

Infrastructure Advisory Committee (IAC) Meeting Summary			March 14, 2011	
			3:00- 5:00	
			City of Bend, Boyd Acres Training Room	
Committee Chair	Frank Turek	Note taker:	Mary Beth Alley	
In Attendance:				
Committee Members: Andy High, Casey Roats, Nancy Loveland, Michael Magee, Ray Auerbach, Frank Turek James Gattey COB Staff: Tom Hickmann, Jeff England, Teresa Ristoff, Courtney Snead				
<i>Meeting Summary</i>				
Agenda item:	Approval of January 10, 2011 meeting minutes	Presenter:		
Discussion:				
Mr. Roats moved to accept the January 10, 2011 meeting minutes. Ms. Loveland seconded the motion. All were in favor.				
Agenda item:	CIP Budget Discussion	Presenter:	Tom Hickmann	
Discussion:				
<p>A budget committee meeting will be held on April 1 to discuss personnel cost and capital improvement projects. City Manager, Eric King, would like a member of the IAC to attend.</p> <p>Action Item: Send invite to IAC</p> <p>The projects listed for Transportation CIP are the projects that would be completed if the GO Bond does not pass. Staff will add additional projects if the GO bond passes.</p> <p>The timing of the expenditures for the Franklin underpass has been changed from the previous information presented to the IAC. A committee member asked how the City plans to pay for all the stormwater projects. Staff stated that the projects will be paid for with bonds. The current stormwater fee will be used to pay for bonding expenses. City staff thinks that in approximately 2014/2015 bonding would have to be done to recover some budget costs. This is not unusual, it's standard operation. However, ideally, rate money would be set aside ahead of time to pay for projects before the need is there. A general obligation approach is when the Finance Director goes to our bond council to get a bond. This is not a voter approved approach. The ORS and our Council set acceptable thresholds in terms of debt coverage ratios. We can't borrow so much that it would drop us below those thresholds. The bond council has to know that the City will meet those debt coverage ratios. As long as the City shows that we will do what is necessary to meet the payback requirements (increase rates), they will release the bond. The Committee asked who the bond council's client is. Staff stated that the City hires a financial expert in this matter who represents us to the Bonding Council. The Bonding Council is an independent authority and is governed by state statute.</p> <p>The Committee asked how money can be borrowed when we don't have the ability to save the same amount of money from Stormwater revenues. Mr. Hickmann explained that Finance Director, Sonia Andrews, has the ability to make the decision to borrow money from the reserve fund to help cover bond costs. She could also decide to not borrow do any bonding and only raise rates. That's a political decision. The Committee asked if the Council is</p>				

interested to hear from the IAC on their opinion on whether rates should be raised or we should bond for projects. Mr. Hickmann responded saying that Council would like to hear their recommendations.

Ultimately it's Council's decision on how much we keep in reserves.

Stormwater currently has approximately \$500,000 "extra" money to use towards capital projects; however, this is not sustainable since operating costs continue to rise. Stormwater receives approximately \$2.4 m/year on rates but the operating budget is about that much each year. Discussion continued on Stormwater.

The CIP budgets get approved by Council annually. Historically, with all CIP funds, the end of the year projections have not met what the initial forecasted amount was for money spent. It has been a priority to get projects to match the forecast.

The IAC asked what the circumstances would be if we postponed stormwater projects until we have the cash. Staff stated that in addition to the project specific circumstances that occur due to delaying a project, it can be challenging to keep the money that is being saved assigned to a specific project because as politics and policy makers change, priorities change. Oftentimes, money set aside for specific projects is then used on something else. It makes it very difficult to get big projects done.

A Committee member asked why stormwater projects aren't funded by SDC's. Mr. Hickmann stated SDC's are used/charged by development-triggered projects. Stormwater projects don't require SDC's because of how the system is operated here. It's not a single system, but multiple UIC's. Developers are required to install UIC's to our standards and then the City maintains them. Developers are paying 100 percent of stormwater costs upfront.

Mr. High stated that he has a hard time justifying raising rates for Stormwater when Charlie Miller is paying over \$1000 month in stormwater fees for his yard. Hooker Creek pays about \$1800 month in treatment and they treat on-site. Mr. High stated that he is looking at it from the business' perspective.

The reasons there are not dollar amounts listed in 13/14 & 14/15 is because we don't know what DEQ is going to require and need to have money set aside for whatever requirements come from them. Leaving these zeros provides the ability to shift funds as priorities change. If we don't have to spend a lot of money on DEQ requirements, we can use this as an opportunity to complete more stormwater projects.

A committee member asked how the Greenwood underpass would be designed and built in one year. Mr. Hickmann stated that because both the Franklin and Greenwood underpasses lend themselves to a single solution, they can be completed in one year.

Michael Magee declared a potential conflict since it is more than likely that his firm will submit a bid for some of the upcoming Stormwater projects. The Committee was not concerned since they will have nothing to do with the project bids.

Mr. Magee stated that the City needs to show some progress from the Stormwater utility fee that is being collected. There are times that the City has to borrow money in order to complete projects. If the City hadn't borrowed money for the Bill Healey bridge, what would be going on over there? It's easier to push projects out then to pull them back in.

