

## PUBLIC WORKS COMMITTEE

February 7, 2019

Meeting Minutes

5:00pm

2018-19 Chair Eric Niemann called the meeting to order at 5:00 p.m. Mayor Niemann thanked the Tree Board and Committee members for their volunteer service. He emphasized the importance of being a Tree City USA. He also thanked the staff for their public service.

### ROLL CALL:

**Committee Present:** Mayor Eric Niemann, Councilor Doug Edmonds, Councilor Chas Jones (by telephone).

**Committee Absent:** None.

**Tree Board Members Present:** Rick Flacco, Lorri Hendon.

**Staff Present:** City Manager Chris Workman, Public Works Director Kevin Fear, Public Works Operations Supervisor Garry Black, Finance Director Joan Swanson, City Recorder Ruth Post, and Building Permit Clerk Ashley Howell.

### APPROVAL OF MINUTES:

Minutes of August 2, 2018 –

**MOTION:** Councilor Edmonds moved/Councilor Jones second, to approve the meeting minutes of August 2, 2018. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No: None).

### TREE BOARD BUSINESS:

**S. 15<sup>th</sup> Street Trees** – Mr. Black reviewed the three trees located on the corner of South 15th and Applegate St. He stated they are starting to buckle the sidewalks creating a safety issue. He noted these are City owned street trees. He explained some of the costs on the removal estimate are internal but the biggest external cost will be concrete. He has an estimate of \$3,600 from a contractor.

Mr. Flacco questioned what the annual budget is for trees in the City. He suggested putting the removal out to bid to a contractor. Mr. Black stated City staff could take the trees out and noted one member of the staff is a certified arborist. There was discussion about the daily rates for equipment. Mr. Flacco noted a correction in the stump grinder expense. Mr. Black stated he has had contact with the adjacent property owners and they have both approved the removal. He stated that the planter strip is too small to replant similar cherry trees. There was discussion about the number of panels to be replaced and the use of an outside contractor to do the actual concrete pour. Mr. Black stated this was not an area of expertise on the City staff and was best completed by a concrete contractor.

Mr. Black stated the owner of 218 S 15th Street will be piggybacking on the City's concrete work to also replace several of his sidewalk panels that are in need of repair. Mr. Flacco stated he approved of the removal and expressed the need for public safety on the sidewalks. Mr. Black stated he would like to do the removal during spring break before the trees leaf out and while there is limited bus, auto and foot traffic on South 15<sup>th</sup> Street. Mr. Flacco requested to see the final cost for the removal.

Ms. Swanson stated the Tree Maintenance line item in the budget is \$6,000 and the external expenses would come out of that line item. Mr. Workman explained that the cost total that Mr. Black has prepared is used to track the dollars the City dedicates to trees for the annual Tree City USA application.

**MOTION:** Mr. Flacco moved/Councilor Edmonds second, that Public Works remove the trees and repair the sidewalks as noted. Motion APPROVED 5-0 (Yes: Edmonds, Flacco, Hendon, Jones and Niemann; No: None)

**Other Business --**

Mr. Black reviewed the Tree City USA criteria for the benefit of the new members. He noted this is Philomath's 25th year being recognized as a Tree City USA. He announced that the Arbor Day Celebration will be held April 25 at the Public Works compound. He described the celebration that brings elementary school students to the Public Works compound to plant their own tree to take home.

Ms. Hendon questioned if the City has applied for grants through the Arbor Day Foundation. Mr. Black explained that a grant was received three years ago that paid for the pots to plant the trees in. He stated that he tries to wait a three or so years between grant applications. He stated the City did not get the Growth Award this year for exceeding the basic eligibility requirements.

Mr. Flacco requested a copy of the list of hazardous trees identified in the City and questioned if it would be appropriate to bring to the Committee's attention any trees he feels should be evaluated. Mr. Black agreed to provide that and encouraged Mr. Flacco to do so. Councilor Edmonds thanked the new citizen volunteers for joining the Tree Board. Mayor Niemann concurred.

Tree Board business closed at 5:26 p.m.

**PUBLIC WORKS BUSINESS:**

**Election of Chair** – Mayor Niemann offered to continue as Chair.

**MOTION:** Councilor Edmonds moved/Councilor Jones second, that Eric Niemann be elected Committee Chair. Motion APPROVED 3-0 (Yes: Edmonds, Jones, Niemann; No: None).

**Utility Rate Discussion** -- Mayor Niemann noted that planning for the water treatment plant replacement means a major rate increase is being proposed and requested additional background from staff. Ms. Swanson noted that the rate comparison to other area cities doesn't create a good comparison because of population differences, differences in water access, and differences stages of infrastructure projects.

She reviewed the proposal to increase water rates and the recommendation to have no increase on sewer rates. She explained the need to issue bonds for the new water treatment plant. She reviewed the introductory proposal for a base rate increase of \$6.00 per month and the per unit increase of \$1.10.

Mayor Niemann noted that the city of Jefferson is building a new water treatment plant similar to Philomath's. Mr. Fear stated that Jefferson is also at the engineering phase. There was discussion about the variables that factor into the cost of a project, like whether there is a reservoir or not. Mr. Workman reviewed a news article related to the Jefferson construction. Ms. Swanson noted she was unaware of whether Jefferson's project included a water reservoir or not. Ms. Swanson distributed copies of the Water Fund budget for 2018-19 and a projection showing loan payments for \$9.3 million. She explained

the benefit to the public of increasing rates in stages and the rate justification that is needed to show a bonding company that the citizens are willing to pay the rates required to build the project.

Mayor Niemann stated the issue of the perception by the public that the General Fund Fee was a big increase and the desire for one or the other. He noted the desire Councilor Weiss has for a town meeting related to water and the importance of town meetings to educate the public on the water supply, aging treatment plant, and need to increase the rates. Ms. Swanson stated that staff agrees and is more than willing to provide whatever information the Council needs.

Councilor Edmonds questioned what type of rate increase could be considered in the subsequent year. Ms. Swanson described using a rate projector to estimate revenue using the proposed increase would raise revenues roughly \$350,000 plus an estimated additional revenue for the apartment complexes of \$25,000. She explained this would be approximately half of the revenues needed to make a \$700,000 - \$800,000 annual debt service payment on bonds.

Ms. Swanson provided an overview of the contribution System Development Charges (SDC's) will make towards the debt service. Councilor Edmonds stated the need to rely on rates instead of gambling on future SDC funds. Mayor Niemann questioned if any grant monies are a potential source of funds. Ms. Swanson stated that grant funds that could possibly be received would be in the \$500,000 range and special loan funds would still be in the 3.5-4% interest range. Mr. Workman explained that the engineering is being completed and will be used to reach out for grants. He stated any grant money available will be applied for and could result in a lower increase in subsequent years. He stated concerns about holding off on a rate increase and ending up in a position requiring the rates to be increased all at one time.

Councilor Edmonds questioned what funds are available up front towards the project. Ms. Swanson explained approximately \$2 million should be needed to complete engineering. Mr. Workman stated that the city's median income is our worst enemy when it comes to grants because they go to the communities most in need.

Mayor Niemann questioned what the implication is of doing nothing. Ms. Swanson reviewed the timeline, including completion of engineering in 2019-2020 and bonding in 2021, going out to bid in spring of 2021 with construction in 2021-2022. She stated her concern is whether \$9 million can even be borrowed because the General Fund is the backup source for payments. She stated the need for a good credit rating in order to borrow the funds; and without a good credit rating, the interest rate will be higher. She emphasized the intent to apply for any and all grant funds and special financing options.

