

WATER/WASTEWATER TASK FORCE MEETING

MINUTES

October 16, 2003
11:30 a.m. - 1:30 p.m.
Room 325 - Civic Center

1) **CALL TO ORDER**

The meeting was called to order by Councilor Wes Bennett, Task Force Chair.

2) **INTRODUCTIONS**

Introductions were made. Members, staff, and citizens were in attendance as noted below.

Members Present

Councilor Wes Bennett, Chair
Mayor Janet Taylor
Councilor Bruce Rogers
Jacque Moir, Keizer Councilor
Steven Anderson
Steve Travis
Charley Waters
JB Summers
Eleanor Miller
Jack Lowery

Members Absent

Councilor Dan Clem
Patti Milne, Marion County Commissioner
Wendy Kroger - resigned
Vacant, Polk County Commissioner
General Public Representative

Staff present included Tim Gerling (Public Works Director), Peter Fernandez (Assistant Public Works Director), Mike Gotterba (Emergency Management/Communications Coordinator), Dave Prock (Senior Project Manager), Ken Roley (Facilities Engineer), Ryuji Torihara (Management Analyst), Jon Ellis (Assistant Finance Director).

Also present were Rob Kissler (Keizer Public Works Director), Jerry Hansen (Keizer), and Craig Smith.

3) **CITIZEN INPUT**

No citizen input.

4) **MINUTES**

Minutes of September 18, 2003, meeting, were approved and adopted as written.

5) **COSA UPDATE**

a. Where we are

Peter Fernandez was introduced and stated that staff is continuing to work on the COSA, including several meetings with Debbie Galardi to go over all the allocations. Next month Debbie Galardi will be on the agenda to talk about the wet weather piece of the COSA. Wet weather is all of the pieces in the COSA related to inflow/infiltration, costs related to how stormwater is handled - it is a very important piece of the equation because the investment we are making in Willow Lake Water Pollution Control Facility is primarily related to addressing stormwater issues.

b. Commercial Subclasses

Ken Roley was introduced to present information on commercial subclasses. He handed out a brief history of the original classification system (file copy attached). He included how the proposed classification was established, why the Commercial Classification established for COSA needs to be reviewed, why a new approach is needed as part of the update to the COSA, examples of low/high strength, the classification questionnaire, and commercial account review for correct classification. He stated that they want to do a telephone survey or by site visit, but not on mail out basis because response to mail outs is much lower than by phone or site visit.

Charley Waters asked about exemptions for businesses that recycle, such as restaurants that recycle things such as produce (to farmers), etc.

There now is one commercial classification, but there are about seven or eight different basic categories. We are talking about having nine or ten categories at the most.

Peter stated that this is just one piece of the COSA before it all comes together.

6) **WATER MANAGEMENT MASTER PLAN UPDATE**

At this time, Peter introduced Dave Prock to present an update of the Water Management Master Plan. This is a two to five year effort to solidify water rights on the North Santiam River. Dave presented information contained in material distributed at this time (file copy attached). Tim stated that the reason the Task Force is involved in this is that, at some level water equals money. Depending

on the outcome and how successful we are with regulatory agencies at guaranteeing and securing our water rights, it is going to drive our ultimate financial plan in one direction or another. Something that could potentially change a lot of what is looked at in the master plans seemed like a natural to bring before this Task Force.

Dave provided an overview of the process and the key elements of each plan, along with project accomplishments. Jack Lowery asked about the formula used for growth - this comes from the Regional Transportation System Plan. He also asked about facilities for management, more holding areas. Tim Gerling responded that the Aquifer Storage and Recovery (ASR) system has been on line for a number of years. Councilor Rogers asked if the water is treated before it goes in and the response was yes.

Dave talked about accomplishments and regulatory compliance issues. Goals are 1) Preparing cost-effective, defensible Habitat Conservation Plan (HCP)/Environmental Impact Study (EIS); 2) Three-tiered project involvement; and 3) HCP coordination team. The HCP coordination team works with NOAA Fisheries and US Fish and Wildlife Service, it assures technical input and policy guidance from services throughout the process, and helps assure the NEPA document (EIS) is completed to the satisfaction of the services.

