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SCAPPOOSE PUBLIC WORKS ADVISORY COMMITTEE
Public Works
34485 East Columbia Avenue
Thursday, March 10, 2011 at 7:00 p.m.

Call to Order

Mayor Burge called the meeting to order at 7:00 p.m.

Roll Call

Scott Burge ~ Mayor, Lisa Smith ~ member/citizen, Carmen Kulp ~ member/Planning Commission, Joshua Francoeur ~ member/citizen, Jon Hanken ~ City Manager, Joe Lewis ~ Scappoose Water Treatment Department and Karen Johnesse-Thornton ~ member/citizen.

Excused: Rick Weber ~ member/citizen.

Approval of minutes ~ January 25, 2011

Lisa Smith moved and Joshua Francoeur seconded the motion to approve the January 25, 2011 Public Works Advisory Committee Meeting minutes as amended. Motion passed.

Preliminary Budgetary Item Discussion

Joe Lewis explained everyone has a copy of the estimated Water Department budget. He explained when they work with budgets they are very estimated. He went over the estimated budget. He explained if you compare 2010/2011 to the next two lines, Interest and Charges for Services are slightly down. This adjustment was made based on real statistics for what they saw on water sold over the course of the last few months and extrapolating that forward as to what we can expect for next year. The charges for infrastructure are about flat. The miscellaneous is the same and they, at the direction of the City Council removed the SDC charges from this operating budget. Then as far as expenditures you can see a slight increase in personal services. This is a current season estimate based on current labor negotiations that are going on with the union that represents some of our workers. Materials and services stays flat. The Capital Outlay is a little bit more ambitious. He explained they hope to try to continue with the projects that they have and the most expensive single items is probably the purchase of a group of remote read water meters, as designated by the City Council as a priority. They have established \$75,000.00 per year to replace the old style water meters with the new remote read water meters which take less manual labor and should be able to be read by fewer people and more efficiently. He thinks the City is about half way done with that project.

Carmen Kulp asked by doing that then are you saying that will cut personnel services in the future.

Joe Lewis replied it will allow personnel to focus their energies in a different direction. It will

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allow staff who spend time reading meters to spend their time on other items such as work orders, water line repair, etc. He explained we are not our own boss we have to answer to the State Drinking Water Program of the Health Division and in our recent sanitary survey, which is a review of our whole water treatment process that occurred this year, they identified several programs that we should be doing a little more judicious than we are. One is a flushing program for the fire hydrants, which we have been doing. The State would like to see us do the flushing more often but they also want a valve exercise done throughout the City. There are many many valves and this is not something that we have had personnel to do in the past. He said to answer Carmen's question more directly he is not sure if it means it would impact as far as the number of personnel but it would certainly impact their job duties and how they spend their time.

City Manager Hanken explained right now it takes about three and a half days to manually read the meters that we don't have on a radio read. Once we get to all radio reads realistically you can put a reading device on the police cars and they can do the readings in the evenings. Some communities have it were it automatically just all filters into the city's mainframe computer system and down loads there, we are not to that point yet. One of the reasons why we really want to keep pushing on the radio read meters is at some point and time in the near future we want to get back to where Council has indicated they want to get back to monthly billings. It is easier to maintain a household budget if you get the water bill once every month as compared to once every two months.

Joe Lewis explained the Capital Outlay portion of the expenditures here identified at \$275,000.00 does not do some critical maintenance work that has been identified by our engineering firm and that is the repair of our filter walls that we have talked about earlier and it doesn't address much repair to underground water lines. He thinks it does set aside a little bit of money for that purpose but in his view he has to say not to the extent that has been identified by the professionals who have analyzed our budget in the past.

Lisa Smith asked Joe Lewis what does that \$275,000.00 include.

City Manager Hanken replied this would be for equipment upgrades. He explained rough projections right now. Right now we are looking at a line fund; we are still going through this. Staff hasn't sat down and gone through everything. He is looking at what consistency they held from the last the last budget and kind of kept that same type of number until they can go through it department by department. They have equipment replacement, meter replacement program; they keep \$100,000.00 in for water line replacement on Sandberg Loop. He explained there are monies for some software and hardware.

Joe Lewis explained another thing that he is going to try to carry over, which is identified in this year's budget, \$9,000.00 for an effluence meter replace at the Keys Road Water Plant. That is not going to be enough to do the replacement so he would like to add another \$9,000.00 to it this budget and he is probably going to have to do it again another time before we have sufficient funds to replace this effluent meter. It is critical because it controls the chemical pump speeds to adjust our PH flow ride doses.

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City Manager Hanken replied the two biggest line items you have in that is the waterline replacement which is probably about \$125,000.00 and the meters replacement which is \$75,000.00 to \$80,000.00.