Ms. Swanson noted that water rates have fallen behind because the concern in recent years was for sewer rates and the General Fund Fee. Councilor Edmonds confirmed that the discussion in the Public Works Committee last year was to not raise water rates because of the General Fund Fee. Ms. Swanson described the discussion at the Finance & Administration Committee meeting last week related to the General Fund Fee.

Mayor Niemann questioned if there is enough time for staff to bring a more gradual rate increase proposal. Ms. Swanson stated staff could do that but it should have been started five years ago if that was the plan. Mayor Niemann suggested the use of six month incremental increases. Mr. Workman stated that staff could do that but re-emphasized the need to show lenders that the rates are sufficient. Councilor Edmonds questioned if increasing rates has had an impact on the number of units that people

are using. Mr. Fear stated that water usage has decreased every year for several years but that some of that has been attributed to the Georgia-Pacific mill repairing a major leak.

There was discussion about how much water is produced at the treatment plant versus how much is consumed. Mr. Fear described the reconciliation of what the treatment plant is producing compared to the billed metered consumption, fire department usage, and known leaks. There was discussion about conservation of water and the types of factors related to that. Mr. Fear stated he plans to conduct a reconciliation of chemicals used from year to year also.

Councilor Jones stated his understanding that it is a complicated issue and the importance of educating the public on the need for a new water treatment plant. He echoed Mayor Niemann's suggestion about incremental increases. He questioned if a tax levy would be a better option that would sunset and that there might be a tax benefit to the public. He also suggested a specific fee titled for the water treatment plant instead of adding it to the base fee. Ms. Swanson agreed that other cities have separated it out that way.

Councilor Jones stated he would prefer to see the base fee stay the same and increase the per unit fee to give residents an opportunity to have some control over their total bill. He emphasized the importance of transparency and ensuring a sunset for the fee. Mr. Workman stated a levy wouldn't be a viable option because of the 5-year renewal required. He stated a bond measure could be taken out to the public but questioned what the alternatives are if the voters turn it down. He noted concerns that increasing the per unit fee would result in a disproportionate expense to higher users. He noted that Philomath's base rate is already low at \$14.00 per month compared to the other area cities.

Councilor Edmonds noted that the Council has always been very conscious of the impact on low income users by keeping the base rate low. Councilor Jones stated that the households using 6 to 20 units are not going to be able to conserve their way to lower usage. He stated that corporate users tend to use the most water and tend to be the ones who waste the most water. He stated, as a water professional, he would prefer to see the per unit fee increased to encourage conservation.

Ms. Swanson noted that industrial users consume less than 10% of the city's total usage. Mr. Workman stated that the bigger difference in water usage happens during the summer and is used on landscaping. There was discussion about people discontinuing landscape watering in the summer if the per unit fee were increased substantially.

Councilor Niemann suggested tabling the agenda item and request staff come back with other rate options such as incremental, a separate fee or an increase in the per unit fee. Ms. Swanson explained the effect of raising rates more frequently creating customer confusion. She stated the concern about increasing the per unit fee would serve as a disincentive for customers to use water and could result in not raising the necessary funds. Councilor Jones suggested splitting out the debt service in the per unit charge. There was discussion about different methods of splitting out the rate line item to specify its allocation towards the treatment plant.

Mayor Niemann summarized the age of the water treatment plant and its history. Councilor Edmonds emphasized new water quality requirements that become more challenging to meet with an old plant. Mayor Niemann emphasized the need for the Committee to do the due diligence to review all of the options before taking it to the Council. He stated the need to take the extra time to review those options and answer questions that will be asked by the remaining Council.

Ms. Swanson described the timeline to have the recommendation to the Council at the March 11 meeting. She emphasized the need for the Committee to have vetted the issue out so the Council can trust the Committee's recommendation. Councilor Jones suggested timing a rate increase for October 1 instead of July 1 to time it with reductions in usage in the fall and make the increase less impactful.

There was discussion about scheduling a follow-up Public Works Committee meeting. It was agreed to schedule a follow-up meeting for Monday, February 25, at 3:00 p.m.

**MOTION:** Mayor Niemann moved to table discussion until February 25 at 3:00 p.m.

Ms. Swanson requested more direction from the Committee on options they'd like to review. Mayor Niemann suggested a proposal with increases every six months. Ms. Swanson stated she could also do a proposal with a third line item. There was discussion about doing a 3% cost of living increase in July with a larger increase in October. Mayor Niemann stated Option 4 would be the original proposal. Councilor Jones requested an option with no change in the base rate and all of the increase in the per unit fee. Mr. Workman stated the need to include a decreased summer usage with that proposal.

Mayor Niemann stated the need for the different options to have be reviewed as information for town hall meetings with the public.

**MOTION VOTE:** Councilor Edmonds second Mayor Niemann's motion to table discussion until February 25 at 3:00 p.m. Motion APPROVED 3-0 (Yes: Edmonds, Jones, Niemann; No: None).

**Capital Improvement Projects** -- Ms. Swanson reviewed the Facility Improvement Schedule and the effect of having reduced the transfers from the General Fund to Land, Building & Equipment (LB&E) over recent years. She described the difference between the Buildings & Grounds budget line in the General Fund used to pay utilities and similar bills and the building funds in the LB&E used to pay major building issues that occur. She described concerns discussed by the Finance/Administration Committee at their meeting last week about the General Fund Fee and their desire to reduce the fee. She explained that there are several projects that will deplete the building funds.

Mr. Workman described the space and counter issues in City Hall and noted ADA issues that need to be addressed. He also described issues in the functional format of the Council Chambers. Councilor Edmonds noted that not everything described would be able to be achieved with the funds available.

Mr. Black described issues with the Police Department foundation and the need for seismic upgrades. He noted that the Police Department is an essential building in the event of emergency.

Ms. Swanson reviewed the Equipment Replacement Schedule. There was discussion about service on the vacuum truck and the street sweeper. There was discussion about the life span of the different pieces of equipment and costs to replace. Ms. Swanson noted that Public Works is excellent about pushing out replacement of equipment until it becomes too expensive to maintain. There was discussion about equipment and park fall material to be replaced at parks.

Ms. Swanson reviewed the Water Infrastructure Improvement Schedule, including transfer of funds for the Water Treatment Plant replacement and reservoir construction.

Ms. Swanson reviewed the Sewer Infrastructure Improvement Schedule, including the Timber Estates Gravity Line project. Mr. Fear described the replacement of 1952-era sewer pipe on South 17th and 18th Streets. Mayor Niemann noted this project goes along with the philosophy to tighten the system. Ms. Swanson noted there are sufficient funds available to complete the engineering but actual construction the following year will be challenging to fund. There was discussion about the connection between the CIP projects and the Strategic Plan goals.

Ms. Swanson explained the funds available in the Street Infrastructure Improvement Schedule that are being held until the aging pipes underneath can be replaced. There was discussion about not creating patch jobs. Ms. Swanson explained that the South 16th Street project can be completed. Mr. Workman described the plan to partner with the School District to complete a school vehicle circulation study to improve the connectivity that would have an impact on traffic flow. Mayor Niemann questioned if Safe Routes to School grant funds are available. Mr. Workman stated that the City did not receive a grant this year but funds will be applied for again. He emphasized the need to budget the funds and; if a grant is received, it's a benefit. Mr. Workman stated there is benefit to improving South 16<sup>th</sup> Street and it would also have sidewalk improvements to be completed with the neighborhood.

