

1 **Philomath Public Works Committee**  
2 **MINUTES**  
3 **February 6, 2020**  
4

5 **CALL TO ORDER:**

6 Mayor Eric Niemann called the meeting to order at 3:10 p.m. in the Council Chambers at  
7 Philomath City Hall, 980 Applegate Street, Philomath, OR.  
8

9 **ROLL CALL:**

10 City Councilors Chas Jones and Doug Edmonds and Mayor Eric Niemann.  
11 Staff: City Manager Chris Workman, Finance Director Joan Swanson, Public Works Director  
12 Kevin Fear, Public Works Operations Supervisor Garry Black, and City Recorder Ruth Post.  
13

14 **MINUTES:**

15 **MOTION:** Councilor Edmonds moved, Councilor Jones second, to approve the minutes of  
16 December 18, 2019 as presented. Motion APPROVED 3-0 (Yes: Edmonds, Jones and  
17 Niemann; No: None).  
18

19 **TREE BOARD BUSINESS:**

20 None.  
21

22 **PUBLIC WORKS BUSINESS:**

23 **Election of Chair**

24  
25 **MOTION:** Councilor Jones moved, Councilor Edmonds second, to re-appoint Eric Niemann as  
26 committee chair for 2020. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No:  
27 None).  
28

29 **FCS Corporation - SDC Methodology**

30 Mayor Niemann explained this discussion was a follow-up to the presentation by Kurt McLeod in  
31 July 2019 regarding preparation of new System Development Charge methodologies now that  
32 master plans had been updated for water, sewer and streets. Mr. Workman reviewed the  
33 meeting that was held earlier in the day with FCS Corporation. He noted they weren't able to  
34 meet the Committee due to a meeting in Corvallis where they are working on Street  
35 methodologies for the city of Corvallis.  
36

37 Mr. Workman distributed and reviewed the proposed project plan and fee schedule that FCS  
38 prepared for the city of Coburg (supplemental agenda item). He stated they would be preparing  
39 a proposal specific to Philomath and submitting it. He described the timeline that FCS outlined,  
40 including the required 90-day public notice and public hearing.  
41

42 Mayor Niemann suggested that the reasons for delving into this was to update the  
43 methodologies and simplify the methodology process. Councilor Edmonds noted that FCS  
44 develops methodologies specifically as their business. He compared the services that they are  
45 providing to Corvallis to the expectations of what they would provide to Philomath.  
46

47 Mr. Workman stated that the other engineering firm that was considered, Kurt McLeod, had  
48 estimated a total of \$5,000-\$8,000 less to prepare all of the methodologies Philomath needs to  
49 update. He explained that Mr. McLeod is part of an engineering firm that provides other types of  
50 municipal services where FCS provides only this type of analysis service. Mr. Workman

1 reviewed the differences in the services the firms provide. He described the approach that FCS  
2 brings to the table, having specialized in these studies, and noted that Mr. McLeod probably  
3 doesn't have the level of history that FCS does.  
4

5 Mr. Workman explained that FCS has presented at League of Oregon Cities conferences on  
6 best practices in developing SDC methodologies.  
7

### 8 **Utility Rates**

9 Ms. Swanson described the difficulty in making estimates based on the uncertainty of the  
10 current population growth. She stated that several factors are impacting growth, including  
11 houses and apartments under construction. There was discussion about having the Public  
12 Works Committee review the rates, rather than the Finance & Administration Committee. Ms.  
13 Swanson suggested the Public Works Committee would be the appropriate committee to review  
14 the rates and has always done it in the past.  
15

16 Ms. Swanson reviewed the water treatment plant funding package through Business Oregon  
17 that the Finance & Administration Committee recommended proceeding with. In light of not  
18 knowing having firm data to estimate the water revenue growth, she suggested not increasing  
19 the water rates as much as was proposed when the rates were reviewed last year. She stated  
20 the recommendation is to only increase the water base rate \$1.00 per month.  
21

22 Ms. Swanson noted that water usage has decreased as the rates have increased, leading to the  
23 presumption that users are conserving water to control their overall utility bill.  
24

25 Ms. Swanson reviewed the proposal to maintain the sewer base rate at the current rate and to  
26 increase the sewer per unit rate. She noted this makes it possible for consumers to conserve  
27 and impact their total usage. She added that the Finance & Administration Committee would be  
28 reviewing the General Fund Fee at their meeting later this month.  
29

