

**COTTAGE GROVE CITY COUNCIL
WORK SESSION MINUTES
February 19, 2010**

CALL TO ORDER

Mayor Gary Williams called the meeting to order at 1:02pm in the Council Chambers at City Hall.

ROLL CALL/PLEDGE OF ALLEGIANCE

COUNCIL PRESENT: Mayor Gary Williams, City Councilors Mike Fleck, Jeff Gowing, Thomas Munroe, Heather Murphy, Wayne Clark (1:05pm and left at 1:55pm) and Diane Conrad

STAFF PRESENT: City Manager Richard Meyers, Finance Director Bert McClintock, Public Works Director Jan Wellman, Community Development Director Howard Schesser, City Engineer Ron Bradsby, Community Development Director Pete Barrell, City Recorder Trudy Borrevik

MEDIA PRESENT: Jon Stinnett, The Cottage Grove Sentinel

City Manager, Richard Meyers, handed out a trend summary sheet showing the budget expenditures and revenues for the Wastewater Fund from FY97/98 to the current budget. He said one thing to note in the bottom section of the revenue report was the carry over line item, which had been low in some years. It was one of the funds that generated revenue on a monthly basis, not like the general fund where taxes and the bulk of income came in during one period of the year. He said in FY06/07, the revenues and expenditures went up in wastewater considerably, which was a result of the purchase of the golf course with the total purchase price listed as well as the loan proceeds, and then they went back down. In FY04/05 costs jumped as a result of the new plant.

The council went out to review a site with a sewer line issue and to view the new Vactor at 1:07pm.

Council reconvened in the Council Chambers at 2:00pm.

City Engineer, Ron Bradsby, went over the Sanitary Sewer Improvement Map that was provided in the Council packets and pointed out the basins that were modeled in the 2007 Sewer Master

Plan, which were also outlined on the project list. He said between 1992 and 1994 there were smoke tests done which showed where cracks, bad connections or roof drains needed to be repaired. He talked about the first four projects on the list and where they were located on the map.

Mayor Williams asked Ron to explain about basins and how they drain.

Ron said basins were areas that drained to a common area, connected to a trunk or another main and then fed to the wastewater treatment plant.

Mayor Williams asked if they drained by gravity.

Ron replied yes. He said everything the city had drained by gravity except for two areas which he pointed out on the map that had lift stations that collected the sewage and pumped it to the wastewater treatment plant. He said there was a syphon on Grover Street, across the River, and there were four pipes under the river that syphoned the sewage across the river where it went into a 24" trunk line that turned into a 27" and went to the wastewater treatment plant.

Public Works Director, Jan Wellman, said most cities had a gravity flow system to avoid having to spend money on lift stations, it depended on the topography.

Councilor Fleck asked about Village Drive and if it was private or if it was a City street.

Ron said the City owned Village Drive to the hospital entrance but due to the purchase of the golf course and the partnership, the homeowners association maintained the first lift station and the City maintained the second one.

Richard said the City actually maintained all of the lift stations even though they were owned by the homeowners association. The agreement was that the association paid for the road improvements and street lights and the City took care of the lift stations.

Jan said the association had collected some money for replacement of pumps in the lift stations and when the agreement was drawn up, the money collected, which was about \$15,000, was transferred to the City to hold when the time comes that the pumps needed to be replaced.

Ron referred to the priority list that was provided to Council and said in 2007, they took all sewer pipes 10" and larger and modeled them for flow and growth and various things in the area basins and came up with a list that was prioritized and involved correcting capacity deficiencies and improving bottle necks in the system. He said the projects listed on the priority list matched up with the numbers on the map.

Councilor Munroe asked about Project #4 and if the projects listed after it that weren't numbered fell under #4.

Ron said no, that those projects that were not numbered did not fall under Project #4. He said it was his best estimate on how to lay out the projects. He said when determining projects and

costs, he tried to combine the water, wastewater and stormwater projects that were in the same area so those projects could be done at one time. He said emergency projects could also bump projects and that was sometimes unavoidable.

Councilor Munroe said there had been a previous discussion on how bad Sixth Street was and he hoped that the infrastructure would be done before a new paving job was done.

Richard said that was considerations that staff had to consider when making the priority lists.