Ms. Swanson reviewed the Storm Drain Infrastructure Improvement Schedule. Mr. Workman explained the master plan for storm drain is next in line to be updated. Councilor Edmonds requested the correlation to the Strategic Plan be added to the CIP page. Ms. Swanson confirmed that the Budget Committee will all receive the approved CIP.

There was discussion about the bid process for the new North 11th Street park in the Park Infrastructure Improvement Schedule. Mr. Fear described the timeline from bid award to actual ground breaking. Mr. Workman stated it is likely that the park bid will come to the Council at the March 11 meeting. There was discussion about other projects on the parks list: City Park restroom replacement, tennis courts, City Park drinking fountain and benches, and Neabeack Hill pocket park projects. There was discussion about cost estimates for the City Park restroom replacement. There was discussion about the current bathrooms not being ADA compliant. Mr. Workman described the potential for local contractors to provide a good bid price on this project.

Ms. Swanson explained that the Bike Path/Footpath Infrastructure Improvement Schedule is funded by 1% of ODOT gas tax receipts. Mr. Black described improvements proposed to the Marys River Park footpath.

Ms. Swanson explained she was seeking direction on the General Fund transfers to build the budget and determine projects. She stated the LB&E transfers should be able to be made as projected in the CIP if the \$10 General Fund Fee is continued. There was discussion about the relationship between the CIP projects and the General Fund Fee. Ms. Swanson explained that the Finance/Administration Committee considered reducing the General Fund Fee. Councilor Jones suggested putting the projects and transfers in and deferring final decisions to the Budget Committee.

There was discussion about the difference between the Budget Committee and the City Council making policy decisions. Mr. Workman explained this is the reason that these issues are being brought to the Council Committees for review and final Council decisions. Councilor Edmonds noted that these projects are in line with the Strategic Plan. Mayor Niemann agreed. Councilor Jones stated agreement but it behooves the Council to understand what the Strategic Plan objectives are going to cost. Mr. Workman stated that some of the ramifications of kicking the can down the road are being realized.

**MOTION:** Councilor Edmonds moved, Councilor Jones second, the Public Works Committee forward the 2019-20 CIP to the City Council for approval. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No: None).

**Miscellaneous Franchise Fee Discussions** – Mr. Workman provided a history of the railroad running through the City's right-of-way. There was discussion about the history and the boiler-plate language in the proposed agreement. There was discussion about the new revenues going into the Street Fund.

**MOTION:** Mayor Niemann moved, Councilor Edmonds second, to recommend the Public Works Committee move this franchise ordinance to the City Council for review and approval by adding the maximum franchise fee allowed by statute to the agreement; amending the signatory to the current Mayor; and populating any remaining date, ordinance number or blank spots. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No: None)

**Other Business – Crosswalk at 14<sup>th</sup> and Main Streets** -- Mayor Niemann raised the issue of safety at the 14th and Main crosswalk. He questioned the possibility of adding flashing lights. There was discussion about this being an ODOT intersection. Mr. Workman suggested reaching out to ODOT to express the safety concerns. He offered to make that contact. Councilor Jones stated the crosswalk light at 17th and Main is not visible to the pedestrian pushing the button. Mr. Workman explained that ODOT actually does not want the pedestrian to know they have a green light so they will wait for traffic to stop.

Meeting adjourned at 7:47 p.m.

Meeting recorded by Ruth Post, City Recorder

## **PUBLIC WORKS COMMITTEE**

**February 25, 2019**

**Meeting Minutes**

**3:00pm**

Chair Eric Niemann called the meeting to order at 3:00 p.m. in the Council Chambers, City Hall, 980 Applegate Street, Philomath, Oregon.

### **ROLL CALL:**

**Committee Present:** Mayor Eric Niemann (via video-conference), Councilor Doug Edmonds, and Councilor Chas Jones.

**Committee Absent:** None.

**Staff Present:** City Manager Chris Workman, Public Works Director Kevin Fear, Public Works Operations Supervisor Garry Black, Finance Director Joan Swanson, and City Recorder Ruth Post.

### **APPROVAL OF MINUTES:**

Minutes of February 7, 2019 –

**MOTION:** Councilor Edmonds moved/Councilor Jones second, to approve the meeting minutes of February 7, 2019. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No: None).

### **PUBLIC WORKS BUSINESS:**

**Utility Rate Discussion** – Mayor Niemann reviewed the work performed at the February 7 Public Works Committee meeting regarding the utility rate discussion, including the request for staff to provide specific alternative options. He identified the need for the Committee to come to a recommendation to make to the City Council.

Ms. Swanson reviewed the annual revenue generated by current water rates and the expectation to bond approximately \$9 million for a new water treatment plant with construction beginning in the year 2021. She noted the expectation is to actively apply for any grants and low interest loans available but the best plan is to go forward without expecting the benefit of those. She also noted any accumulated funds can reduce the amount of money needed to be borrowed.

Mayor Niemann requested a review of expenses paid out of the current revenues. Ms. Swanson noted these include personnel costs, daily operation expenses including materials and chemicals, line maintenance, and transfers to savings for major water repairs and projects. Mayor Niemann stated this was important information that would matter to constituents.

Mayor Niemann reviewed the age of the water treatment plant and discussions that have happened at the Public Works Committee level regarding the extent of maintenance that needs to be performed to keep it operational. Mr. Fear described the operating status of the current plant, including the parts that have become obsolete for this plant. He described the treatment plant operator's proactive purchase of parts kits seven to eight years ago when they were discontinued and noted that the last parts kit was installed just last year. He stated the current plant will either need to be rebuilt or replaced and noted that, even with a rebuild, the current plant will eventually not meet current water quality turbidity requirements.



Mr. Black stated the plant was originally designed to produce over 1,000 gallons of water per minute but, due to age of the system, production levels over 750 gallons per minute are resulting in increased turbidity. Mayor Niemann stated the cost of maintenance starts becoming problematic compared to new construction. Mr. Fear described pumps that need to be rebuilt and the costs associated to rebuild more and more parts of the plant.

Councilor Edmonds questioned the three year window between now and a newly constructed plant coming on-line and whether it remains possible to actually rebuild those components. Mr. Workman stated the components can be rebuilt but the bigger issue is when the plant is down for repairs, reliance for water production falls on the 11<sup>th</sup> Street well and Corvallis intertie. He noted Council emphasis on avoiding reliance on the intertie and the importance of moving away from use of that.

Councilor Edmonds questioned if there are any parts that are completely obsolete. Mr. Fear stated there is a certain standardization of pump parts. He described standard service for impellers but after many years of use the shafts become more brittle.

Mayor Niemann noted this situation is similar to replacement of other equipment and the life-cycle of this plant has been significantly extended. He requested information regarding the similar water treatment plant being constructed by the city of Jefferson. Mr. Fear explained that Westech Engineering is overseeing construction of the Jefferson plant. He stated they started raising rates several years ago and had about one-third of the cost of the plant saved. He explained, however, that the quality of their water had become non-compliant and resulted in the Oregon Health Authority issuing a non-compliance notice with potential penalties for failure to remedy the situation. Being non-compliant resulted in Jefferson qualifying for grants and low-interest loans that will help with the overall cost.