Charlie Waters asked about public meetings. Yes, there will be public meetings and stakeholder groups as well. He suggested that maybe notices could be posted on billings - make an announcement that this process is coming up. Tim explained that the billing system might not be appropriate with timeliness and that the website, newsletters, etc., will be used for public outreach.

Tim commented that a new approach is being used in dealing with the regulatory agencies. They have been invited to participate ahead of time. They were willing and realized this would be a give and take process.

Dave stated that with the Regulatory Advisory Committee, we are counting on them for technical and advisory input. Staff is expecting to meeting with them about eight times over the course of the study. We are looking at evening meetings with stakeholder interest groups - will probably meet about five times over the course of three to five months. JB questioned how this will be done differently so there is more participation. Dave stated that outreach will be done - advertising, invitations, etc. He spoke about the next steps which includes moving ahead with the HCP and formation of the Regulatory Advisory Committee. Starting up the stakeholder interest group meeting with a project overview. Will begin the NEPA scoping process, setting down the guidelines of how we are going to actually generate the RHCP. Most importantly, we will be starting the baseline environmental studies.

During the question and answer period, Steve Travis asked what the 20-year and 100-year projections are. Dave responded that for 2005, we are projecting 60 million gallon per day maximum demand. In 2025, increasing to about 77. The

100-year projections we are up close to actually about 160 million gallons per day. Tim stated that some of this is strategic, not a coincidence, but our water rights are up around 150 mgd. Staff is trying to perfect those water rights. With the updated transmission line, capacity is 125 mgd.

Steven Anderson requested periodic updates. Tim stated that yes, milestones will be brought back to the Task Force. Tim stated that some basic research will be funded. One reason is that you have to provide a systematic basis to justify the EIS which leads to the HCP, but also important is the rural myths in the fishing community about what the impacts of water withdrawals are or aren't at certain times of the year and we have to get a factual basis for decisions so that people in the regulatory agencies do not exercise their personal preferences at our expense.

Dave Prock continued the presentation with "Where do we go from here?" We are a year and a half to two years away from actually having this developed.

7) **FRANCHISE FEE**

a. History

Peter Fernandez presented a brief history, including the staff report to Council transferring the Water and Sewer Franchise fees back to the General Fund.

b. SOS Committee Recommendations

Peter gave an update on the eleven recommendations of the Save Our Street Committee to Council (file copy of memo to the Task Force attached). The first five recommendations deal with the need for a General Obligation Transportation Bond. The remaining recommendations focus on attaining sustained maintenance and operations funding through with franchise fees being brought back to streets from the General Fund. Keizer City Councilor Jacque Moir asked how this would affect Keizer. It would not. This is strictly a City of Salem charge.

There was discussion of meeting adequate maintenance at this time. There is some amount of heavy maintenance that we would attempt to put off onto some major street projects. You never really catchup. Councilor Rogers explained that in the process of coming up with recommendations, the SOS Committee first started at spreading out over five years and then changed to ten years. Other options looked at were a local tax. He commented that there are other staff people at high levels who see General Fund as the answer to all those needs. That is why we have

gotten where we are. Peter commented that this weaning process for Franchise Fees from the General Fund leaves a \$400,000 hole in the 04/05 budget if Council adopts this policy. Then next year another a \$900,000 hole, etc. Council will have to make some very hard choices - you either raise revenue or you make additional cuts. Steven Anderson said there is an equity issue - it helps that the whole City is contributing to streets. Peter stated that our worst enemy of streets is the City of Salem because 50 percent of the utility cuts that happen on our streets are made by us.

Jack Lowery questioned how much of the SDC's for new homes is the street portion for maintenance. The answer is "none." It is for building NEW capacity. The developer is putting in a local street, not the widened arterial a half mile down the road because all the people who live in the subdivision have to get to their jobs. A very large percentage of that money today is going to reimburse developers because they built for us. A full audit of fund distribution is done every year. It has been the only source of street capital money over the last four or five years because there is not enough coming in from gas tax. Can't even keep up with maintenance let alone any kind of street widenings or major reconstruction. The last street bond passed was 1995 and this year, we are spending the last of that money. Thirty to thirty percent of the SDC money is going to reimburse developers.