30 There was discussion about the expectations that were used in 2019 to make the initial  
31 increases to water rates. There was discussion about not needing to be as aggressive as  
32 originally estimated due to the variable growth factors impacted by the development projects  
33 currently under construction.  
34

35 Councilor Jones questioned the philosophy behind increasing the water base rate versus  
36 increasing sewer per unit rates. Ms. Swanson explained concerns for residential users who wish  
37 to impact their rates. She stated the need for more certainty on the water revenues to prepare  
38 for the water plant debt service payments versus the less imperative additional sewer revenue  
39 enabling completion of certain capital improvement projects.  
40

41 There was discussion about comparison of Philomath rates to Corvallis rates. Mr. Workman  
42 described the impact of having more business and industrial users in Corvallis who pay rates  
43 that help keep their residential rates lower.  
44

45 Ms. Swanson reviewed the two proposals included on the water and sewer rate comparison  
46 sheet (supplemental agenda item). Mr. Workman recommended moving to the Capital  
47 Improvement Plan to review the projects on the schedules and determine what impact that  
48 should have on the sewer rates. There was discussion about there being no sewer rate increase  
49 last year and the sewer projects that have consequently been postponed.  
50

1 There was discussion about the method used to calculate multi-family dwelling fees, particularly  
2 the water base rate being based on the size of the meter, not the type of use. Ms. Swanson  
3 summarized the use of a multiplier on larger water meters to develop an appropriate base rate  
4 for multi-families but emphasized that the apartment complexes pay the same per-unit rate as  
5 single family dwellings. There was discussion about the uncertainty of how much per unit usage  
6 The Boulevard will have upon build-out.

7  
8 The Committee moved to reviewing the sewer projects listed on the Capital Improvement Plan  
9 Infrastructure Improvement Schedule:

- 10 • Timber Estates gravity line: Waiting on approval of the easement from the School  
11 District.
- 12 • North 11th Street sewer line: Mr. Fear explained this is an upsize of the sewer line with a  
13 10" line.
- 14 • South 16th Street sewer line: Mr. Fear explained this was a replacement of 1952 sewer  
15 pipe. He reviewed the project.
- 16 • South 17th & 18th Street sewer line: Mr. Fear reviewed the problems with the sewer line  
17 in this area, including cave-ins.

18  
19 There was discussion about the remaining 1952 sewer line in the ground to be replaced and the  
20 impacts of the three listed line replacement projects. He described the inflow and infiltration that  
21 occurs in the 17th and 18th Street lines and overflows Pump Station A during heavy rain events.

22  
23 There was discussion about the benefit of replacing the sewer line on 11th Street prior to street  
24 improvements. Mr. Workman described the benefits on South 17th Street of making those  
25 improvements before the Millpond Subdivision connects it to Chapel Drive and the reduction in  
26 inconvenience for the neighborhood.

27  
28 Ms. Swanson reviewed the timelines and revenues on the improvement schedule, noting the  
29 estimated revenue was based on the higher proposed sewer rate increase. She described the  
30 use of SDC dollars where they can be applied and noted the things that can't be paid for by  
31 SDC dollars must be paid for by ratepayers. There was discussion on some of the 11th Street  
32 project qualifying for SDC dollars.

33  
34 Ms. Swanson described the impact of additional users paying rates. There was discussion  
35 about the estimates provided. Mr. Workman noted the estimates are based on conservative  
36 estimates. Ms. Swanson reviewed the impacts of delaying sewer rate increases. Mayor  
37 Niemann discussed balancing the rate increases of last year with the proposals this year.

38  
39 Councilor Edmonds reviewed the impacts of the projects over the three-year period. Mr.  
40 Workman stated it is a continual balance between water and sewer projects and there will  
41 always be projects that need to be completed. There was discussion about the concrete pipe in  
42 the ground that is described as 1952, but also includes 1960 and 1970 pipe that is now reaching  
43 the end of its lifespan.

44  
45 Mr. Workman described the impacts of full street improvements needed on North 11th Street  
46 impacting the priority of the other sewer improvements and the safety issues on South 16th  
47 Street adjacent to the Elementary School. He noted these impacts create a higher overall need  
48 for improvement ahead of the South 17th and 18th Street project.