Joe Lewis stated as he said it doesn't get their filters repaired. He explained you have seen the list of our deferred maintenance. The things that rise to the top this year are the filter work repair on the walls where the chemistry has deteriorated them and we have another issue and he doesn't know if it is listed on the things that staff have shared with the committee. He explained at the South Fork Dam, our surface source collection dam, high at the end of Dutch Canyon Road, there are strict rules about when you can go in that water and dig out the silt and rock that deposits in storm events, you can only do it from the middle of July to the middle of August when there is no fish spawning in that water and one of the requirements that the City has to install years ago when the City did that work we put in large corrugated pipe so that the water up above the dam could flow in the diversion pipe around the collection basis and down below in the dam. Now in the storm event last year the corrugated pipe was actually washed out from under ground and now it is sticking up in the air so it can't be used. So in order to clean that dam out according to the Division of State Lands Water Resource Department and the Fish and Wild Life we have to replace that diversion pipe back in its original location so that we can divert the stream flow while we contract to have someone come in with their big shovel and clean out the siltation that has built up in that dam. So as a result of not having the money we are not going to be able to do that clean up this next budget year.

Mayor Burge asked what storm did that happen in.

Joe Lewis replied that has been that way for a couple of years now.

City Manager Hanken asked if it was the last real heavy rains we had in 2009.

Joe Lewis replied it was in 2009 when we lost the tree at the Keys Road Water Plant.

Carmen Kulp asked Joe Lewis if he had an idea of what that would cost.

Joe Lewis replied he hasn't begun to do the research on that because he knows that we are not going to be able to do it but he thinks it would probably take a day with the track hoe and so he is thinking probably on the ball park of \$5,000.00 or \$6,000.00 to replace that part of the diversion pipe and then the clean out as well.

City Manager Hanken replied here is one of the things that he will say in terms of the budget figures and estimates, again we estimate the cost of doing things. We have been very fortunate in the past couple of years where the cost of the cost of construction has been less than anticipated so that allows us to have additional funds. We also look at where can we save, we can we cut as the year goes by then we are pretty confident in terms of the time frame in which we can move forward and do work we will. Now again the tricky thing here is just what Joe indicated is we have a limited time frame in which we can work. He stated again if that is something that we move forward on then we have to be very diligent about what we can do later on in the physical

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year.

Joe Lewis went over the Dutch Canyon line. This is a loan payment and if you notice it is down from last year and the reason for that is the savings in the construction cost, the ultimate cost was lower than anticipated so the loan payment has dropped.

Joe Lewis explained the most problematic of the lines on the page before the Committee are the transfers. The \$415, 520.00 item and that is for loan payments for the infrastructure work we did. It has been completed for the reservoirs, treatment plant, the water line to the airport. These were formally supported by the growth of the City, as more homes hook up they provided revenue to pay these loans. Unfortunately the growth has stopped so now it's coming out of our operating budget and that impinges on the next line which is our Contingency Fund remaining for the next physical year and if you'll recall this committee has addressed what the ideal contingency fund level would be and he thinks we talked about \$500,000.00. So you can see we are dangerously low in that regard and that is a concern, certainly a concern for us. With this rough estimate though you will see our expenditures and revenues are balanced as required and that's the best we can do to estimate it at this time. Like he said his biggest concerns are continued lack of maintenance work that we should be doing and the paper thin contingency fund that we are going to be able to carry fund.

Lisa Smith asked Joe Lewis to give the transfer amounts.

City Manager Hanken explained you having principal on S03003 (fund number name) \$124,198.00 (approximately) and the principal on G3003 is \$59,929.00, the interest on S03003 is \$63,243.00 and the interest on G0303 is \$55,952.00. He explained there is also a transfer into the Airpark Water Fund of about \$54,000.00. He explained there are some other things there.

Karen Johnesse-Thornton asked City Manager Hanken what else is in it?

City Manager Hanken replied there is a transfer of \$73, 189.00 to the City's General Fund to cover the mailings all of those activities, insurance, all of the administrative costs from each one of those department. With all departments there is a transfer to the General Fund so it all comes out of one fund. He explained the Dutch Canyon loan is \$81,440.00.

Joe Lewis explained last week he attended some training and one of the speakers was from the Oregon Health Authority in the past it was called the Oregon of Human Services. In the past the drinking water program was funded by the general accounting office for the State of Oregon in the amount of 39.8 million dollars. The speaker explained the people who were all water purveyors at the training that the general fund now is no longer going to provide that money and that the money would have to be raised by fees for services to municipalities, special districts and what it looks like is that as we see from the Federal to the State to the Municipal level the debt is trickling down hill. He is not sure of the impact on that one. He explained in the past the State would come to the City and tour our system from beginning to end, all of our procedures, apparatus, all of our programs and all of our written documents for no charge, now there is a fee to have them come do that. He explained that is the beginning of the change for the fee base

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services. He doesn't know if it an impact that we will see soon but it is in addition to the mandates that we have testing.