Ms. Swanson stated the fact that the plant needs to be replaced has been known for many years but noted that the recession in 2008 would not have been good timing for adding to citizens' rates and the more immediate need was to expand the sewer treatment facilities. She explained both issues resulted in the water treatment plant life being extended until this time. Mayor Niemann stated understanding of those issues.

Mayor Niemann described the tennis court discussion at the last City Council meeting and the dedication of funding that demonstrates to potential grant pools the support of the community. He noted similarities between that and need to demonstrate as a community the means to service the debt in order to attract a good bond market. He requested that Ms. Swanson review the options staff had developed and outlined in the agenda packet memorandum.

Ms. Swanson reviewed each of the six options as included in the agenda packet. There was discussion about the variation in the options, including the different scenarios for increasing base and per unit charges at different increments in order to ultimately reach the debt service funding level by 2021. There was confirmation that the scenarios all included 4% cost of business increases to avoid additional rate surprises. Mr. Workman stated the preference that surprises would expect to be in the form of beneficial grants or low interest rate funding.

Councilor Jones noted that Option 1 and Option 2 both result in the same end cost per month. There was discussion about the amount of summer use reduction that could result from a substantial per unit increase. There was discussion about the tradeoffs to low-income and fixed income residents by

increasing the per unit rate instead of the base. Mr. Workman noted that Option 5 creates the best fiscal situation but questioned if that was what was best for citizens.

There was discussion about the additional down payment available with Option 5 and the reduction in cost of financing that would create over 20 years. Mayor Niemann stated concerns about the dialogue for the public being that their water rates go up every six months. Mr. Workman stated that could create an opportunity for more education over the three years. He stated it might be easier for the public to handle a \$3-\$5 decreasing annual base fee increase as opposed to an \$8 annual base increase.

Ms. Swanson stated that choosing the low-slow options could work well if industrial development were to occur and add to revenue. Councilor Edmonds noted that was a potential but not a guarantee. He stated he'd rather come up with a surprise reduction than a surprise increase.

Mayor Niemann requested additional information regarding the impact of System Development Charges (SDC's) received from development. Ms. Swanson explained that the current SDC's shown in the Capital Improvement Plan are designated for payment of the plant engineering and consist of approximately \$730,000 saved up from The Boulevard and Oak Springs apartments SDC's. There was discussion about those engineering costs being paid up front by using those SDC funds. Councilor Edmonds noted that the information to lenders that the engineering was paid for up front and the plan is in place for debt service should result in a better bond situation.

Councilor Jones stated strong support for Option 2 as it gives the greatest flexibility to consumers, is easier to understand, and is more transparent. He stated the use of less water makes sense from his perspective. Mayor Niemann stated support for ground water resource management but stated concern that an additional increase could ultimately be required because it is unknown how much water use reduction it would result in. He stated the need to think in terms of financial certainty to ensure the financing package is there. Councilor Jones stated that a correction could be made in next year if needed. Ms. Swanson clarified that Option 2 results in a \$9.85 per unit cost plus \$15 base fee.

There was discussion about the unforeseen potential effects of Option 2 and the need to re-evaluate within the next year. Councilor Edmonds had concerns about changing rates mid-game. He stated it would be necessary to be up front about the potential for additional rate adjustment requirements.

Ms. Swanson stated concerns about low-income and fixed income residents in Option 2 resulting in those customers who already don't use much trying to conserve too much. Councilor Jones stated that higher income people would probably not adjust their consumption and middle income residents would be more likely to conserve.

Councilor Jones stated his support still lies with Option 2. Councilor Edmonds stated support for Option 5 because it increases the savings to decrease the long-term cost. He stated while it was a more aggressive approach, it results in a better long-term position.

**MOTION:** Mayor Niemann moved, Councilor Edmonds second, to move Option 5 on to the City Council for review and approval. Motion APPROVED 2-1 (Yes: Niemann and Edmonds; No: Jones).

**Other Business** – Mr. Fear stated there should be no need for a March 7 meeting.

**Emergency Water Contamination** – Councilor Jones questioned if the current plans has a mechanism for detecting hydrocarbon contamination from an upstream spill. Mr. Black stated there are grab samples but the current plant is not that smart. He stated, however, the new plant should be. There was discussion about the shutdown mechanisms in existence.

Councilor Jones stated he attended a recent meeting in which 225 Washington communities had no backup water supplies in case of emergency contamination. He stated the importance of the backup systems the city has in place makes Philomath citizens more fortunate than other cities. Councilor Edmonds agreed with the value of those redundancies. Mr. Workman described preliminary discussions about regional water supply and formulating supporting systems in Benton County. Councilor Edmonds noted Corvallis is also embarking on the water program improvements process.

Meeting adjourned at 4:14 p.m.

Meeting recorded by Ruth Post, City Recorder

## PUBLIC WORKS COMMITTEE

May 2, 2019

Meeting Minutes

3:00pm

Doug Edmonds called the meeting to order at 3:10 p.m.

### ROLL CALL:

**Committee Present:** Councilor Doug Edmonds, Councilor Chas Jones.

**Committee Absent:** Mayor Eric Niemann.

**Tree Board Members Present:** Rick Flacco, Lorri Hendon.

**Staff Present:** City Manager Chris Workman, Public Works Director Kevin Fear, Public Works Operations Supervisor Garry Black, Building Permit Clerk Ashley Howell.

### APPROVAL OF MINUTES:

Minutes of February 25, 2019 – Approved.

**MOTION:** Councilor Edmonds moved/Councilor Jones second, to approve the meeting minutes of February 25, 2019 as presented. Motion APPROVED 2-0 (Yes: Edmonds, Jones; No: None).

### TREE BOARD BUSINESS:

**Tree Removal Discussion – 1547 Applegate St.** – Mr. Black discussed the tree removal request located at 1547 Applegate St. He explained that the trees are old, rotten and hollow inside. He explained that this is a high traffic area and when speaking with the arborist regarding danger, the arborist explained that the longevity of the trees are unpredictable. They could potentially fall down at any time, or last for several years. Mr. Black explained that these trees are large Maple trees and are not suited to the area that they are located in. He explained that the trees are located on 16<sup>th</sup> street extending to 15th. He discussed the pictures of the trees that showed the rot and broken branches.

Mr. Black explained that he spoke with the resident at 1547 Applegate St., regarding the removal of the trees and that she is concerned about losing the shade they provided her. Mr. Black explained that Public Works would try to remove the trees and get the area cleaned up before the Philomath Frolic & Rodeo.

There was discussion regarding the age of the trees and the city's capabilities of removing the trees. Mr. Black explained that the city would be able to remove the trees without hiring a contractor. There was discussion regarding the decision making process of picking out replacement trees that would be replanted at said location. Mr. Black explained that if the adjacent homeowner wanted to plant a tree bigger than 2 inches in diameter, she would need to pay for any tree larger than that.

**MOTION:** Councilor Jones moved/Mr. Flacco second, to allow the cutting of the trees and repair the sidewalks as needed. Motion APPROVED 4-0 (Yes: Edmonds, Flacco, Hendon, Jones; No: None)

**Other Business** – Mr. Black explained that Arbor Day was a great success. They had students from Philomath and Kings Valley. Public Works received thank you letters from the students and received positive feedback regarding the "swag bags" handed out. Mr. Fear added that when students are involved there seems to be a better turn out due to parents and family members that attend, as well.

Tree Board business closed at 3:25 p.m.

