

**COTTAGE GROVE CITY COUNCIL  
WORK SESSION MINUTES  
December 21, 2009**

**CALL TO ORDER**

Mayor Gary Williams called the meeting to order at 9:03am 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, Wayne Clark (Approx 9:35am) and Diane Conrad

**COUNCIL ABSENT:** Heather Murphy (Excused)

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

**MEDIA PRESENT:** Jon Stinnett, The Cottage Grove Sentinel

City Manager, Richard Meyers, outlined the schedule for the work session. He provided Council with a worksheet of the water fund from 1997 through the current budget year which showed expenditures and revenues. He said that beginning in 2003 through 2005, the City started collecting the surcharge in the water fund and transferring it out to the debt service fund. That practice was stopped after 2005 and the surcharge went directly into the debt service fund. He went over some of the expenditure and revenue accounts and the reason for changes over the years covered in the handout; service connections and installation fees and capital outlay. He said the water fund paid only for operation, the treatment and distribution of the water, it did not pay for replacement.

Councilor Fleck asked if it paid for repairs.

Richard said it paid for minor repairs; major repairs were not paid from the water fund.

Councilor Fleck asked what the number of FTE per year was in the water fund.

Richard said it had been relatively the same, about 8 per year and we were down to 7 currently.

Finance Director, Bert McClintock, provided Council with a couple of handouts regarding the City's debt. One handout was a recap of the longer version which talked about when the debt was issued, what it was used for and how long the loans were, etc. It also showed the government activities and the business-type activities. She discussed the handouts and the information provided.

Councilor Fleck asked about the interest rates for the loans and refinancing penalties.

Bert said it wasn't really an option to refinance, that the City received fairly good rates on the loans.

Councilor Munroe asked when the City did debt service, if they were combined or kept separate.

Bert advised that any time the City incurred debt, they were kept separate even if it was in the same department. It may show a transfer into the debt service fund to pay principal and interest but they were kept separate. She discussed changes that may occur with the next fiscal year audit.

Councilor Conrad asked about the two loans for Middlefield Golf Course.

Bert explained that the larger of the two was for the golf course and the smaller was for the residence, that they were required to purchase because it couldn't be subdivided.

Councilor Conrad asked what compensated absences was.

Bert said it was something the City had to consider as a liability, it was benefits that would be paid if employees used them, such as sick leave and gave an example.

Discussion was held on some of the outstanding loans and when they would be paid off. The SPWF water system improvement loan would be paid off in 2011 and the City shop loan would be paid off in December, 2013.

Councilor Munroe asked about the Row River Water Plant transfer and what was included in that transaction and if it was included or if the City was allocated a credit.

Public Works Director, Jan Wellman, said everything was turned over to them that existed and the City also gave them 14" pipe that the City had no use for. It was a credit and the City gave them the cash payment which was compensation for finding an alternate water source.

Discussion was held on the Row River Water transfer.

Staff took Council on a field trip to 3<sup>rd</sup> and Monroe to show them water pipes that were exposed to show the condition of the pipes. Councilor Clark joined the meeting at this time. Council reconvened in the Council Chambers at approximately 9:50 a.m.

Jan showed some slides of actual water repairs and the conditions that the City crew had to work

in to repair a broken water main. The slides showed the condition of the pipes, inside and out. There were also slides that showed areas in town where there was standing water indicating a leak below the surface.

Councilor Fleck asked if the City was going to continue to replace pipes as needed or look at sections of town and replace them.

Richard said that was one of the questions that the City Engineer, Ron Bradsby, would discuss in his presentation. It was something for Council to consider if they wanted to repair lines as they broke such as on Sweet Lane which the City had paid approximately \$50,000 over a 25 year period for repairs or if they wanted to replace it completely at a cost of approximately \$209,000.

Jan provided Council with a handout showing repair costs on Sweet Lane for water leaks which dated back to May, 1984 for a total of \$50,244.23.

Mayor Williams asked how many total employees worked in the water department.

Jan said four.

Richard said there were eight total employees and they work half time in water.

