weren't there at the time. So, we put it into a typical surcharge that you would see with lots of different cities. We have all begun to conserve water so the concentration of BOD and TSS has gone up. So it looks different.

JF- I am completely lost.

BR- They were using less water so the concentration went up so we were penalizing them for water conservation.

JF – So you changed the standards.

BR- We changed the standards to be more realistic with what is going on in our community. Where we need to do a little work is where we charge them for the TSS and BOD. We have .10 cents in there now and we need to back check that. We could not back into how they came up with the formula.

JF- So their rate was different.

BR- They had a surcharge that no one else has.

JF – Betsy, so in the old agreement what was the surcharge for.

BR- For BOD and TSS. Which what the surcharge will be for again. But the way we calculate the surcharge will be different.

JF- So it is separate from the water and the waste water.

BR- It is in addition to.

JF- And it does not include the Capital Reserve Funds.

BR- That is correct. Here are all the parts and pieces as we have been discussing. They are paying a base rate like everybody does, flat rate like everybody does and consumption, it is not based on their water it is based on their waste water. The old surcharge rate they were paying about \$20,000.00 a month. Here it is looking like it could be about \$500.00.

CL- What we need to do so Jackson understands is go to the top where everything is labeled.

BR- So I was trying to go down this column and explain what is going on here.

BB- So I think what Adam was pointing out was currently be charged \$20,000.00 a month because they are on the old agreement. And on the new agreement they are only going to be charged \$500.00 or \$600.00 a month

BR- For that portion, what we are trying to do is charge them the correct amount in the right places. What we do want to charge them for correctly is their infrastructure. That will be added in the Capital Asset Fund. We are working on adding it in as a percentage.

JF- So does their bill go up or down right now?

BR- Their bill goes down right now.

BB- So why should be do this? And why should they pay the same as everybody else. Why should they have to pay 175%, they are outside of the city.

BR- That was non-negotiable, and we didn't get anywhere with them on that.

JF- Fine we will just leave it the way it is. Why would we go from getting paid \$20,000.00 a month to being paid \$500.00 a month?

BR- Because it is going to be paid in the right places. And paying the right things.

JF- What will it be per month then?

BR- It will be around \$55,000.00- \$60,000.00 per month.

JF- Verses \$73,000.

BB- So you have been only talking about the sewer side then.

BR- Yes, so we have probably been pulling in more money from them than we should have been. But we have not sunk it into their infrastructure.

JR- They should be paying more.

BR- And they will be paying it in the correct places. So on the water side we have ended up in the exact same place. They are paying \$19,460.00 and they are going to be paying \$19,369.00.

JF- So what you are saying Betsy is that there was no premise for what they were paying in surcharge?

BR- That is correct.

JF- And that same formula would be applied to anyone living in the community?

BR- No, nobody in the community get a surcharge but them.

PW- So they are being charged the same surcharge that any industry in the community pays? Like Ore Ida.

BR- Yes, but Ore Ida doesn't dump into us. But if they did, yes.

JF- We thought that for years they were being under charged.

BR- Our water and sewer budgets are healthy. Why as a city, are we going to pay a million dollars that is completely their infrastructure. It wasn't that we didn't have the money in the budget but, the city should not be paying for their service line. When we looked back 20 years, we came within \$50,000.00 - \$100,00.00 bucks over 20 years. That is not bad.

JF- So what your saying then is that surcharge took care of that for the last 20 years.

BR- It did for the past 20 years.

JF- So if you set the capital asset up correctly it will take care of that. And the city will not have those expenses moving forward.

BR- Right there will be a separate bucket that holds their money.

JF- Which was one of the city's concerns that we would not be footing the bill for their repairs.

BR- There is an opening in the agreement that covers that if it is over a certain amount. We will have money set aside for that.

BB- What she is saying that historical they haven't left us footing any bill. Their bill is structured on a self-support basis like everyone else.

BR- Exactly, but they have the surcharge that is the addition.

JF- So this new agreement does what?

BR- So in the new proposed agreement they will have

- Charged a Flat rate
- Consumption rate
- Surcharge
- Capital Asset (UCF%)

BR- Outside the city rates was a no deal. We want this to be "Fair and equitable." for both sides.

BR- They do not impact anything in these sewer systems, in the collection system in the city. Their base rate helps to pay for all the waste water treatment etc. We took a portion of the UCF out to adjust that.

JF- So what is the UCF?

BR- UCF is collection and distribution system, they need to be part of distributions and they are.

JF- Correct me if I am wrong, the city council has to approve this right?

BR- Yes

JF- They are going to end up paying less, \$10,000 less a month?

BR- Yes, yes they are.

JF- This is great, great negotiating on the city's part.

JF- Don't sign this agreement. Forget it, start over.

BR- I can support it. It has covered everything that needs to be covered and if it doesn't, we can talk to them.

BR- These numbers are available for everyone to look through. I would encourage everyone to look through the capital numbers. If the numbers don't look right when we get to actuality, we will be asking for more on that capital side.

BB- Jackson had some real concerns. There are some concerns about the rates that are being charged.

JF- I don't like it that it's not 175%, because that is what other people are paying.

BR- Jackson that would be the easiest and I would love that too. Honestly it is the easiest and we tried to go that way.

CL- The bottom line is during negotiations that was brought up and that was inequitably shut down by the state.

JF- But isn't that ok?

BB- I would have walked out of the room. Now we lose \$10,000.00 a month.

CL- That decision was made at a different level then what we are at.

JF- I am not upset at you guys, you just provide the numbers. As a tax payer in this town and I hear that we lose \$10,000.00 a month in a new agreement, that doesn't make any sense to me. And you talk to anyone on the street and

you tell them this they are going to say why, who did this? And they don't care about walking out of the room in a negotiation.