**PUBLIC WORKS BUSINESS:**

**Kamstrup Meter Presentation and Discussion- Tim Owens** – Mr. Black thanked everyone in attendance for being present for the water meter presentation. He explained that water meters are used to track water usage for all citizens in Philomath. He explained that this is simply an informational briefing regarding current water meters that are used by the city and new meters that may enhance the cities resources.

Tim Owens introduced himself and presented Kamstrup meters that he had brought to the meeting. He explained that the meters presented are a “smart” water meter that allow one to measure water at a very low flow. He presented the committee with a slide show explaining the company and their different water meters offered. Mr. Owens compared the current water meters used by the city versus the meter that they would suggest for a household water-measuring tool. He explained that the meter they would suggest for use by the city has a 20-year battery life and gives readings every hour. He explained that their meters have the capabilities to communicate meter readings wirelessly through an Android device and that all data is confidential.

Mr. Owens explained that the meters provide reliability and that their failure rate is less than 1%. He explained that the low flow detection is at .015 (which is 2 tps) of water. Currently the city water meters measure at around a cup and a half. There was discussion regarding the amount of water that is not detected by the current meters used in the city. There was discussion regarding the cost of undetected water to the city. There was discussion about the wear and tear of mechanical meters currently used by the city. There was an example given of the actual amount of water being lost in 60 seconds that was not accounted for by an older mechanical meter versus the measuring capabilities of a new ultrasonic meter. There was discussion regarding how the Kamstrup ultrasonic meter measures water, the data storage life of the meter and the alarm/notification system on the meter. There was discussion regarding the software that would be used with the Kamstrup meters and the real-time capabilities of the meter system and software.

Mr. Owens explained how quickly PW employees would be able to pair their Android devices with the meters and view all available information. There was a video demonstration explaining the use of the meters and meter reading software and what that may look like for PW employees if they were to use the Kamstrup meters. There was discussion regarding a detailed report of water use being sent to each customer.

Mr. Black explained our current system of doing meter re-reads. Currently the city is capable of doing only a 35 day read, which if done frequently can drain the battery of the water meter.

Councilor Jones suggested that PW put together a 5-year cost analysis. Mr. Owens explained cost effective ways to phase in new meters and software with our current meters and meter reading system.

**Other Business** – There was no other business.

Meeting adjourned at 4:45 p.m.

Meeting recorded by Ashley Howell, Building Permit Clerk

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**City of Philomath**  
**Public Works Committee**  
**MINUTES**  
**July 18, 2019**

Mayor Eric Niemann called the meeting to order at 3:00 p.m. at the City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon.

**ROLL CALL:**

**Committee:** Mayor Eric Niemann, Councilors Doug Edmonds and Chas Jones.

**Staff:** City Manager Chris Workman, Public Works Director Kevin Fear, Public Works Operations Supervisor Garry Black, and City Recorder Ruth Post.

**MINUTES:**

**MOTION:** Councilor Edmonds moved, Councilor Jones second to approve the minutes of the May 2, 2019 meeting as presented. Motion APPROVED 3-0 (Yes: Edmonds, Jones, Niemann; No: None).

**TREE BOARD BUSINESS:**

None.

**PUBLIC WORKS BUSINESS:**

**SDC Methodology Update Kickoff** – Mayor Niemann introduced Curt McLeod, P.E., of Curran-McLeod Inc. Consulting Engineers. Mr. Workman summarized the purpose of System Development Charges (SDCs). He reviewed the need for rates to be justifiable and the use of a methodology to make a determination of the justifiable and appropriate level for each SDC category of water, sewer, storm drain, streets and parks. He identified the year of the last SDC methodology updates for each category. He noted they have all been used for significant periods and some flaws in the prior methodologies have since been identified.

Mr. Workman explained that the current \$800 park SDC is being insufficient to make progress on the list of projects in the Park Master Plan. He reviewed the retention of Mr. McLeod for his services in updating all of the methodologies. He stated the Park SDC is completed and will increase the rate substantially but that he preferred to wait until all of the categories are completed to roll out a complete update at one time.

Mr. McLeod stated that SDCs must be understandable, equitable and defensible. He explained that it boils down to determining what impact one household has on the city's infrastructure systems. He stated that some methodologies make assumptions as to how much is committed to growth and that isn't a good thing. He explained that water and sewer SDCs are straightforward because there is a finite capacity. He stated that Philomath's current SDCs have used projected growth and he didn't believe that was the best method. He stated that a new water treatment plant could serve for 20 years or for 50 years depending on growth.

Mr. McLeod spoke about building out streets as shown within the Urban Growth Boundary (UGB) and that the methodology should be calculated based on build-out of the UGB.

Mr. McLeod stated he reviewed all three of the methodologies for streets, water and sewer dated between 2004 and 2005. He stated they were all calculated based on population growth to periods close

1 to 2019. He stated that only Portland State University population estimates and projections are allowed  
2 to be used. He stated that master plans have sized facilities with finite capacity so there is no need to  
3 use population. Mr. Workman explained the master plans are not for a specific period so much as they  
4 are meant to be effective through completion of the projects on the lists as needed to meet the capacity  
5 requirements of growth.

6  
7 Mr. McLeod explained that SDCs are a payback method because facilities are necessary to have growth.  
8 He reviewed the methodology to calculate one dwelling share of existing facilities and one share for  
9 future buildout.

10  
11 Councilor Edmonds requested tangible examples. Mr. McLeod provided a simplified example. He  
12 reviewed basics of SDCs based on state statute, reimbursement to recover value of improvements  
13 already constructed and to make improvements for future infrastructure. He stated that credits must be  
14 given to developers who construct projects that are included in the master plan in lieu of SDCs and  
15 offsite improvements are required to receive 100% credit. He stated credits are also given for on-site  
16 improvements if it's required to be built larger than needed for that particular development.

17  
18 Mr. Workman explained that SDCs are paid at the time building permits are issued. Mr. McLeod  
19 summarized his preferred methodology format. He stated that SDCs are not a cash flow mechanism and  
20 that the City must make the improvements now and collect from new people as they move in.

21  
22 Mayor Niemann commented on the additional capacity in the plans for the new water treatment plan  
23 allowing new people and growth to pay back for that additional capacity. There was discussion about  
24 the need to constantly be improving facilities to keep pace and the ease of justifying improvements that  
25 improve level of service. Mr. McLeod stated his belief that infrastructure should not be depreciated  
26 because it doesn't necessarily get abandoned at the end of life. He stated he would make the case that  
27 there is capacity value in property and buildings.

28  
29 Mayor Niemann questioned the inflationary basis used for SDCs. Mr. McLeod explained the use of the  
30 Engineering News Review index as a well-known industry standard. He stated it uses 20 cities to  
31 determine inflation for building materials and costs. Mr. Workman described the annual inflation review  
32 procedure used for SDCs.

33  
34 Mr. McLeod stated that SDCs are not well understood and not typically challenged. He stated it's a fee  
35 for the person who isn't here yet; and if it's too high, it's indefensible, or too low, it's inequitable. He  
36 stated that the current SDCs have underplayed the value of existing facilities.

37  
38 Mr. McLeod described the difference between capacity and flow availability in relationship to residential  
39 versus industrial use. He discussed the use of peak day data and estimated usage for potential new  
40 industrial users. There was discussion about the effect of apartment complexes and accessory dwelling  
41 units on factoring.