Mayor Williams said in a catastrophic failure and we needed to have all available water department public works employees available, what would that number be. Staff replied eight which didn't include wastewater staff or supervisory staff.

Jan said on major construction projects, the City contracted it out.

Discussion was held regarding city water projects.

Councilor Munroe asked if staff had a priority list of water projects.

City Engineer, Ron Bradsby, said in the budget staff proposed what they believed to be the water project priorities for the coming year. Then he and Jan went through that list and based on service and revenue and other factors eliminated projects. He said the City wasn't getting the money in to take care of the projects that needed to be completed. When only \$50,000 was transferred each year into the reserve fund, there were very few projects on the priority list that can be done with that amount of money.

Mayor Williams said what Ron was saying was that \$50,000 was only enough to cover emergency repairs, there was nothing left to complete projects on the priority list.

Ron said the City was falling farther and farther behind. He said as Richard pointed out in the operations fund, the City was making \$75,000 or so transfers into the water reserve to help pay for that. Surcharges were being collected to help pay for some of the projects, however some of that money was reserved for work equipment, vehicles, capital improvements, etc.

Ron provided Council with several maps. He first talked about a color coded map which showed the age of the City's water system and when water lines in Cottage Grove had been replaced. He discussed "useful life" a term used in engineering to determine how long a waterline should last, which was roughly 40-50 years.

The next was a water improvement map, with list attached, which showed the water priorities based on the 1998 Water Master Plan through FY 2029-30. Ron explained the map to Council. He said according to the estimated population growth and demand, the City would have a water storage capacity deficiency of over 3M gallons by the year 2018 for a population of 13,400.

Discussion was held on the locations of existing and proposed water reservoirs and pump stations.

Councilor Fleck asked Howard about the Sunrise Ridge Subdivision that had a reservoir plan, and the location of that on the map.

Councilor Conrad asked about the entry on the list of a new Taylor Avenue pump station and if it was the same as the one listed on the future conditions list where it was referred to as Taylor Avenue pump station replacement with back up generator. Ron said yes they were the same project. It was an existing station but was insufficient and didn't provide adequate fire flow and was undersized.

Councilor Fleck and Clark asked for clarification on which list Ron was working from.

Jon Stinnett from The Sentinel asked about what projects were budgeted for the current year and Ron said there was one project that was able to be completed with the current budget and it had been completed.

Ron continued with the list of priority water projects.

Councilor Conrad asked if the projects had been prioritized based on factors such as the need of repairs and the age of the existing pipes.

Ron said yes. He also took into consideration the total cost of all the priority projects, \$18+M, and spread that over the twenty year period which came to approximately \$1M a year, and tried to put in projects that totaled that amount each year. He said anything could go wrong at any time with anything in the system which would mean a project had to be set back in order to take care of the emergency project.

Councilor Munroe asked about #9 on the list, 12" on Main from R to M Street and if the infrastructure hadn't been redone recently on those streets.

Ron said two blocks of 10" line had been missed when that project was completed, therefore it needed to be upgraded to a 12" line on those blocks.

Mayor Williams said on EX-5 and EX-6 and “M” and “N” Streets that didn’t have curbs, gutters or sidewalks, one of the things that was important when the priority lists were looked at was to bring those streets up to City standards with possibly an LID and if the residents in that area weren’t agreeable, the City could say the infrastructure in the ground wouldn’t be done if the infrastructure on the surface wasn’t completed at the same time.

Richard said that would be a discussion after all the work sessions had been held to match up the priorities from each session.

Ron said he had tried to take that into consideration when he put together the priority list.

Councilor Fleck said he didn’t see the upgrades to the water treatment plant on the list.

Ron said it was included but would be at least one \$1M upgrade to the next package.

Councilor Fleck asked what it cost to drop a new package in.

Jan said it would be about \$1.5M with engineering and the next project would be about \$3.5M. When the Row River debt was paid off, new debt would be incurred to pay for the next 2M gallons of filters between the Row River Plant, which is about \$1.5M, finish the pipeline from Bryson Sears Road to Schwartz Park and the last part would be to upgrade the pump stations with backup generation security and upgrades.

