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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