Examples of funding partnerships include the island extension on Mission which was completed by ODOT grant. At Lowe's, the developer paid for the widening and improvement to Mission Street. Home Depot was the same - all SDC money. Because there is not much money, we make good use of partnerships with developers.

Tim remarked that this group made a recommendation last year that City look at bringing water/sewer franchise fees back into street maintenance along with some other recommendations. So that is sort of the full history of the water and sewer franchise fees as we know it.

The repeal of the Streetscape Fee was the precipitating crisis that brought the SOS Committee to the forefront. We were down to being able to fund, in this fiscal year, a pothole crew and a sign repair crew, period. That is not a Streets Department. So we went to Council with two alternatives last year, one with Streetscape and one without. One of the recommendations to Council, which they took us up on, was if Streetscape goes down, we need some help from Council and we need a fast turnaround committee that can address immediate issues, get us through this fiscal year, and some mid-range ideas and then look at some long-term funding stability. The first one sort of got taken care of when the State raised all their fees and suddenly we had another million dollars that was not in anybody's projections. So that took care of the immediate need, but the Committee is looking at getting us healthy. There is still a lot

of work to do and the recommendation is for a multi-year process. The Big Picture report is only the beginning.

Tim talked about the issue circulating with some of the downtown boards and neighborhoods on various ideas of SDC exemptions for various entities such as downtown housing, historical buildings, trolley, etc. The downtown group is looking for ways to revitalize downtown. Should there be some sort of exemption or credit on all SDC's for, let's say, downtown housing. Don't know where it is going to go yet. There is a series of meetings scheduled and you will be informed as this goes forward. Some of the proposals have a lot of merit, some don't.

JB asked how many million short we are for next year across the board. Tim stated the five-year forecast is coming out soon and he does not have final numbers, but impression is that the General Fund shortfall is somewhere around one million. He also stated that the need is too great in Streets for reconstruction to try and set up a pay-as-you-go to do serious construction. JB stated that his concern is that the backlog gets bigger and bigger and sits on the back burner and no one talks about it or waves a flag about it and says we are serving you at this level, but these are the things we are not doing for you. Then when it catches up with us, we look back and boy that Council forty years ago sure stuck it to us. We have been doing that for at least 10 years.

Tim stated that that is some of what the Committee dealt with. We started with the concept of what level of service we want to be at. At the emergency level, they all go to gravel and then after that, we can't afford gravel, so we go to dirt.

Jack Lowery asked how much of the gas tax the City gets. Peter stated that roughly it is 50 percent to the state, 35 percent to the counties, and 15 percent to the cities. In the 15 percent, there is some taken off the top for certain programs and the remainder is divided per capita. Our share of state gas tax has been basically stagnant at around \$5 - 5.4 million a year for the last few years. Tim explained where that money goes so that the City ends up with under \$3 million that is actually used for street maintenance.

Steve Travis stated that the processors need to understand more about the COSA. Peter stated that the next meeting is a big one for the processors because we will be going through the whole I&I piece. Steve introduced Craig Smith and stated that his role will be continue to work with the City to take time to go into the COSA and really understand what it is and the parameters - he will pull strings for alternate funding or in getting whatever help for the City from the food processors.

Councilor Bennett thanked staff for all the work being done. Councilor Rogers stated that the Franzen tour was very worthwhile.

8) **ADJOURN**

Meeting adjourned at 1:00 p.m. Next meeting will be November 20.

These minutes are transcribed from notes and the tape recording of the Task Force meeting on October 16, 2003, as an overview of the meeting. They are not verbatim. Any attachments are to the file copy only.

Linda Nelson, Staff Assistant II
November 13, 2003

Attachments (file only):

- Attendance Sheet
- COSA - Commercial Classification
- Water Management Plan

Minutes were adopted as written at the November 20, 2003, meeting of this task force.