Ron talked about the first four projects on the list and what each one involved. He said Project #1 increased the sewer line from a 24" line to a 27" line; Project #2 also increased the line from a 24" to a 27" line; Project #3 increased an 18" line to a 24" line; and Project #4 increased the line from a 10" to a 12" line. The next six projects listed were all rehabilitation/replacement projects and had estimated costs based on when smoke tests were done in the early 1990s and the lines were videoed. The inflow/infiltration corrective work was required by State regulations to put stormwater from sanitary sewer to help with the process of sewage at the treatment plant. Again through the smoke testing, through manhole lids, the NW neighborhood was really bad during the testing, they found a lot of roof drains were connected directly to the sanitary sewer. There was a project that identified twenty-two areas in town that were catch basins as being connected to the sanitary sewer. That project had been designed and on the shelf for a few years.

Councilor Conrad asked if the State gave a time line for that to be corrected.

Ron said not that he was aware of but the City had to provide a yearly report.

Councilor Fleck asked if the City had violations where there was so much water coming through that it couldn't be treated, if that would trigger it as well.

Ron said there could be surcharges or overflows but most of those had been taken care of.

Councilor Fleck said he was talking about if there was so much water going through the wastewater system that the treatment plant couldn't handle it.

Richard said that was one of the reasons the treatment plant was built to handle 13M gallons even though the City normally only used 1.5-2M gallons, the excess was there for growth but was really there for I & I during the peak flows. Another factor to consider was if there was storm water into the system and if it was surcharged enough, you would back flow it back into homes and that was costly to the City.

Jan said during storm events it could jump from 2-3M gallons to as high as 10M gallons. Last year it went as high as 13.5M gallons when the heavy storms came through, generally it was mostly rain water so it was chlorinated and discharged. The flows in the river are very high at that time of the year so it dissipated anyway.

Councilor Munroe asked if some of the bio-swales that had been discussed before would take up

some of that slack.

Jan said it could. Bio-swales worked better in the dry time of year when there isn't a lot of ground water and they weren't as affective.

Richard said the bio-swales did the most for the stormwater system, not for the sanitary sewer system.

Councilor Munroe said he misunderstood, that he thought when we hit 10,000 population that the stormwater had to be treated and if they wouldn't be a joint venture.

Richard said no, they wouldn't be connected.

Councilor Munroe asked if they were going to be two separate plants.

Richard said yes. The treatment wouldn't be a full plant like the wastewater treatment plant for sanitary sewer. The treatment for stormwater could be sedimentation or oil water separators that didn't require a full plant but structures did have to be built at each one of the out falls or in an area where everything flowed into.

Discussion was held regarding inflow and infiltration (I & I) and how to address it in the future.

Ron addressed an early question of Councilor Conrad and said DEQ did not give a specific date, but they looked at if the City had a program in place that a certain number of dollars was spent each year for that. The consultants had suggested the City budget \$200,000 each year.

A citizen asked a question about rain water collection systems that were being used in other countries and if that would help the sewage system if something were implemented.

Ron said that was possible and explained how that could and could not work.

Richard said that was not the sanitary sewer necessarily, that was more the storm drainage. The rain barrels and other ways to absorb that did help the storm system specifically, but because the City had I & I problems, they could help here. If the sanitary system were perfect, rain barrels would not help the sanitary sewer they would help the storm systems.

Mayor Williams said typically during a work session, citizens were not allowed to participate, but the fact that only three or four citizens were attending the meeting, if Council had any issues with allowing them to speak.

Consensus was to allow them to speak.

Ron continued with the rest of the Project List with Project #5, the digester modification.

Jan said the digester needed to improve the capacity, it was undersized.

Ron said Project #6 through Project #10 were all specific basin problems that the City was already aware of.

Richard asked Jan to describe the cost associated with a sewer line that the City knew had failed and the City had to constantly clean it on a regular basis and/or when we didn't catch up with it fast enough, what kind of costs were associated with the clean up or the damage to businesses or residences that we had to take care of.

Jan said the City had a budget for sewer system maintenance for clogs, plugs, root balls, line collapsed, anything like that for regular routine maintenance where the public works staff cleaned out and maintained the lines, but if the line completely failed or collapsed, then the public works crew had to expose the line, dig it up and replace it and if they had to put a new sewer line in, generally it would cost between \$50 and \$75 a foot. Some of the jobs were beyond the crew's capacity to do and a contractor needed to be hired to make the repairs which could be considerably higher. It was difficult to say exactly what the cost was for the maintenance, it depended on how much maintenance the crew had to do. He said they were hoping the Vactor truck was going to help with maintenance because they could do routine cleaning and jetting lines in keeping storm drains clean and sewer lines clean which reduced the amount of maintenance that had to happen. If there was a situation where the main line plugs, it didn't take long for sewage to back up in the pipe and then it started backing up into people's homes and when that happened, it was a major clean up expense, some as high as \$7000-\$10,000. That was why it was important to keep the lines clean and flowing.