42  
43 Mr. McLeod reviewed the existing methodology documents noting flaws he identified in each. He  
44 emphasized the need for anything larger than the minimum required pipe size to be included in  
45 calculations and also costs for preparation of master plans. There was discussion about determination of  
46 pipe sizes, pump stations, and storage tanks in relationship to projects and SDCs.

47

1 He stated that the City is stewards of SDC funds. There was ongoing discussion about methods of  
2 calculating costs and recouping expenses associated with improvements through SDCs. He emphasized  
3 not using depreciation but instead using reimbursement calculations. He stated there should be some  
4 SDC cash flow always happening. There was review of the population forecasts stipulated in the current  
5 methodology documents and the use of those numbers to determine the equivalent number of dwelling  
6 units to share the cost of improvements. Mr. McLeod noted that the population projections in the  
7 current street methodology called for the population to be 6,757 rather than the 4,715 actual  
8 population, resulting in inaccurate allocations of project costs for SDCs. Mr. McLeod described how the  
9 assumptions in the current methodology affect the outcome of the SDCs.

10  
11 There was discussion about not including the standard pipe size in the new methodology. There was  
12 discussion about over-collection on collection system and under-collection on the treatment plant based  
13 on the assumptions. There was discussion about the effect of statute changes from the State. Mr.  
14 McLeod stated statute changes wouldn't normally trigger SDC re-evaluation but changes to the Urban  
15 Growth Boundary would. He explained that master plans are typically meant to be a 20-year window as  
16 is the UGB, so evaluation of SDCs should co-inside with that. There was discussion about the number of  
17 EDU's that can be served at a water treatment plant and the effect of a statute change increasing  
18 density. There was discussion about facilities that have defined capacity to be used in calculating fees as  
19 opposed to facilities like streets. Mr. McLeod stated those things are subjective and regular master plan  
20 updates would impact those.

21  
22 There was discussion about inclusion of feeder streets into a development being included in master  
23 plans to enable the use of SDC dollars for credits. Mr. McLeod noted potential issues with including such  
24 a project that could eat up an entire development's SDC obligation on that street with nothing left to go  
25 to other needed infrastructure projects. He stated this would be a Council decision to consider. Mr.  
26 Workman explained that the current methodology does not provide for this type of credit. Mr. Fear  
27 reviewed the use of a reimbursement district by a developer to recoup costs from others who  
28 subsequently hook into a service extension paid for by the developer. Mr. Workman explained that  
29 moving to the methodology proposed by Mr. McLeod would give the developer credits for upsizing lines  
30 and the City would need to determine the priority of spending those SDCs that way or towards a large  
31 off-site project.

32  
33 Mr. McLeod recommended using the SDC methodology to create an SDC overlay district rather than a  
34 reimbursement district. He also recommended not allowing a developer to sell SDC credits. There was  
35 discussion about a developer who qualifies for SDC credits by upsizing lines does not change the factors  
36 involved in the cost of a home to the purchaser.

37  
38 Mr. McLeod stated that Priority 1 and 2 projects should be included in SDC methodology calculations  
39 and Priority 3 projects are growth related and should be paid for by growth.

40  
41 Councilor Edmonds questioned the feedback from municipalities that switch to the type of methodology  
42 Mr. McLeod is recommending. Mr. McLeod stated he would be happy to provide Mr. Workman with  
43 that information. He described his history of preparing methodologies since 1991 and noted that they  
44 change over time. He stated he's done five in the past three years. Mr. Workman stated that he had  
45 received recommendations for Mr. McLeod from the cities he has most recently worked with.

46  
47 Mr. McLeod stated the project lists in the water and wastewater master plans are huge and the SDCs are  
48 likely to go up substantially. There was discussion about reviewing the Priority 1 and 2 project lists to



1 determine those that should be included in the methodology calculations. Mr. McLeod recommended  
2 having everything on the list but assume that 75% funding will be reached and fees are reasonable. Mr.  
3 McLeod stated the fees charged must be reasonable, and recognizes the amount of grant money that  
4 needs to be garnered to bridge the gap.

5  
6 Mayor Niemann tied the construction of projects listed in the Capital Improvement Plan (CIP) to the  
7 SDCs needed to achieve those projects. Mr. Workman stated the methodologies needed to be updated  
8 five years ago but it has taken over four years to get all of the expensive master plans updated first. He  
9 noted the use of grant dollars to pay for the master plan updates. He stated the storm drain master plan  
10 is yet to be completed and it makes no sense to update the methodology until that is completed.

11  
12 Mr. McLeod stated the Transportation Master Plan did not project trips which is a key number, but the  
13 current transportation SDC is pretty much on target. He didn't disagree with the concept of how it was  
14 done. He has requested the trip information from the consultant who prepared the transportation plan.  
15 He stated transportation projects are expensive.

16  
17 Councilor Edmonds questioned if the priority lists could be narrowed down for inclusion in the SDC  
18 methodology as those considered most timely. Mr. McLeod stated that could be done but he  
19 recommended including all of the projects and expecting to only collect a portion of the needed funds  
20 based on a reasonable rate. He stated a project may not be a priority right now but it could become one  
21 in five years. There was discussion about the CIP project list serving that function of determining the  
22 projects to be funded first.

23  
24 Mr. McLeod reviewed the calculation method he would apply. Mayor Niemann questioned if Philomath  
25 has missed the boat with the current methodology and fees. Mr. McLeod stated he did not necessarily  
26 believe the current fees are high and may not be defensible but haven't caused the city to miss the boat.  
27 He stated the primary reasons to update the fees it make sure they are high enough to complete the  
28 necessary projects and to make sure they comply with statutes. He stated the current fees are not bad  
29 but there are weaknesses in the current methodology.

30  
31 Mr. Workman noted that when comparing SDCs to other cities, the city with the highest SDCs is typically  
32 the one who has most recently updated their master plans and methodologies. As each city rotates  
33 through that process, they move to the top of the list.

34  
35 Councilor Edmonds questioned the process from here. He noted that there is one master plan to be  
36 completed. Mr. Workman stated it makes sense to make the methodology change all at one time. He  
37 stated a consistent methodology is better for explaining to developers, however he would prefer not to  
38 wait to move forward until the storm drain master plan to be updated. He stated the same methodology  
39 would be implemented for the storm drain plan. He said he'd hoped to see some reductions in SDCs but  
40 the cost of the projects in the master plans may preclude that. He requested approval to have Mr.  
41 McLeod move forward with his work rather than get multiple bids. Mr. Workman suggested having Mr.  
42 McLeod perform preliminary calculations on the methodologies and bring them back to the Committee  
43 for review prior to taking them to the Council.

44  
45 Councilor Edmonds requested the cost of the proposed work. Mr. McLeod estimated \$7,500 each for  
46 the methodologies. He stated everyone is busy right now and it wouldn't hurt his feelings for the  
47 Committee to choose to wait two years. He noted that the City is recovering the bulk of its dollars under  
48 the current methodologies. He stated he has a firm of eight people and has been in business for 35

1 years. He stated they only do municipality work. He suggested members of the Committee review SDCs  
2 posted online for other communities. Councilor Edmonds noted he had.

3  
4 Mr. McLeod stated that the SDC methodologies should be simple and shouldn't cost the \$25,000 some  
5 communities pay. He noted that Philomath's SDCs should be simple with the only thing pushing  
6 Philomath into a bigger league is capital improvement plans that total \$50 million and that's huge for a  
7 future population estimate of 7,000 people. He offered to provide the Committee with additional work  
8 examples from other cities his firm has developed methodologies for. He listed Harrisburg, Donald,  
9 Mount Angel and Canby as other cities they've worked with.

