

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. 15th 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 15th 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 16th 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 14th 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