Councilor Fleck asked if the City was responsible when that occurred. Staff replied yes.

Ron gave an example of an issue in another City where he worked where the City ended up buying a house due to sewer back up issues and Richard said in his neighborhood if the lines weren't cleaned out regularly sewage could back up in his house and others in the neighborhood.

Mayor Williams asked about back flow devices on sanitary sewage.

Richard said there were back flow devices for sanitary sewers but maintenance may be required after those were installed because sewer water is not clean and they will plug up so they have to be maintained and checked just like a back flow device on the water system.

Discussion was held on back flow devices.

Richard asked how many miles of sewer pipe the City had and what the percentage in age was.

Ron said the City had 45-46 miles of sewer pipe but he didn't know the age percentage. Councilor Munroe said Johnson Avenue, S and R Streets and Bryant were put in about the mid 1960s.

Discussion was held about the deterioration of the sewer pipes after 60 years of use and the

different kinds of pipe used throughout the City.

Ron continued with the Project List and said Project #11 and #13 related to reuse effluents in the treatment plant. Project #11 was to install the necessary irrigation work for the reuse effluent and #13 was the redundancy factor when the new plant was built and somehow we didn't get a backup pump for the reuse effluent.

Councilor Fleck asked if Project #11 shouldn't be higher up the list, didn't the City need more area to spread the effluent.

Richard said the City did need more area, but this project was just the freeway interchange, so getting it to the golf course was still there but we didn't have the backup pump. He said according to the Waste Reuse Feasibility Study conducted by MSA, the City needed 100 acres.

Councilor Fleck said if the City wasn't cooling enough water at some point shouldn't the project be higher on the priority list.

Richard said one thing that was not on the list, was that they were recommending some kind of storage tank because if it rained for 2-3 days during the summer the City could not irrigate when the ground was wet, the plants were not absorbing the effluent.

Jan said they were recommending a 600,000 gallon storage tank but in reality it would be better to put in a 1M gallon of storage. The problem that you run into with the effluent was the City produced about a 1M gallons in the summertime during a 24 hour period so that meant it wasn't going to produce effluent to meet the irrigation requirements of the golf course, you had to use some type of storage tank, in this case you would probably use the ponds, to pump to the golf course with water and then replenish it.

Councilor Munroe asked when the system was done, the green way towards the industrial area where the water plant was and everything else, if that wasn't a loaded system.

Richard asked if he was asking if it could hold some of the effluent.

Munroe said yes, that it wouldn't be large. Under normal conditions it wasn't like a waterline, it wasn't going to be under pressure constantly, you could irrigate off of it and then let it bleed down to nothing and it could sit there so if you needed part of a storage area that could be included with that.

Richard said the pipes could be part of the storage and in the sewer system sometimes you included some of your pipes as storage to get to the plant.

Mayor Williams asked about the Exit 174 off ramp, when that was reconstructed there was some question about the location of a pipe we installed for effluent irrigation from one side to the other, and if that was ever located?

Richard said yes, that it had been located and it was marked.

Ron talked about a sonar device to locate lines.

Mayor Williams said representatives in Salem, when it came time to use the Exit 174 irrigation, they were aware of that and that the City may need their help with ODOT and others.

Richard said ODOT had basically said yes to the City already.

Jan said once the installation of the irrigation system was complete, the City would spray effluent to the 174 interchange which increase dramatically the amount of mowing that would need to be done and the City would be responsible for the mowing.

Ron said Project #12 was where the Council observed the sewer line issue. Project #14 was the development of Trailhead Park, a sewer line needed to be relocated to provide facilities. Project #15 was drainage issues at the golf course and the reason it was on the list was because the golf course was funded through the wastewater fund. The next four or five projects were basin areas.

Richard asked if drainage projects should be in the stormwater fund instead of the wastewater fund.

Ron said no that they had to do with the golf course.

Richard said it was really transporting the stormwater from the other drainage points through.

Ron said they were french drains. He said all of the projects listed amounted to over \$6M.