Mr. Turek asked if the group wanted to create recommendations today or come up with recommendations on the March 28, 2011, meeting. The Committee agreed that they will create their recommendation at the next IAC meeting. The Committee seems to have some concerns with bonding or raising rates in the future years.

Action Item: Determine what the penalty is from DEQ with stormwater and include it in the risk assessment.

Action Item: Invite Ms. Andrews to the March 28 IAC meeting to talk about bonding vs. pay as you go for capital improvements.

Mr. Magee suggested that we add a system improvement line item to the budget so there is a fund that can be tapped into if there is an issue. Staff stated that there is \$116,000/year in the repair and maintenance funds. Once these sheets are finalized, this amount will be noted on these sheets.

Recommendation: The Committee doesn't want to borrow money on projects unless they are absolutely necessary.

Water Fund:

Staff provided an overview on the water fund which includes two groundwater rights that took 16 years to acquire.

Mr. Magee asked if so needed, could this money be used or something else, does Council have to approve it? Staff responded stating that if it is more than \$100,000, it has to go to Council for approval.

Water Mgmt Conservation Plan – Stretching the water that we have. This plan is required. Mr. Roats explained that if we attempt to gain more water rights, we have to show to we are using water responsibly and as efficiently as possible.

Action Item: Change name to “Water Management Conservation Plan and Program.” Discussion continued on water conservation.

The first two years of the budget are the commitment and the next three years are projections and are likely to change.

Infrastructure:

Outback Reservoir #3 – costs for exterior paint removal, cleanup and repainting.

Outback Well #7 – brand new well install. The hole was drilled but failed. The contractor was liable for the failure. The \$35,000 is the City’s cost above and beyond what the contractor has to pay.

Surface Water Improvement – Committee discussed previously

Water Modeling – costs of hiring a consultant to maintain our water model (including calibration).

Mountain High Waterline Extension – will install a line in Country Club Drive to meet demands. This is a legal obligation and requirement.

Pilot Butte to 11th St. Waterline Ext. – If daily demand is regularly hitting the peak, this infrastructure would need to be installed. If not, expenditures will be pushed out to future years as a place holder.

System Development Charges Update –

Awbrey Well – This is a place holder for a new well, dependent on demand.

18th Street Waterline Extension for Juniper Ridge – this is necessary to meet any additional fire flow requirements. Currently working with Avion to determine if we can do an inter-tie instead of extending the water line.

We would have to raise rates and bond for all of these projects; however, there are a few projects that won’t be completed if demand is not there. If the surface water project was removed, we wouldn’t be looking at rate increases or they would at least be very small.

Mr. Magee stated that this is challenging since there is little predictability with SDC’s. He is concerned that there is so much emphasis on one main project in the event that something else comes up. Discussion continued on the water system.

Sewer

Primary & Digester Modification– completion of an existing project.

SE Interceptor – have no remaining capacity for the entire SE system. Will serve many homes that are on septic. This will also open up capacity in the central downtown core which is also at capacity. We already have sur-charging sewers. This will be funded through rates and bonding.

Secondary Expansion – First year will build a lot of concrete, following years would be used to upgrade treatment capacity. We’re taking on 6.5 million gallons/day, the max is 7 million gallons/day. If all available lots in Bend were developed now, we would be approximately 2 million/day **over** capacity.

Valhalla sewer – Mt. Washington and Shevlin Park. When this was developed, a major sewer line was installed through the center of the subdivision and the stench is overwhelming. Will either relocate the line or determine if the pump station that feeds it can be modified.

Collection System Master Plan – Initial investment needs to be made in order to do better future planning to determine what we need and when we need it. Only 30% of our current system is in the model.

Plant Interceptor – main trunk line. It is a concrete pipe and is in very bad shape.

North Interceptor – new, main trunk line. Building this new line would allow for the rehabilitation of the existing line without worrying about flow issues.

Central Interceptor – new, main trunk line.

Yeoman Interceptor Rehabilitation – Will determine if it makes more sense to shift to new plant interceptor and delay rehab of existing line or to rehabilitate existing line now.

System Development Charges Update -

Water and Sewer are eligible for state revolving loan funds for some of these projects. Ultimately, the Finance Director will make the decision on whether or not we accept the revolving loan funds.

Action Item: Inform Ms. Andrews that the Committee would like to know what the cumulative effect is to the ratepayer for all of these projects combined.

Discussion continued on the CIP.

To – Do Items for March 28, 2011, meeting.

1. Review Transportation CIP
2. Ms. Andrews will explain the ramifications to ratepayers (single family costs only) if these projects are completed (30 minutes).
3. Develop recommendations that will be carried forward to Council and the Budget Committee (include the consequences if the projects are not completed) (1 hour).
4. Staff will provide a clearer analysis of pipelines (pipeline map).
5. Interested in seeing the money set aside (in O&M) for emergency issues to make sure they're maintained.

Mr. Roats won't be here to make the presentation on April 1 but would like to make sure that the Council hears how highly it speaks of City staff to have put together this IAC. Mr. Roats stated that none of the projects on these lists are luxury items. It is the responsibility of Council and the Budget Committee to hash out the costs.

Action Item: PW needs to provide worst case scenarios if these projects aren't completed.

Action Item: Have someone at the meeting that will project the discussion points on the overhead. Mr. Turek would like to provide a PowerPoint presentation from the IAC.

Meeting was adjourned at 5:35 p.m.