City Manager Hanken explained this is a standard practice with the State for the past couple of years. Anytime we do a construction project we have to provide an administrative fee to the Bureau of Labor and Industry regardless of whether State dollars are used or if it is just all City dollars, if you do a project you are going to pay a minimum of \$250.00.

Carmen Kulp talked about the video that Joe Lewis gave that was really educational to her and what it got her thinking about was the fact that water and the cleanliness is so critical she started thinking what staff is talking about with the fees is this isn't reflected on cities at all it is more reflected on the Federal Government and how they disperse our tax dollars.

Mayor Burge asked does it make sense to suspend the meter replacement program until the contingency is back up.

City Manager Hanken replied that is a policy question that Council needs to answer.

Lisa Smith stated we are looking at 6 million worth of projects and looking at the 2011 budget and she is beginning to think gosh talking about things in Scappoose is very expensive. She expressed her frustration with what she is seeing because this is not where she thought this committee was going to go or what it was going to look like.

Karen Johnesse-Thornton replied she is having the same problem.

Lisa Smith stated it is not working. We are not looking at ways to cut so that we can minimize that increase we are just increasing and saying we still don't have money for things that we all recognize that are all really important. She explained she is a little confused here.

Joe Lewis explained we have seen the Contingency Fund doing this for a number of years and so we have stopped all nonessential spending years ago. We have cut every potential of maintenance, we have deferred everything that we can and we have been doing that as a policy at the City Managers direction so that we are spending as little money as possible each year. He explained the cuts that have been made we are doing more with less and even more with even less as the years go by.

Lisa Smith replied she understands that.

Joe Lewis replied so now we are in this dangerous situation with the Contingency.

Lisa Smith stated it is not actually less, Personal Services continues to go up, Materials and Services continues to go up. She is trying to identify what we are getting for those and if there is any dollars, and she is not looking for huge amounts of money, she is looking for small improvements because when we turn around and look at the community who are literally gathering up pop cans, etc. for funds they are not spending \$750,000.00 on anything and what's

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happening to their water rates is going to be really personal. She wants to be able to look at them and say there is not a single excess down there. She doesn't want them to hand her the budget and say who are these people and why are these charged this way.

City Manager Hanken replied the labor negotiations with AFSCME Union have not concluded yet. He still has to figure based upon if the contract doesn't get ratified before the end of the fiscal year that contract carries over, he has to put that in the budget.

Lisa Smith explained she is not talking about the water treatment personnel. She is talking about these chargings of personnel that go on there, charged back to the water plant. She understands that City Manager Hanken is spending a day a week on it. But we probably should be looking at looking some of these, we talked about the discrepancy in the numbers there. She explained if we are going to try to turn around and tell people who are in a lot worse shape than the City of Scappoose, even though we recognize this is difficult, that they need to give more money, its not going to happen until we can say we really honestly believe that everything has been done to reduce all possible costs.

Mayor Burge explained to him the easy one for the time being is stopping redoing the meters because that is a step we can take.

Carmen Kulp replied her question on that is if you do stop it and then you go to it in the future is it going to cost more in the future. Sometimes we have to look at the fact that it might cost you more to do it in the future than if you do it now.

Joshua Francoeur stated not only the cost of the meter but the cost of the maintenance personal level or the time period that it would take to reinstate it.

Lisa Smith stated if you can buy it and put your hand on it it is probably a good idea but there are a whole lot of things that people can't put their hands on and those numbers better be dead on right. If there is anything in there that can be looked at, lets do it, lets look at it.

Joe Lewis replied one of the biggest issues you really can't hold in your hands that's the loan costs, which are actual for infrastructure. If you look at the reservoirs and you look at the treatment plant that is really what has put us behind the eight ball and those were necessary for supplying the City with water. He explained the 6 million includes the replacement of the raw line coming down from Dutch Canyon which is a 4 million dollar pipe.

Joe Lewis explained in the Capital Outlay we have \$100,000.00 identified for under ground water line replacement and that is to replace the Sandberg Loop water line.

The committee discussed SDC's and having new homes built or industrial businesses to help increase revenues.

Joe Lewis replied if the businesses are big water users that worries him.

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Lisa Smith explained we are going to look at the water rates but as we are looking those she sees it two ways. She is more than willing to look increasing water rates but at the same time she wants to look at decreasing expenses, same thing she does at home.

City Manager Hanken replied he also wants to point out in terms of doing budgets just because there is a budget figure there that doesn't mean he is letting go of every penny. He wants to make sure everybody understands that.