Councilor Munroe asked if there was a pump near E on the map.

Ron said yes there was a pump station for the Pine Grove Subdivision.

Richard said it was near Fir Grove Cemetery.

Councilor Munroe asked if it would be overloaded if they did the Gates property because part of that was going to have to flow in that direction and you wouldn't be able to go through the F area because that was all declared wetlands.

Ron said he didn't think so but it might. He showed on the map where he was talking about and discussion was held regarding that area.

Ron said after the water work session, there was a comment about how the City paid for the improvements, if it was rates alone. It was talked about the operations fund, having enough money to put some into a reserve fund. The rates were not the only thing that paid for some of the improvements. The City could form local improvement districts with property owners and also, if anything was over 8", you could use SDC funds. You could pull from three funds, SDC

Fund, Reserve Fund and grants and loans.

Councilor Conrad said she thought they all agreed that all the work had to be done sooner or later and she thought the biggest issue, at least in her mind and from what other people were saying, was the afford ability, which Council had spoken about. Council could set fees however they needed to think if people could really afford them. Last time she had some questions about the assumptions in the study and she had those same questions for this section as well. She wondered if any of those questions about the assumption of the study had been addressed. She said one of the things to calculate all the assumptive monies was that they used a population figure of 7870, which was incorrect. Right now there was a population of 9485, so that was one assumption to be questioned. The other assumption, and she thought they all agreed about it last time, that it projected a population increase of 13,549 in seven years and she thought they all agreed that assumption was too high.

Richard said the population assumption that was used in the wastewater master plan, because the wastewater was done in 2007, actually used a higher population number.

Councilor Conrad said on the second page of the sewer it said the population used and the population projection used and that was where she was getting the numbers.

Richard said they used the population estimate as 9,364.

Councilor Fleck said the water was the one with the older assumptions.

Jan said water was 1993 and wastewater was 2007.

Councilor Conrad said in the calculation, they were using 9364.

Richard said yes for 2005 with an estimate to go up to 13,914 for 2050.

Councilor Conrad said that population was even higher. The third one was that they were using cost of construction from the Seattle area and the Seattle area had such a higher cost of living than Cottage Grove so that was another assumption.

Councilor Munroe asked what population had to do with current costs of what the City was going to have to do when it was a replacement cost for what was existing. And secondly it didn't have anything to do with income, it was the cost of materials at the time of the construction.

Councilor Conrad said if she was understanding it, and if you looked at the second page with all the money, they had existing customer costs and they had future customer costs, so if you had those assumptions that should be changed, it would change the dollar amount that you came up with.

Councilor Munroe said they were not set in stone, they were projected figures.

Councilor Conrad said that was what she was saying.

Councilor Munroe said the City could lose half the population but the work still had to be done.

Councilor Conrad said exactly but then to take the money figures, project it all the way out to 2030, they were including all those assumptions.

Councilor Munroe said he would venture to guess that it was an estimate, because the cost figures out that far in the future could be triple of what was on the paper right now. He thought what they were trying to say was it was a projected time frame.

Councilor Conrad said exactly but again in the assumptions they were using figures of a population growth of 13,914 which was high.

Richard said that was based on numbers that were approved that the City had to use and were calculated by the State and County.

Councilor Conrad said did the City have to use the projections or could the City say here was what we thought it should be.

Richard said there wasn't anything to base it on. The engineering news record did a construction cost index and they took a bundle of goods and they do it for the region and it was not just Seattle, they did it for twenty towns, such as Seattle, Los Angeles, etc. and they don't look at just Seattle, they looked at the area around Seattle and that was our region.

Councilor Conrad said a way to make an adjustment would be, because you knew the standard of living of Seattle and you knew the standard of Salem and that would be more comparable to here.

Richard said that wasn't the standard of living, it was the construction costs, which was completely different. You may be able to buy something in Seattle cheaper because it was a bigger market than in Cottage Grove and the cost was going to be higher. Some of the labor costs may be different, some were BOLI wage and prevailing wage laws, so you were not going to see any change there based on that construction cost index. You couldn't buy any different assumptions there that would be valid and would pass when we passed the facility plan on to DEQ for approval.

Councilor Conrad said what he was saying was that construction costs for something in Seattle, would be similar to the construction costs in Cottage Grove.

Councilor Murphy said no that was not what he was saying, he was saying that was what we had to use.