Councilor Fleck asked if the dollars the City was planning to use were the current surcharge and re-establishing it, basically was it \$3 or \$6 that was going to drop off?

Jan said it was going to be \$6 that would come off for that whole debt but would basically be replaced and continued on. When the City built the original Row River Water Treatment Plant, they used a lot of City funds and only borrowed \$2M so there is only \$2M in debt on the plant that goes away in 2011 and the City was looking at preliminary costs somewhere between \$3.5-\$4.5M.

Councilor Fleck said the City must not have had the customer base back then because when looking at the water treatment plant, it was roughly \$1 per million to satisfy the debt requirement.

Jan asked if he was talking about the original plant?

Councilor Fleck said he was talking about the discussion whether to rebuild Lyang or go to Row which was in 2005 or 2006. He asked if there was going to be \$6M worth of upgrades?

Jan said it brings in the next 2 million gallons of filters which allowed the City to handle growth for the projected population. The City was in good shape at the current time. Some days in the summer months the City was using more water than produced and that was usually a wake up call to begin expanding the plants which were ready for growth in the future.

Councilor Fleck said part of that same study also talked about reservoirs versus upgrades. He talked about Salem's reservoir system and asked if Cottage Grove had looked at upgrades versus storage.

Jan said no, but that was another option, it could be looked at one of two ways. The City could create a lot of storage or could create upgrades to the production capacity, both should be done to be on the safe side. Salem was a much flatter area, they had more places where they could put reservoirs. Cottage Grove was fairly limited because of the topography. Reservoirs had to be located on high points so you could produce pressure. There was no land available which was a major cost to build storage tanks. The rules were to have 3-5 days of storage available and the City currently had a little over 1 day of storage in the summer months.

Councilor Fleck asked how many gallons the reservoir at Sunrise Ridge was going to be. Staff replied 1.25MG.

Councilor Munroe asked how much water was being lost overall, especially in the summer months with the swimming pool at the highschool?

Richard said the highschool pool in the previous year used about 4MG and this year it was 5MG. They typically would only need to use a little over 1.5MG, therefore they would be leaking close to 3-4MG of water year round.

Councilor Munroe said in reality if that went away, the storage problem wouldn't be so severe.

Richard said to a certain extent. You still had the calculations for fire flow, they were still going to be there even though that leak may be gone. It did give some additional capacity but it didn't help the flow for fire.

Councilor Fleck said in any event if the City had some major problem with the water treatment plant, the reservoir gave the City the ability to get by longer for repairs.

Jan said the City also had an aggressive flushing program due to dead end lines and they also flush fire hydrants and both of those used a lot of water.

Richard said the total water surcharge was \$6 for the original 1991 debt for the Row River Treatment Plant and then another \$6.45 for the 2004 improvements.

Discussion was held on the water debt.

Councilor Conrad asked about how the projects were listed and if the budget years to the right of the projects was when the project would be budgeted.

Ron said yes, however the projects were not in any priority order and there was some discretion as to move projects around as needed, it was his best guess on what projects he felt needed to be done and when.

Councilor Conrad said she understood that he was saying if you took the list and put it in priority as far as when it was budgeted, the ones listed for 2028/29 would be last on the list.

Richard said the list was prepared looking not just at the water line, it was looking at other improvements, other growth and development that goes on in the community. He used #3 on the list as an example of the 12 inch waterline on Cottage Grove Connector that may need to be completed when other projects on that road need to be completed as well. Also taken into consideration when preparing the list was the amount budgeted each year for improvements versus the cost of each of the improvements and balancing them.

Councilor Fleck said he was looking at the reservoir cost and asked if the developer was required to pay for part of that cost. Staff replied yes. He asked if the cost listed was the city's cost above what the developer was required to pay.

Ron said the cost listed was the total cost of the project and the developer would pay a portion of that cost.

Ron went through the list of future projects.

Councilor Fleck said he would like to reiterate when they look at a new package for Row River they also look at reservoirs.