1 Mayor Niemann noted that people don't value infrastructure until it fails and then they question  
2 why projects hadn't been previously completed. He described the safety issues on North 11th  
3 Street with development and a new park but a lack of sidewalks for safe pedestrian travel.  
4

5 On the Street Infrastructure Improvement Schedule, there was discussion about the South 17th  
6 and 18th Street sewer project not having a corresponding street project.  
7

8 There was discussion about the creation of a Local Improvement District (LID) being used to  
9 pay for street improvements on North 11<sup>th</sup> Street. Mr. Workman described the use of different  
10 language in street methodologies to make street improvements. Ms. Swanson explained the  
11 small developments that have gone into the North 11th Street area that were not required to put  
12 in sidewalks and other street improvements. Mr. Fear described the reasons for not wanting  
13 small developments to improve small sections of streets at the time of their development  
14 because the final product would be a patchwork of improvements.  
15

16 Councilor Edmonds described the coordination of the sewer line, water line and street  
17 improvements for North 11th Street. Ms. Swanson explained the use of an LID in which the City  
18 pays for the improvements up front and the adjacent property owners are billed and can repay  
19 their share over ten years.  
20

21 Mr. Black described the proposed Safe Routes to School projects for bike lane striping and  
22 shared lane markings. Mr. Workman explained that the recently approved Transportation  
23 System Plan rolled the projects in and prioritized them from the Safe Routes to School Plan. Mr.  
24 Fear explained that two of the big items on the priority list were completed in 2011-2012 with the  
25 Applegate Street Project.  
26

27 There was additional discussion about the shared lane markings that have already been  
28 installed on Applegate Street.  
29

30 There was discussion about pushing the street improvements for 16th Street out on the  
31 schedule due to insufficient funds.  
32

33 On the Park Infrastructure Improvement Schedule, Ms. Swanson reviewed the Cochran  
34 Memorial Park improvements, including the use of SDC funds. Mayor Niemann explained the  
35 grant application for this new park will be submitted next week; but from a budget standpoint,  
36 the schedule looks appropriate. He stated that there are a number of in-kind donations  
37 committed to the project. Ms. Swanson noted that the funds previously provided by the property  
38 donor are included in the cash carryover.  
39

40 Mr. Black reviewed the compression of the park fall material that requires replacement and is a  
41 safety requirement. Councilor Edmonds noted all of the technical details associated with  
42 playgrounds. There was discussion about the standards depending upon how high above the  
43 ground the equipment places the users.  
44

45 There was discussion about the replacement of the City Park restrooms and the need to meet  
46 ADA requirements.  
47

48 On the Storm Drain Infrastructure Improvement Schedule, Mr. Fear described the difference in  
49 sizing storm drain projects and the update of the Master Plan. There was discussion about the  
50 storm drainage being included in the street costs for North 11th Street.  
51

1 On the Bike Path/Footpath Infrastructure Improvement Schedule, Ms. Swanson explained the  
2 funds for those come from gas tax revenues. She noted there are no projects currently  
3 anticipated on that schedule.

4  
5 Ms. Swanson explained that the SDC revenue estimates are based on 30 new dwelling units  
6 which is likely to be a conservative number.

7  
8 On the Water Infrastructure Improvement Schedule, Ms. Swanson reviewed the potential for  
9 construction on the water treatment plant to begin prior to the end of the 2020-2021 budget  
10 year. There was discussion about the funding for the treatment plant. Mayor Niemann described  
11 attending the city of Jefferson's water treatment plant groundbreaking. He noted that  
12 approximately the first week in April a representative of Pall Water would be in the area and  
13 would likely visit Jefferson and Philomath. He described the user groups for best practices that  
14 are available to cities using the Pall water treatment system.

15  
16 Ms. Swanson explained the use of SDC dollars from growth to pay towards the debt service on  
17 the water plant over the years. There was discussion about the balance between using SDC  
18 dollars towards the debt service and still having funds for future project needs. Ms. Swanson  
19 summarized the impact of the actual plant construction cost on the ending balance by 2023.

20  
21 Ms. Swanson stated she is trying to be as realistic as possible to present the ratepayers with the  
22 best information possible. There was discussion about the Jefferson rates on the water and  
23 sewer rate comparison. Mayor Niemann compared the situation in Jefferson with Philomath's.  
24 Ms. Swanson noted the rates from the other cities are current rates and do not include expected  
25 increases.