Richard said it had to be approved by the State and other agencies and we couldn't say it was a

little cheaper here so we were going to adjust the numbers or it's a little more expensive here. We had to have this based on numbers that were available and that was what was available.

Councilor Conrad said so if we said our labor costs in this area were different than the labor costs in other areas or our construction costs or materials were this rate and it was different from this rate, the State was going to say no.

Richard said that was correct.

Councilor Murphy said it was better to over estimate than to under estimate.

Councilor Munroe said it was a rare occurrence when you could say that the labor costs were going to be different here than they were in Seattle when in reality most of the jobs were done by union contract. The one variance was going to be that Seattle had a benefit because they could buy 15 car loads of the same kind of pipe that we couldn't do, therefore they got a better rate because of the bulk amount that they bought.

Richard said most of the companies that were doing this kind of work weren't Cottage Grove companies, like the companies that built the wastewater and water treatment plants. They also paid prevailing wages or BOLI wages, which were calculated on a state wide basis.

Ron said he didn't know of any firm that was tracking an area, most of them added on a 30% contingency figure and he personally used the all around engineering cost index.

Councilor Conrad said the calculations did not include the increased SDC funds and since part of the plan was to increase the SDC funds, shouldn't we calculate the increased SDC funds.

Richard said they did use those, what she was looking at were not SDCs, they were estimates of costs. What the consultants did was use both SDCs and rates and the SDCs could not be used for maintenance and operation, they could only be used for capacity.

Councilor Conrad asked if some of the projects and projections were for new stuff.

Richard said that was what they did in calculating the SDCs, was they took the things that fit the laws for SDCs and used those to put the rate for the SDCs. They didn't use those things for fees. The fees were only for maintenance and operation or the costs that were not eligible for SDCs so they did consider SDCs and fees when they did the rates.

Ron said the consultant had to go through and look at the City's project list and what met the SDC law and what met the utility and rate law. If a project could be broken out into SDCs to be funded in SDC and in the rates, it was split both ways. If the project was only for SDCs because of capacity, it was put in the SDC, if it didn't have anything to do with capacity but replacement, it was put in the other one. So they went through the list and determined what was extra capacity and how much applied to SDCs and the rest went to utility rates.

Councilor Conrad said she understood that the ones that could apply for the SDC funds, they

were assuming the old SDC rate and not the new SDC rate.

Richard said no, that was how they calculated the new SDC rate, they didn't assume the old rate at all. These were the numbers of the costs and they used the cost numbers to calculate the new SDCs. They didn't use the old SDC fees and figure out the cost.

Councilor Conrad said that was what she thought they did. Part of the assumption for any bonds was to use a 6% interest and that seemed to be high.

Richard said it was a conservative number, you may be able to get less you may not. Right now the City could probably get five but that could change at any moment.

Councilor Fleck said he heard that in about six months it was projected to go back up.

Councilor Conrad said it was based on current technology and did not include green technology which she understood would be less expensive to do.

Ron said he didn't know if there was green technology in sanitary sewer. The only green he had heard about was the use of effluent like the City was proposing to do. The other thing was depending on the type of digesting system, anaerobic vs. aerobic, was natural gas and he knew that plants had used that to heat their facilities, they burned the natural gas. They used the methane off the digesters to reheat areas. The City currently took bio-solids, drained the solids off at the treatment plant and hauled it out to agricultural lands.

Richard said the only green technology that was going on in wastewater was treatment on the premises was where they were building their own self-contained system and he didn't see that as being cheaper.

Councilor Conrad said at one of the LOC conferences they talked of taking bio-waste and converting it to an energy source which saved all kind of money.

Richard said that was an additional step beyond, they created the bio-waste and converted it into some type of fuel that they could then burn. That was what the methane would be. The City had changed the plant so we were not having methane but we were putting in the solar panels, we were doing the effluent and we were doing those things that were recognized as green technology.

Discussion was held on green alternatives.

Councilor Fleck said regarding assumptions, he thought the numbers we were using today for construction costs were going to be low, that we were not estimating anywhere near enough money.

Richard said you look at today's dollars and you look at some of the projects we had been

carrying for 10-15 years and you looked at what the cost was back then compared to today's dollar and wish you could have found the money back then as the cost was considerably higher now.

ADJOURNMENT

There being no further business, Mayor Williams adjourned the work session of the City Council at 3:05p.m.

Trudy Borrevik, City Recorder

Gary Williams, Mayor