

Sewer Infrastructure Advisory Group Meeting Summary	September 12, 2013
	3:30-5:30 p.m.
	City Council Chambers
	Note taker: Adele McAfee
<p>Committee Members:, Lynn Putnam, Pam Hardy, Mike Riley, John Rexford, Craig Horrell, Sharon Smith, Steve Hultberg, Dale VanValkenberg, Casey Roats, Steve Galash, Charlie Miller, Wes Price</p> <p>COB Staff: Paul Rheault, Jon Skidmore, Aaron Collett, Russ Grayson, Brian Rankin, Jeff England, Tom Hickmann, Sonia Andrews</p> <p>Consultants: David Stangel (MSA), Dennis Galinato (MSA), David Prull (Clearwater Engineering Group), Angie Virnoche (FCS), John Ghilarducci (FCS), Doug Gabbard (FCS)</p> <p>Facilitator: Libby Barg (Barney & Worth)</p> <p>Others: Jim Lord, Erik Huffman, Councilor Sally Russell</p>	

Action Items:

- Approval of meeting minutes (5/15/13, 6/20/13, 7/11/13, 7/25/13) at the November 14, 2013 meeting

Meeting Summary

Introductions /Announcements

SIAG Committee process is receiving recognition through invitations to present at national and regional conferences (Pacific Northwest Clean Water Association and US Water Alliance). Sharon Smith and Casey Rotes will participate as SIAG representatives.

A budget adjustment will be brought to the City Council September 18 for the Collection System Master Plan / Sewer Infrastructure Advisory Group process (Murray, Smith & Associates, Inc.). This will be for additional funds to complete the sensitivity analysis, continued support for the SAIG meetings, project management, an investment in long term flow monitoring, and on-call modeling services.

Bend's Current Financial Position

Sonia Andrews, City of Bend Finance Director gave a presentation on Bend's current finances. Handouts included:

- Snapshot of FY13-14 monthly utility bill
- Snapshot of utility bill as percent of median household income
- FY13-14, Capital Improvement Program spreadsheet

Funding Alternatives

John Ghilarducci, FCS Group, presented funding options (see meeting presentation).He presented a chart which evaluated options against the following criteria: provides sufficient funding, equitable cost recovery, easy to administer, politically palatable, and reliability.

Questions and comments:

Q: Is the city using all current SDC revenue stream to finance debt?

A: Yes. The City is tapped out if the SDC remains where it is.

Q: Do SDC cover 100% cost of the anticipated cost of development for sewer?

The amount of SDC the City is collecting is less than the SDC eligible costs. When the CSMP is complete staff will work to update SDCs to identify which costs will be related to growth.

Q: When was the last time the sewer SDCs were updated?

2008. This was based on the 2005 CIP.

Q: Have we considered something completely out of the box? (For example going after private money.)

A: Private investors usually want a guarantee from 8% to 20%. The city can issue bonds at 4%. It is hard to get private financing with terms as good as issuing bonds. Ms. Andrews said we will look at this.

Mr. Roats stated it will take significant investment to support the proposed solution because the City is catching up on the infrastructure needs.

Committee members agree when looking at the affordability of various sewer solutions, both water and sewer rates should be considered.

Committee members' comments on funding options:

- Leaning towards rates in a pay-as-go scenario because it is stable. If the rates increases are significant, then there should be a mixture of two alternatives.
- A mix of funding scenarios should be used to pay for projects, as well as create a reasonable reserve.
- Don't repeat the situation the city is currently in, with not enough resources to address issues.
- Mix of rates, bonds and SDCs and pay-as-you-go.
- Must be sensitive to the affordability for citizens.
- Full faith credit and revenue bonds have a time limit vs. a rate increase.
- Have a specifically identified rate surcharge identified on the bill (like the Stormwater charge). It makes it easy for a future city council to adjust once debts are paid. They can keep it to fund reserves for example.
- Pay-as-you-go is too volatile. Adequate reserves are needed.

Rate scenarios

Angie Virnoche, FCS Group gave an overview of sewer rate setting process (see meeting presentation).

Next Meeting

Optimization Results

- Nov 14 3:30 to 6:30 p.m.
- Nov 21 3:30 to 5:30 p.m.

Meeting adjourned at 5:21PM