10  
11 Mayor Niemann stated that Mr. McLeod has given the Committee a lot to consider, especially in light of  
12 the ongoing developments in Philomath. Mr. McLeod stated his firm could put together the documents  
13 the City wants, making them as aggressive as the City wants while still being defensible. He wants to  
14 make the methodologies easy enough for staff to understand, explain and calculate the correct SDCs.  
15 Mr. McLeod thanked the Committee for their time and excused himself.

16  
17 Councilor Edmonds questioned how the methodology is used and what methodologies other cities use.  
18 He stated the methodology presented by Mr. McLeod seems logical but before he makes a decision, he  
19 needs additional information. Mayor Niemann concurred. Councilor Edmonds had concerns about  
20 financial impacts and the need to address those. There was additional discussion about capturing  
21 infrastructure costs.

22  
23 Mr. Workman stated he wanted the Committee to be comfortable with it but noted that the dollar  
24 amount is low enough that there was no need to go out for additional bids at \$7,500 for each  
25 methodology document. He added that they are eligible for SDC dollars to pay for and are budgeted for.  
26 He noted that other firms to consider are easily at \$25,000 per study and described methodologies that  
27 require calculations per fixture that can be very labor intensive on staff.

28 01:43:35

29 Mr. Workman stated he is concerned about the defensibility of the rates going forward. He stated,  
30 however, that the methodology used at the time of the current studies was defensible and there's  
31 nothing illegal about them. Councilor Edmonds concurred that things change over time. He stated he  
32 had no issues with Mr. McLeod's methodology but requested to see a third option before making a  
33 decision.

34  
35 Mr. Workman stated a comparison of other cities' SDCs is available on the League of Oregon Cities  
36 website and noted that Philomath's are not out of line but are in the upper third. He noted, though, how  
37 low the current Park SDC is compared to Portland at \$13,000 per equivalent dwelling unit. He described  
38 the high cost of property to purchase for parks. He stated it's easy to say the Park SDC shouldn't be  
39 \$10,000 but the reality is it is going to go up to about \$5,000. He stated he'd prefer that some of the  
40 others come down so the total doesn't go over \$25,000; but with the projected growth, that's unlikely.

41  
42 Councilor Edmonds noted that the more things that are on the master plan priority lists, the more those  
43 things impact the calculation of the SDCs. He added that nothing is free today and the methodology  
44 makes that clear. Mayor Niemann described the local contributions that have made up for park SDC  
45 funds by way of contributions and donations throughout the community.

46 01:49:25

47 Councilor Jones agreed with moving to a more defensible methodology but didn't see a problem with  
48 Councilor Edmonds' recommendation. He questioned if a point is ever reached where the projects are

1 all completed and no need for SDCs and yet needing to begin paying towards the next generation of  
2 water treatment plant. Mr. Workman stated that utility rates are the mechanism if there is no growth  
3 happening. He stated every citizen is responsible for a share of the need for a new water treatment  
4 plant.

5  
6 Councilor Niemann summarized that a third methodology should be obtained for review and feedback  
7 provided to him. There was discussion about the Committee making the decision to move forward with  
8 preparation of the documents. Mr. Workman stated that reviewing a third methodology and seeing the  
9 numbers involved may be enough for the Committee to make their decision. He stated he would get  
10 that information sent out to the Committee and wait for feedback.

11  
12 **Radar Speed Sign Discussion** – Mayor Niemann noted that after further review, it had been decided to  
13 move that discussion to the Police Committee for evaluation. Councilor Edmonds stated that Public  
14 Works would be involved as far as locating them but they would primarily be a speed enforcement tool  
15 for the Police Department. There was brief discussion about ODOT placement requirements.

16  
17 Meeting adjourned 4:56 p.m.

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19 Meeting recorded by Ruth Post, MMC, City Recorder

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**PUBLIC WORKS COMMITTEE**  
**Minutes**  
**December 18, 2019**

The meeting of the Public Works Committee was called to order at 8:30 a.m. in the City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon, by Councilor Doug Edmonds.

**ROLL CALL:**

Committee: City Councilors Doug Edmonds, Chas Jones and David Low.  
Staff: City Manager Chris Workman, Public Works Director Kevin Fear, Finance Director Joan Swanson, Public Works Operations Supervisor Garry Black, and City Recorder Ruth Post.  
Guests: Chris Brugato and Peter Blumanthal, City Engineers, Westech Engineering Inc.

**APPROVAL OF MINUTES:**

Councilor Jones moved, Councilor Edmonds second, to approve the minutes of July 18, 2019. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Low; No: None).

**BUSINESS:**

**Water Treatment Plant Discussion** -- Mr. Workman provided a brief history of the prior discussions related to the water treatment plant construction. He explained that the city of Jefferson is building a similar water treatment plant and is about a year ahead of Philomath in the process. He noted that Jefferson's bids came in higher than estimated and this provides better figures for use on our treatment plant. He also explained the impact of the water intake that needs to be relocated. He summarized the water rights the City owns at both the current intake location and downstream on the Marys River near the Faxon property/City lagoons. He noted the City only owns property on the south side of the Marys River near Faxon/lagoons site and would need to acquire property or rights on the north side in order to use that location. He also reviewed the options the city of Corvallis is considering for their own future water treatment needs and the focus Corvallis is moving forward with to continue using Rock Creek and the Willamette River as primary sources.

Councilor Low questioned if the Corvallis plan to increase treatment capacity at Rock Creek would impact Philomath's use of the intertie. Mr. Workman explained the intent has been for the Rock Creek to be an emergency source now and in the future. He said currently the use of Rock Creek is because the City chooses to use it, not because it's needed; but it does provide redundancy in the system. Councilor Edmonds noted the use of Rock Creek water currently is primarily to exercise the intertie system and ensure it is in proper working order.

Mr. Workman described issues Corvallis currently has when the Rock Creek plant is down and they have to back-pump water to customers served off the line between Rock Creek and Corvallis. Mr. Black explained that the back-check valves currently in place prevent our ability to potentially back-pump water to those customers.

Mr. Workman summarized that the focus at this time needs to be on the service needs for just Philomath. He also described efforts for a regional water cooperation but that effort doesn't reduce the need for Philomath to have its own treatment plant. There was discussion about the six years remaining on the current 10-year water purchase agreement with Corvallis and the fee increase at the contract's five-year mark.

1 Mr. Brugato distributed a schematic showing the South 9th Street treatment plant facility area  
2 with proposed structures (Supplemental Agenda Item). There was discussion regarding  
3 abandonment of the current water intake and pump station and the construction of a new intake  
4 and pump station. Mr. Brugato showed the Committee the optional location for a new intake  
5 located just downstream. Mr. Brugato explained the senior and junior water rights at the current  
6 location and the senior water right at the farther downstream Faxon/lagoons location. He noted  
7 that the upstream water rights can be moved downstream but not vice versa. There was  
8 discussion about the specifics of water rights and the paperwork involved in adding a second  
9 point of diversion for the current rights if they are moved to the nearby downstream location.

10  
11 Mr. Brugato reviewed work that has already been done at the current intake point to stabilize the  
12 location but noted that the river channel is continuing to move away from the intake.

