

# Council Study Session

October 15, 2018

<b>Agenda Item</b>	Master Planning, Capital Improvements and the Budget Process	
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<b>Item Type</b>	Requested by Council <input checked="" type="checkbox"/> Update <input type="checkbox"/> Request for Direction <input type="checkbox"/> Presentation <input checked="" type="checkbox"/>	

## SUMMARY

This is Meeting #3 to review the first year of the Biennium and also a look ahead for the last year of the Biennium. The focus of the third meeting is a continuation of the Capital discussion.

The relationship between enterprise funds, master planning, and transitions to capital improvement plans and on to budgeting is often a mystery or at best not always easily understood. This item will update the council on the current status of the approved 2017-19 Biennium Budget (BN) Capital Improvement Plan (CIP), provide a link to the master planning and longer range CIP as we begin to look forward to the 2019-21 BN.

## POLICIES, PLANS & GOALS SUPPORTED

*City Council:*

- 2.1 *Engage community in a conversation about core services, desired service levels and funding mechanisms*
21. *Be proactive in using best practices in infrastructure management and modernization.*
  - 21.3 *Re-examine and review master plans and SDCs on a regular basis*
22. *Prepare for the impact of climate change on the community.*

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

## BACKGROUND AND ADDITIONAL INFORMATION

After the BN 2017/19 Budget process the City Council formed an Ad-hoc Budget Process Committee to review how to improve the budget process. The Ad-hoc Committee recognized a need for continued budget discussion and planned to meet through the “off-year”.

This is the third meeting in the series to review the fiscal year of the Biennium and look ahead to the second year. The focus of the meeting will be to review the City’s Capital Improvement Program and also discuss how the Master Plans for the utilities guide the CIP.

There was a different policy direction in the last Biennium Budgeting process in regards to Capital Projects. The budget included the full cost of the project, instead of the portion to be spent during the Biennium. The most extreme examples of this are circled in red in the tables below. The next Biennium Budget will again include a 6-year CIP, which was not presented in the BN 2017/19 Budget, and then only appropriate the anticipated cost of the projects for the two years. In other words, only the anticipated cost of the project to be completed during BN 2019/21 will be included in the budget.

The City utilizes master plans to ensure the utilities are able to accommodate growth and to keep the systems operational, without the need for major maintenance. The master plans allow for a long term plan to be developed and plans for the lowest responsible costing for infrastructure. The master plans assess the existing systems, set level of service goals, review future demand, develop a plan for capital improvements, operations, and ultimately provide a rate structure to adhere to the plan.

Utilizing Master Plans allow for a long-term view of utility operations and reduce the long-term cost, by keeping the infrastructure maintained. The plans provide a rate structure to ensure the needs of each system are met. The Master Plans smooth the cost of the operations over a longer term and help offset large yearly increases in rates. The Master Plans financial elements also provides proposed financing options for projects. If a project is anticipated to be debt financed, then the debt payments are included in the analysis of rates.

The presentation for the meeting will include the anticipated amount for each project. The following charts break down the Capital Projects by Fund and also display the anticipated amount to be spent by July 1, 2019, along with the actual year to date expenditure.

Wastewater:

STATUS *	PROJECT NAME	ADOPTED	anticipated	ACTUAL
		BN 2017-19		BN 2017-19
	<b>Wastewater Treatment Plant</b>			
■	Outfall Relocation / Fish Screen	\$660,000	\$620,000	\$480,616
■	Shading (Capital Cost + first 6 years of O&M)	\$1,262,000	\$300,000	\$28,000
■	Oxidation Ditch Shell	\$5,020,000	\$50,000	\$0
■	RAS Pump Replacement	\$122,000	\$120,000	\$0
	<b>Subtotal Treatment Plant</b>	<b>\$7,064,000</b>	<b>\$1,090,000</b>	<b>\$508,616</b>
	<b>Wastewater Collection System</b>			
■	Wastewater Line Upsizing - 18" & 24" Parallel Trunkline along Bear Creek	\$1,424,000	\$0	\$0
■	Wastewater Line Replacement; 15" Main - Mountain Avenue	\$141,000	\$140,000	\$0
■	Grandview Pump Station Replacement	\$697,000	\$505,000	\$504,823
■	Wastewater Line Replacement; 15" Main - A Street	\$600,000	\$100,000	\$0
	<b>Subtotal Collection System</b>	<b>\$2,862,000</b>	<b>\$745,000</b>	<b>\$504,823</b>
	<b>WASTEWATER TOTAL</b>	<b>\$9,926,000</b>	<b>\$1,835,000</b>	<b>\$1,013,439</b>