Mayor Williams noted the footnote on the bottom of column one that said "yearly program to upsize all water lines less than 8 inches in diameter to 8 inch pipe that are not listed above."

Councilor Fleck asked where the repair equation fit into the list? Would the repair costs be in the budget?

Jan said repairs were in the water distribution budget, there were line items for repairs and when a project gets beyond the level of repair where replacement makes more sense, then it is moved to the capital budget.

Councilor Fleck said we were specifically looking at capital on the lists?

Jan said yes.

Councilor Fleck said he felt that when discussing the overall water budget, the whole package needed to be discussed, both capital and repair costs.

Discussion was held on what was included in the budget each year as far as capital projects and repair costs. It was also discussed what information was provided by FCS Group and how that tied in with the budget costs.

Mayor Williams asked about funding opportunities for water projects and if it was something the City should look into.

Richard said that money was just not available, the federal government was not funding the kind of water projects on the city's priority lists.

Bert said if a city had been responsible and paid their way and done what they should have done all along, the monies would be there.

Mayor Williams said as a matter of record that Cottage Grove had done a good job in the past and when people compared rates from one community to another, it could be that the other community had federal assistance when they built their project or they hadn't built it yet and a raise would be coming their way.

Richard said federal funding had gone away and any federal money now went to the State and was put into a revolving loan fund. The appropriation requests the City was putting in for were not high priority because they didn't create some kind of health hazard or difficulty that was caused by something beyond the City's control. They are very tight on those. You had to have some kind of major environmental issue going on as a result of failures or something beyond your control that created the problem to begin with.

Mayor Williams said that was why when comparisons were being made, that the reason the rates were as they are, was because of the issues and federal and state mandates, that every system was different.

Richard said the budget was put together based on what projects needed to be completed during the budget year and how they were going to be paid for. Then if the City should receive some kind of federal assistance, that would move other projects ahead.

Councilor Munroe recognized that Jon Stinnett was present from The Sentinel and he hoped that he would continue to attend the work sessions to get the word out to the citizens about the issues being discussed.

Councilor Conrad referred to the handout given to Council from FCS Group at the October 27th work session and suggested that the current population figure be used when determining the costs, etc. for the water projects.

Richard explained that the information being used was from the 1998 Water Master Plan, that the City hadn't done an update since then, and that was the population figure back then.

Councilor Conrad also suggested that in that same handout, the engineering costs they used were from a cost index for Seattle, which had a much higher cost of living than this area and that costs more associated with this area be used in figuring the cost of the projects.

Ron said he used the same index when figuring his costs.

Councilor Conrad said for the future planning they were estimating a population of 13,000 in the year 2018 and she wondered if that estimate was realistic for what we knew here today, that it

was a little high.

Ron said it was a little aggressive but all it would do was move projects back on the priorities list.

Councilor Conrad said some of council had some very good questions which should be compiled to make decisions regarding prioritizing.

Councilor Munroe said to spread it out like that and to say that we can wait because infrastructure doesn't need upgrading until the 13,000 population is recognized, was not going to save anything, it would cost more in the long run.

Councilor Conrad said she agreed but they also need to take into consideration the economic times. One of the big questions would be, we can put whatever rate we want on these fees but can the citizens afford those fees, and she thought that was one of the balancing priorities council must put forth in the decision making. Can people afford this now, can they delay some things and wait until the economic times are better in 2 or 3 years, that must be considered as well.

Discussion was held about the population estimate.

Councilor Gowing said the City needed to build for the future not for the needs right now.

Councilor Munroe said the City needed to take care of some of the infrastructure repairs now before a reservoir is built.

Jan handed out to Council a project billing sheet showing what the water break during the recent cold period cost.

Councilor Conrad asked if the priority list could be changed to list the projects in order.

Discussion was held regarding the priority list.

## **ADJOURNMENT**

There being no further business, Mayor Williams adjourned the work session of the City Council at 11:04a.m.

The next regular City Council Meeting will be held January 11, 2010, at 7:30 p.m. in the Council Chambers at City Hall.

---

Trudy Borrevik, City Recorder

---

Gary Williams, Mayor