City Manager Hanken explained a formula of .70 per \$1,000.00 gets you is 6 million dollars. He works things backwards. He explained those are very much flexible because the interest rates in some loans are 3.5%. It is more about here is the formula it isn't here are the projects. It was in response to the question of what does .70 get us.

Lisa Smith stated all of the numbers just keep going up. She discussed if there is anywhere in the budget that the numbers could be reduced.

Joe Lewis explained they go through the Materials and Services every year. He hasn't completed the projects for next years budget yet but he has completed the projection for the rest of this fiscal year in the hopes that they will under spend as many as those lines as they can and that would raise their carry over funds. This is what they have been doing for years. He explained they only get the things they need.

Lisa Smith replied she knows that but when you are talking about a fund that we are actually going to have to go out and ask for more people for money for.

Carmen Kulp stated the two things that we need to look at are the Contingency Fund and trying to get that to come back up to \$500,000.00 and all the other expenses that fall into this.

Joe Lewis replied the deferred maintenance part he thinks is deserving of some attention.

Carmen Kulp explained if we go for a bond she doesn't want to go for the bond and then 2 years later go for another bond.

Lisa Smith talked about a proposal that she had at one time and another proposal that Mayor Burge had at one time and both talked about directing reductions in personnel costs. (Lisa was hard to hear due the microphone batteries dying).

The committee discussed the 6 million dollars including the annual pipe replacement.

Lisa Smith asked lets figure out what that project might look like, just estimated. She asked not to put the filter walls that the committee talked about in that.

City Manager Hanken replied okay.

Joe Lewis stated when you talk about adjusting the commodity rate he will refer back to

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something he said months again when they started meeting, according to the rate analysis that was done by the professionals in 2002 their recommendation when your system has a lot of indebtedness was to adjust the base rate not the commodity rate.

Lisa Smith replied it may come to having to increase the base rate as well, she is hoping not, but should it obviously because we are really actually doing the project but people also like to have some sense of control. People have to have the ability to have one of those things be something they really actually physically have control over like turning off the water faucet, pay attention to the water usage in your home. You can in fact effect your water bill.

Joshua Francoeur stated that is one thing that wouldn't make a whole lot of sense to him either just to put everything in the base rate. To split it at some what of a more equal balance between them because then you could see the difference.

Joe Lewis agrees that probably the best approach would be a balance approach of both. He explained the bond would be a hard sell and would be a hard sell and we won't see this for a while.

Carmen Kulp stated to Joe Lewis he says he hasn't been doing a lot of the repairs you have been holding back on maintenance and so forth how is that impacting the expenses.

Joe Lewis replied as far as pumps they are fixing those. As far as the slowing deteriorating long term things those are not getting fixed. The operational things that we need to produce water we have been repairing. There are some critical maintenance items that we can't afford to do and so those are the ones we are kind of neglecting.

Lisa Smith stated so we want to look \$300,000.00 to get some stuff on those walls, that's important. She talked about reviewing the project list and looking at how much an increase in the base rate is.

Joe Lewis replied to do what Lisa Smith asked, he is not an engineer, he is not a construction contractor and so he is approximating these costs. So if she wants hard numbers then we would go to our City Engineer.

Lisa Smith replied no, we are not at that point. She replied I guess we have this (the list of projects?) this is probably good enough.

The committee talked about the Sandberg water line replacement.

Mayor Burge went over something's that he wrote down trying to reduce expenses. A couple of things were not replacing the meters and removing the administrative staff person from the water fund.

Lisa Smith stated let staff put together any suggestions as far as any reductions in cost or any projects but not deferring. (sorry, Lisa is very hard to hear).

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Calendar Check ~

The next Public Works Advisory Committee meeting will be on Tuesday, March 29, 2011 at 7:00 p.m. at City Hall.

Mayor Burge explained some of the things the committee wants for the next meeting is employee break out, a little analysis on that so they can look at that.

Lisa Smith explained anything staff can say this can be cut, this can be reduced and this is where we can make cuts.

Karen Johnesse-Thornton stated maybe have an engineer take a look at the concrete for the wall.

Joe Lewis replied it will cost us money.

Lisa Smith stated we have \$100,000.00 in there for professional services.

Joe Lewis replied okay I will do it.

Karen Johnesse-Thornton replied we don't know where we are without that.

Joe Lewis talked to the Mayor Burge regarding brining in another Council to help the committee out.

Mayor Burge replied he talked about having Councilor Mark Reed be on the committee.

Adjourn

Meeting adjourned at 8:35 p.m.

Scott Burge, Mayor Burge

Attest: _____
Susan M Reeves, CMC, City Recorder