BB- This hasn't been agreed upon, Right?

CL- No

BB- So I think there is room to do some things.

CL- The bottom line is these negotiations are exactly that, negotiations. We haven't signed anything at this point and time. We will see what happens.

JF- That explains why Adam didn't answer my question last go around. He said we will make more if we don't sign the agreement.

BR- I don't think he understand the question. I think there must have been a miscommunication. Because later he said he wondered why he didn't get a question. about it.

CL- If we fail to come to an agreement we have to go to mediation.

JF- I am not afraid of the mediation. In my life I have been to several of them. It's logical in those things, it doesn't work out the way try to tell you it works out.

BB- What I am reflecting back on is the discussion we had 2 years ago about the agreement and what was wrong with the agreement and what we needed to change and I think there has been substantial movement in that direction and yeah there are things we don't like and at that point we thought we were under charging and substantially and there was a lot of back research to try and see.

CL- We have gone through records and records and records.

JF- Seem like we have been over charging them.

BR- When I look back on it I kind of think, you know the 20 years was not a bad time span because I think we came out about even. But moving forward and looking at the costs now because there were a lot of very large capital things that happened that first 20 years. The ones going forward are changes and repairs aren't as big so that cost coming down some won't hurt us.

BB- The other thing from the committee was and I am trying to stay focused on the committee and what are concerns were. The other concern was that you have a lot of environmental risks with lift stations being in close proximity to the Malheur River. In the original agreement it states that the city maintains all those systems. On paper we are liable to go make all of the improvements in the system all the way up the line in the old agreement. That is why the old agreement is such a rub and there was a lot of speculation and discussions and concerns. I think that we have had a lot of clarification in the process. We have come from where we thought we were under charging them, we were concerned about the environmental risks and the long-range costs and now we know essentially that we weren't over charging them, and we weren't necessarily under charging them. So, we are trying to figure that out plus we have an agreement with them, if the agreement goes through, they will set up a fund to take those long range costs away from the city and they would basically be the burden of the Department of Correction and the state of Oregon. Jackson and Pat, we all have concerns and we have been through this process and I think we let the process continue because it is not final. I do agree with Pat, I would be careful the rate that you would charge, the surcharge to make sure that you are not under charging and it shouldn't be excessive it has to be adequate and realistic and I don't know how you do that.

BR- That one is tough to calculate.

JF- It is going to be hard to convince or explain when we ask for another rate increase on the sewer and water bill and reduce their bill by \$20,000.00 or \$10,000.00 a month.

JF- It going to get sketchy to the people that live outside of the city that pay 175% and they go wait a minute these guys get a sweetheart deal and I don't.

BB- I did want to ask one thing, I didn't mean to interrupt Jackson.

JF- No go ahead.

BB- You pointed out and I didn't ask the question at the time and I should have. You brought a map of the city or Ontario and what you are telling us as a committee is that SRCI doesn't use all that system like we do as rate payers in the city limits. Even though they are not charged 175% they are charged a fee that benefits all the people in the community, is that correct?

BR-Yes

JF- For their water.

BR-Well their sewer also. So, by reducing their UCF we felt like we weren't taking some of their burden of paying this.

BB- Can I ask for one more clarification question, if we look at the waste water and the surcharge and the water, they would potentially pay \$10,000.00 less per month?

BR- On their waste water bill.

BB- So how does that relate to their water bill?

BR- The water bill was the same? So, they are paying almost 17% on the UCF on their water side. They are paying UCF twice, they are paying additional funding in these places.

JF- The reality is they are still paying \$10,000.00 less per month.

BR- It is.

JF- I am just trying to understand this.

BR- Again we are trying to get them into the right places, so it is defensible.

BB- Essentially what we were charging them and what we spent was a balance.

BR- It was.

CL – The rumor that I heard was that they owed us millions of dollars and then I heard that we owed them.

JF- We heard it for years Cliff. When Chuck and Bob were here, they kept saying this thing needed dredged.

BR- It does, and they contribute to that. But they pay a big bill too.

BB- We have had a healthy discussion and I think that is good and I appreciate everybody's concern.

CL- We will make sure that this concern is shared.

BB- Obviously the concerns will be adequately reflected in the next meeting.

RESOLUTION, ACTION &/OR MOTION:

None - PWC concerned about the new deal.

PROJECT UPDATES

- **Crack Sealing** –
 - To be completed before bad weather comes.
 - **New Loader – CIP approved**
 - Purchased new loader.
 - Received \$23,000 trade in on old loader.
 - **Tree Project** –
 - Still need to hold off on planting the trees until the weather cools off.
 - **Water Treating Plant** –
 - House keeping project completed in house.
 - **CIP Project at Water Plant** –
 - Control Room update has been completed.
 - Will be doing Laboratory modification.
 - **Splash Park** –
 - Closing on Labor Day for the season.
 - **Southeast & Second St project** –
 - State facilitated – bid opening.
 - **Lions Shelter** –
 - Received bid from Warrington.
 - **Tennis Courts** –
 - No bids received, start negotiations.
 - **Skate Park** –
 - One more restroom to build with grant money.
 - **NPDS** –
 - Mixing zone study underway
 - PH Plan deadline 10/1/19
 - **Beck Park** –
 - Engineer coming on 9/11/19 to evaluate the bridge.
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ADJOURN

The motion was made by Mr. Fox, seconded by Mr. Woodcock to Adjourn: Motion passed unanimously.

APPROVED:



Signature

11-12-19

Date

(Bernie Babcock, Chairman / Scott Wilson, Vice-Chairman)