26  
27 Councilor Jones stated that people should have more control over their water rates. He  
28 suggested increasing the per unit rate by 25 cents instead of \$1 on the base rate, so the  
29 apartment complexes will pay more. He described the impacts of making the increase on the  
30 unit rate. There was discussion about the impacts of the apartment complex usage.

31  
32 There was discussion about different rate structures and the philosophy behind it. There was  
33 discussion about the rate options. Councilor Jones described raising more revenue overall with  
34 a per unit increase. There was discussion about users conserving. There was discussion about  
35 reaching a compromise with some base rate increase and some per unit increase.

36  
37 Mr. Workman described the variables that impact conserving and that it seems residents are  
38 already conserving. There was discussion about whether users have reached their maximum  
39 conservation ability.

40  
41 **MOTION:** Councilor Jones moved to increase the water per unit rate by 25 cents per unit and  
42 no increase to the water base rate. Mayor Niemann suggested increasing the water base rate  
43 by 50 cents and water per unit charge by 25 cents per unit. He stated concern over losing the  
44 favorable position we are currently in. There was discussion about the rates needed to meet the  
45 debt service payment.

46  
47 Councilor Jones stated he could support the Mayor's proposed 50 cents on the water base rate  
48 and 25 cents per unit on the water unit rate. Mr. Workman explained that this proposal was  
49 more aggressive than staff is recommending. There was discussion about also reviewing the  
50 sewer rate. The Committee reviewed the two sewer rate proposals presented by staff.

1 Mayor Niemann summarized the message that needs to be explained to ratepayers on the  
2 different increases.

3  
4 **MOTION:** Mayor Niemann suggested amending Councilor Jones' motion to add the \$1 increase  
5 per unit to the sewer per unit charge. Councilor Edmonds second the revised motion..  
6

7 Mr. Workman stated concerns about the impact on heavier water users, particularly those trying  
8 to grow gardens and concerns about justifying the increases. Mayor Niemann stated the rates  
9 create more surety that the rates will be sufficient for the treatment plant.

10  
11 **FINAL MOTION (restated):** Councilor Jones moved, Councilor Edmonds second, to  
12 recommend to the City Council to increase the water base rate for a ¾" residential water meter  
13 by 50 cents and the water per unit rate by 25 cents per unit and to increase the sewer per unit  
14 rate for a ¾" residential water meter service by \$1.00 per unit. Motion APPROVED 3-0 (Yes:  
15 Edmonds, Jones, and Niemann; No: None).  
16

17 Ms. Swanson questioned if the Committee wished to make any changes on the low income  
18 water rate that was established last year. The Committee discussed leaving the low income  
19 water base rate the same.  
20

21 Mayor Niemann noted some of the rate increases are because of the Capital Improvement  
22 Projects. He stated it was important for constituency to have some understanding of the reason  
23 for the increases. Councilor Edmonds described the importance of staying ahead of projects  
24 and the negative reputation failure to do so can create. There was discussion about the value of  
25 infrastructure projects.  
26

27 *(5:24 p.m. audio recording ended.)*  
28

29 There was discussion about the difficult decisions related to raising rates and providing the  
30 public with the information needed to understand how the decisions were reached.  
31

32 **MOTION:** Councilor Edmonds moved, Councilor Jones second, the Public Works Committee  
33 recommend forwarding the 2020-2021 Capital Improvement Plan to the City Council for  
34 approval as presented. Motion APPROVED 3-0 (Yes: Edmonds, Jones and Niemann; No:  
35 None).  
36

37 Councilor Edmonds noted these are the numbers that will go into the Budget Committee. Mayor  
38 Niemann emphasized the importance of educating the public how the budget works. He  
39 described all of the decisions that have to come together from each of the Committees to create  
40 the budget. Councilor Edmonds stated the importance of communication of the numbers. Mr.  
41 Workman described the importance of the discussions, updating the information and making  
42 well-informed decisions that impact the future for the community. Ms. Swanson described  
43 explaining the difference in rates between Philomath and Corvallis to customers, particularly the  
44 major difference in industrial and commercial users that Corvallis has and Philomath does not.  
45

46 Meeting adjourned at 5:31 p.m.

47 Meeting recorded by Ruth Post, MMC, City Recorder