13  
14 Mr. Brugato explained the difference in options to consider with the intake at either the current  
15 location, in the vicinity near the park, or the intake moved downstream to the Faxon/lagoons  
16 location. He summarized the adjustments made from the Jefferson treatment plant project to  
17 tighten the price estimates for the Philomath project. He described the increase in construction  
18 costs across the board. He stated every step of the supply chain has increased their costs. Mr.  
19 Blumanthal explained three of the low bids for the Jefferson project were within 5% of each  
20 other. He stated that the contract for the Jefferson project has just been signed with construction  
21 slated to begin SOON. Mr. Blumanthal Explained similarities and differences between the  
22 Jefferson plant and the Philomath facility. Mr. Blumanthal explained the use of modules in the  
23 membrane treatment system and the ability to expand racks and add modules that creates a  
24 higher degree of flexibility based on growth.

25  
26 Mr. Brugato summarized options for reducing the costs of the project, including construction of a  
27 steel reservoir instead of concrete; but he explained the increased maintenance costs  
28 associated with steel. He also noted that the reservoir could be eliminated from the project.  
29 There was discussion about the purpose the reservoir serves in increasing chlorine contact time  
30 and the need for stored water. He noted the reservoir would eliminate the existing chlorine  
31 contact pipe network. There was discussion about the advantages of constructing the reservoir  
32 over expanding the chlorine contact pipe network. Mr. Blumanthal explained if the reservoir  
33 were deferred, the yard piping system to the future reservoir would still be installed to  
34 accommodate it when it is built.

35  
36 There was discussion about construction cost trends and the advantages that existed in  
37 constructing public works projects in 2008 during the recession. Mr. Workman noted the  
38 reservoir's addition of storage capacity is needed for fire protection services also. He described  
39 the challenge of waiting five years to construct it along and going back to ratepayers to pay for  
40 an additional project. Councilor Low questioned if the catastrophic situation has ever existed  
41 where the capacity was needed for fire suppression. Mr. Workman explained the likelihood was  
42 higher for a drought situation. There was discussion about the impact of recent house fires that  
43 were notable. There was discussion about the need to have sufficient flows to prevent such a  
44 fire from expanding to neighboring houses. Mr. Workman stated the reservoir is part of the  
45 project because it is needed, and not a luxury. He stated that a second reservoir has always  
46 been in the plans and the location at the treatment plant creates the added benefit of increased  
47 chlorine contact time.

48  
49 There was discussion about the updated cost estimates that were distributed and the benefit of  
50 spending money on locating the intake slightly downstream from the current lagoon to a more  
51 stable location (Option A) or locating it farther downstream near the Faxon/lagoons property

1 (Option B) (Supplemental Agenda Item). There was discussion about the cost of improving the  
2 current intake location instead. Mr. Workman described the process with Department of State  
3 Lands and Army Corp of Engineers to stabilize the current intake location. Councilor Jones  
4 noted from an ecological standpoint the preference is to have a migrating channel. Mr. Brugato  
5 explained the area downstream of the current location and identifying a new location. There was  
6 discussion about the lack of city-owned property on the north side of the river at the  
7 Faxon/lagoons location and the need that location would require to work with area property  
8 owners for property.  
9

10 Ms. Swanson emphasized the timing issue for moving forward with the project. Mr. Brugato  
11 stated the earliest to go out for bids would be spring 2021. Ms. Swanson reviewed the funding  
12 from Oregon's Infrastructure Financing Authority (IFA) and the potential change in interest rates.  
13 There was discussion about working with IFA for the financing package. Ms. Swanson stated  
14 the State funding is the best option and lowest interest rate package available. Mr. Brugato  
15 explained the steps for completing the design and approval from the State prior to going out to  
16 bid. He stated that the design of the treatment building can begin now. There was discussion  
17 about staying with the current mixed media filter treatment process to save cost but that the  
18 concern is that river turbidity issues would increase treatment costs to maintain current and  
19 future cleanliness standards.  
20

21 There was discussion about the use of the Faxon senior water right downstream that is currently  
22 used by for agricultural purposes. Mr. Workman reviewed the options to either combine the  
23 projects into a package to be constructed now or to delay certain projects to the future. He  
24 reviewed the senior and junior water rights at the current intake location. Mr. Brugato added that  
25 aquifer storage recovery (ASR) could ultimately add to the storage before ever tapping into the  
26 senior Faxon right downstream. There was discussion about locations of existing ASR's in use  
27 by other municipalities.  
28

29 Councilor Edmonds summarized the total project using a new intake located just downstream  
30 from the current one as defined in Option A. He noted the benefits of the membrane process  
31 moving forward to meet State requirements. Mr. Blumanthal described different levels of  
32 membrane process methods and that membrane is the most robust process that can be  
33 installed to meet changing water requirements. Councilor Edmonds emphasized the need to  
34 install a system that can upgrade to meet any new standards that are established. Mr. Brugato  
35 stated that increased standards might require changed chemical in-feed processes, rather than  
36 replacing membrane modules.  
37

38 Councilor Jones stated construction of the reservoir is a no brainer and would opt for Option A.  
39 Councilor Low stated he would like to have a meeting of the Finance & Administration  
40 Committee to discuss the financing issues. There was discussion about the options still being in  
41 the \$800,000 range used as the original estimate per year in revenue to meet the debt service  
42 payments. He reviewed the expectations for ratepayer impacts. He stated the estimate is still  
43 within the original estimated \$20 increase per household.  
44

45 Councilor Edmonds reviewed the Option A solution. Mr. Workman reminded the Committee that  
46 the estimates are still considered conservative numbers.  
47

48 *Councilor Jones departed at 9:53 a.m.*  
49

50 There was discussion about the process of beginning design on the treatment plant and the full  
51 project being designed before going out to bid.

1  
2 Councilor Edmonds considered a motion to build the treatment facility as proposed with the  
3 reservoir using Option A construction of a new intake in the treatment plant vicinity along with  
4 the relocation of the water right point of diversion.

5  
6 Councilor Low questioned if the project could be bid without having the financing in place. Mr.  
7 Brugato explained that the bids can be received and the award withheld until the City is ready,  
8 but bids are good for a specific period. There was discussion about the timeline for financing  
9 through IFA and how long it would take to finalize. Mr. Brugato suggested another option would  
10 be to hire a construction estimator to create an actual bid for the project. He noted the potential  
11 conflict if that estimator then wants to actually bid the project.

12  
13 Mr. Brugato described the plan design elements that require a year to engineer, including  
14 receiving State approval.

15  
16 **MOTION:** Councilor Edmonds moved, Councilor Low second, to recommend moving forward  
17 with building the treatment facility as proposed with the concrete reservoir using Option A  
18 construction of a new intake, relocation of the point of diversion, and adding the new point of  
19 diversion to the existing point of diversion water rights. Motion APPROVED 2-0 (Yes: Edmonds  
20 and Low; No: None; Absent: Jones).

21  
22 Mr. Workman stated appreciation for the difficulty of the decisions to be made and the process  
23 to go through. Councilor Edmonds questioned the confidence in the 35% soft costs. Mr. Brugato  
24 stated he was confident in the 10% contingency and inclusion of 20% for engineering. He stated  
25 the engineering number includes costs already expended for engineering work to date. Mr.  
26 Workman stated the numbers will continue to be refined and the impact on ratepayers analyzed.

27  
28 Meeting adjourned at 10:04 a.m.

29  
30 Record by Ruth Post, City Recorder