Water Fund:

The Water Fund Budget included over \$30 million in capital projects, with only \$5.6 million anticipated to be spent in the Biennium. The difference in amounts does not reflect an increased in available cash for the Water Fund. Several of the projects listed will be funded by grants or loans. Until the project is started the money to complete will not be received. For example, the City has a roughly \$15 million loan for the Water Treatment Fund. However, the loan will not provide any funds to the City until the project has started.

STATUS	PROJECT NAME	ADOPTED BN 2017-19	anticipated	ACTUAL BN 2017-19
	<b>Water Supply</b>			
	Ashland (TID) Canal Piping: Starlite to Terrace Street	\$1,452,000	\$600,000	\$123,851
	TID Terrace St Pump Station Improvements	\$650,000	\$910,000	\$193,414
	Reeder Reservoir Access Road TMDL Compliance	\$116,000	\$0	\$0
	East & West Fork Transmission Line Rehabilitation	\$309,000	\$103,000	\$0
	Ashland Creek West Fork Bridge Construction	\$129,000	\$10,000	\$0
	Sediment TMDL in Reeder Reservoir	\$120,000	\$0	\$0
	<b>Subtotal Water Supply</b>	<b>\$2,776,000</b>	<b>\$1,623,000</b>	<b>\$317,266</b>
	<b>Water Treatment &amp; Storage</b>			
	7.5 MGD Water Treatment Plant	\$23,306,000	\$900,000	\$367,674
	Permanganate Feed Facility Study & Implementation	\$316,000	\$316,000	\$300,000
	<b>Subtotal Water Treatment &amp; Storage</b>	<b>\$23,622,000</b>	<b>\$1,216,000</b>	<b>\$667,674</b>
	<b>Water Distribution</b>			
	Park Estates Pump Station/Loop Road Reservoir Alternatives	\$2,604,000	\$1,991,000	\$482,093
	Granite Reservoir Valving	\$127,000		\$0
	Radio Read Meter Program	\$126,000	\$125,000	\$25,000
	<b>Subtotal Water Distribution</b>	<b>\$2,857,000</b>	<b>\$2,116,000</b>	<b>\$507,093</b>
	<b>Water Mainline Projects</b>			
	Siskiyou Boulevard - Crowson Road south towards I-5 Exit 11	\$175,000	\$175,000	\$0
	Oak Street - Nevada to Bear Creek Bridge	\$273,200	\$275,000	\$0
	Grandview Drive - Skycrest Dr to Ditch Rd	\$131,250	\$50,000	\$0
	Ivy Lane - Morton Street to west end of Ivy Lane	\$357,000		\$0
	Ivy Lane - South Mountain to FH-16AD-038	\$103,000	\$73,000	\$72,333
	A Street - 1st St to 6th St	\$155,000	\$50,000	\$0
	Misc Water Line Projects (in-house crews)	\$49,700	\$50,000	\$0
	<b>Subtotal Water Mainline Projects</b>	<b>\$1,244,150</b>	<b>\$673,000</b>	<b>\$72,333</b>
	<b>WATER TOTAL</b>	<b>\$30,499,150</b>	<b>\$5,628,000</b>	<b>\$1,564,366</b>

Electric:

	ADOPTED BN 2017-19	ANTICIPATED expenditures	ACTUAL BN 2017-19
<b>ELECTRIC DEPARTMENT</b>			
Install New Services & Infrastructure: Cost include new transformers, switch cabinets, poles and conductors to service new development	\$600,000	\$348,000	\$148,000
Electric Utility Upgrades: Cost for repairs and replacement of aging infrastructure identified during routine inspections	\$200,000	\$200,000	\$100,000
SCADA Improvements, Routine Maintenance, Liscensing and Upgrades	\$39,000	\$115,400	\$15,400
MAS Design Review and Purchase Study: feasibilty for City ownership, valuation of substation, and ROI	\$55,000	\$0	\$0
New Distrbution Buss at Ashland Substation	\$0	\$0	\$0
Purchase of Mountain Ave Substation	\$0	\$0	\$0
Mountain Ave and Ashland Substation Interite Engineering Study and Benefit Analysis	\$75,000	\$75,000	\$0
<b>ELECTRIC</b>	<b>\$969,000</b>	<b>\$738,400</b>	<b>\$263,400</b>

Transportation:

STATUS *	PROJECT NAME	ADOPTED	anticipated	ACTUAL
		BN 2017-19		BN 2017-19
	<b>Roadway</b>			
	Railroad Crossing Improvements; Hersey & Laurel	\$450,000	\$50,000	\$34,995
	Independent Way - Washington St to Tolman Creek Rd (design const only)	\$1,590,000	\$500,000	\$100,800
	N. Main Refuge Island	\$80,000	\$80,000	\$0
	East Nevada Street Extension	\$6,494,400	\$0	\$0
	Grandview Drive Improvements - Phase II	\$350,000	\$0	\$0
	City Wide Chip Seal Project	\$93,404	\$0	\$0
	<b>Subtotal Roadway</b>	<b>\$9,057,804</b>	<b>\$630,000</b>	<b>\$135,795</b>
	<b>Street Improvements/Overlays per Pavement Management System</b>			
	Overlay/Partial Rebuild - N Mountain Avenue - Hersey to I-5	\$840,000	\$40,000	\$4,495
	Overlay - Wightman Street - Quincy to Siskiyou	\$225,000	\$25,000	\$630
	Repave/Rebuild - Hersey Street - N. Main to N. Mountain	\$4,000,000	\$600,000	\$189,155
	Overlay/Partial Rebuild - N Mountain Avenue - E.Main to R/R Tracks	\$200,000	\$20,000	\$0
	<b>Subtotal Street Improvements/Overlays</b>	<b>\$5,265,000</b>	<b>\$685,000</b>	<b>\$194,280</b>
	<b>Sidewalk/Pedestrian</b>			
	Hersey Street - N Main Street to Oak Street (CMAQ)	\$250,000	\$50,826	\$50,826
	Downtown ADA Ramp Replacement	\$88,950	\$25,000	\$8,068
	N Main Street RRFB Installation - Nursey Street & Van Ness Avenue	\$75,000	\$75,000	\$0
	Mountain Avenue RRFB Installation - Fair Oaks Avenue	\$40,000	\$40,000	\$0
	A Street - Oak Street to 100' west of 6th Street	\$155,000	\$50,000	\$0
	<b>Subtotal Sidewalk/Pedestrian</b>	<b>\$358,950</b>	<b>\$240,826</b>	<b>\$58,894</b>
	<b>Bicycle</b>			
	Downtown Super Sharrows	\$100,000	\$50,000	\$0
	<b>Subtotal Bicycle</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>
	<b>TRANSPORTATION TOTAL</b>	<b>\$14,781,754</b>	<b>\$1,555,826</b>	<b>\$388,968</b>

Other Projects:

OTHER PROJECTS										
PW Project #	PROJECT NAME	PROPOSED BN 2017-19	ANTICIPATED	ACTUAL BN 2017-19	DESIGN START	DESIGN COMP	CONST START	CONST COMP	Consultant/Support Point of Contact	
	<b>Transportation</b>									
2016-31	Transit Feasibility Study	\$99,394	\$100,000	\$48,515	X		na	na	Nelson Nygaard	
2018-07	Transportation/Wastewater SDC Update (sewer)	\$60,000	\$40,000	\$29,235	X	X			Galaraj/Kittleston	
	<b>Water Supply</b>									
	Water Master Plan	\$315,976	\$315,000	\$226,579	X		na	na	RH2	
	FERC Dam Engineer	\$80,686	\$100,000	\$76,537	X		na	na	Bob Willis	
	FERC Part 12 IC Inspection/PFMA Updates	\$0	\$20,000	\$0	X		na	na	AECOM	
2018-15	FERC Part 12 (2018)	\$97,500	\$80,000	\$27,309	X		na	na	Cornforth	
2018-17	Sediment Removal of East and West Fork	\$0		\$0						
	<b>Water Conservation</b>									
PO	Gilligan's Island Landscape and Irrigation Maintenance	\$4,000	\$4,000	\$4,000	na	na	X	X	Carols Colors	
	DSS Water Conservation Model (part of the Water Master Plan)	--	--	--					Maddaus	
	<b>Wastewater Treatment Plant</b>									
2018-31	WWTP Facilities Optimization	\$0	\$50,000	\$0			na	na		
	<b>Storm Drain</b>									
2015-11	Storm Water Master Plan	\$250,000	\$227,146	\$94,443	X		na	na	Kennedy Jenks	
2016-29	Stormwater Sediment Trap Dredging	\$70,000	\$51,185	\$51,185	na	na	X	X	Mason Bruce & Gurrard	
	<b>Airport</b>									
2014-21	Airport Master Plan - ALP Update	\$341,793	\$340,000	\$235,287	X		na	na	Century West	
2016-21	Airport Tree Trimming	\$53,100	\$25,000	\$13,001	na	na	X		Frison Tree Service	
2018-22	FBO Restrooms Update	\$25,000	\$25,000	\$0						
	<b>Administration - City Facilities</b>									
2017-06	Pioneer Hall Architectural/Engineering Design	\$55,320	\$40,024	\$40,024	X	X	na	na	Ennis / Marquess	
2016-23	Police Department Generator Replacement Engineering and Construction	\$100,746	\$91,404	\$91,404	X	X	X	X	Cummins Northwest	
2018-14	Engineering Workspace Reconfiguration	\$30,000	\$30,000	\$0	X	X	X			
2009-07	Gun Club Wetland Mitigation	\$347,704	\$350,000	\$254,043	X	X	X		CEC/TOL/Henderson	
2017-03	Pioneer Parking Lot Wall Improvement Design and Construction	\$73,810	\$70,000	\$10,623	X				Covey Pardee/Ciota	
2016-22	Butler Bandshell Repair and Improvement	\$70,000	\$67,260	\$67,260	X	X	X	X	ACE Eng/Vitus	
2018-12	City Hall Architectural/Engineering Concepts, Design, Const	\$97,085	\$97,085	\$4,876	X				ORW	
		\$2,172,114	\$2,123,104	\$1,274,322						

## **FISCAL IMPACTS**

This Fiscal Impact of the Capital Project Program has been included in the Budget and has no additional impact to the community.

## **DISCUSSION QUESTIONS**

This is a review of the current Capital Improvement Program and Staff is willing to answer any questions.

## **SUGGESTED NEXT STEPS**

Meet to discuss the Cost Allocation Plan and 6-Year Capital Improvement Plan. These will hopefully be scheduled in the next several months as they are completed.

## **REFERENCES & ATTACHMENTS**

June 18<sup>th</sup> Study Session ([link](#))

August 20<sup>th</sup> Study Session ([link](#))

### **Links to Currently Adopted Plans:**

- Comprehensive Water Master Plan – 2012 ([link](#))
- Water Management and Conservation Plan – 2013 ([link](#))
- Comprehensive Sanitary Sewer Master Plan – 2012 ([link](#))
- Storm Water and Drainage Master Plan – 2000 ([link](#))
- Transportation System Plan (TSP) – 2013 ([link](#))
- Airport Layout Plan (ALP) – 2005 ([link](#))
- Electric Department 10 Year Planning Study ([link](#))