



**CITY COUNCIL STUDY SESSION
DRAFT MINUTES**
Monday, October 15, 2018
Council Chambers, 1175 E. Main Street

Mayor Stromberg called the meeting to order at 5:30 PM.

Members present:

Budget Committee Members: Paula Hyatt, Pamela Lucas, Garrett Furuchi, and Shane Hunter.

Council Members: Slattery, Morris, Bachman, Seffinger, Rosenthal and Jensen.

I. Public Input (15 minutes, maximum)

None.

II. Master Planning, Capital Improvements and the Budget Process

City Administrator Kelly Madding gave a Staff report.

Administrative Services Director Mark Welch discussed Master Plans.

Public Works Director Paula Brown went over a PowerPoint (*see attached*).

Items discussed were:

- Master Plans.
- Water Fund.
- Wastewater Fund.
- Transportation Fund.
- Storm Drain Fund.
- Facilities Maintenance Fund.
- Electric Fund.

The Study Session was adjourned at 7:10 PM

Respectfully submitted by:

City Recorder Melissa Huhtala

Attest:

Mayor Stromberg

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Administrator's office at (541) 488-6002 (TTY phone number 1-800-735-2900). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title I).

Developing Master Plans Enterprise Funds and the City's Capital Improvement Program



Paula C. Brown, Public Works Director

Thomas McBartlett III, Interim Director of Electric

Value of Master Plans



2

- Provide the framework for future improvements to accommodate growth and to keep the system from falling into unsafe repair deficiencies
 - Prioritize improvements on a 20 year outlook (not 2 year budget cycle)
- Define significant system repairs/replacements
 - Will include projects that may be capitalized
 - Will help to provide “just in time” improvements/rehabilitation so infrastructure systems do not fail
 - Allows lowest responsible costing for infrastructure systems
- Verify or determine deficiencies in operational requirements and staffing
- Ensure adequacy in meeting regulatory compliance concerns
- Include financing strategy: rate evaluation and SDC component
 - Final capital projects lists are financially constrained and balanced with anticipated funds
- Review master plans on a regular cycle to verify impact of recent development and system improvements

Elements of Master Planning



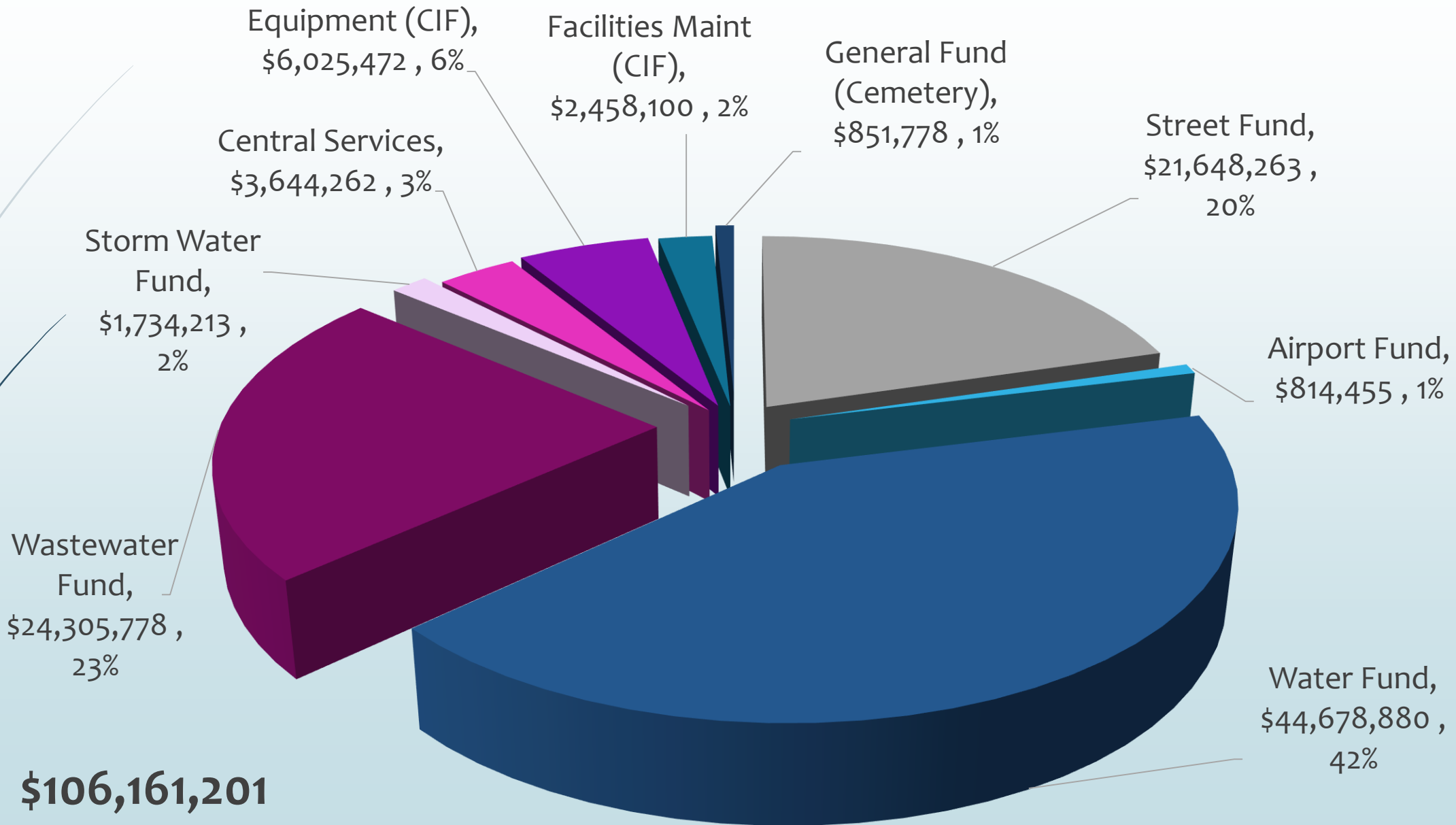
3

- ✓ Assessment of Existing System Conditions
- ✓ Level of Service Goals
 - ✓ Plans and Policy Level Decisions
- ✓ Population/Demand Projections (typically a 20 year planning period)
- ✓ System Component Analysis
 - ✓ Water: sources, treatment, distribution, conservation
 - ✓ Transportation: roadway, bike, pedestrian, transit, rail, other
 - ✓ Wastewater: collection, treatment
 - ✓ Stormwater: collection piping and detention capabilities
 - ✓ Electric: service levels, reliability and rates
- ✓ Capital Improvements Plan
- ✓ Operations, Maintenance, Regulatory Impacts
- ✓ Financial Analysis
 - ✓ Revenue Stability
 - ✓ Rate Structure
 - ✓ SDC (future capacity)
 - ✓ Staffing

Public Works BN 2017-19 Approved Budget



4



Water Fund – Master Plan



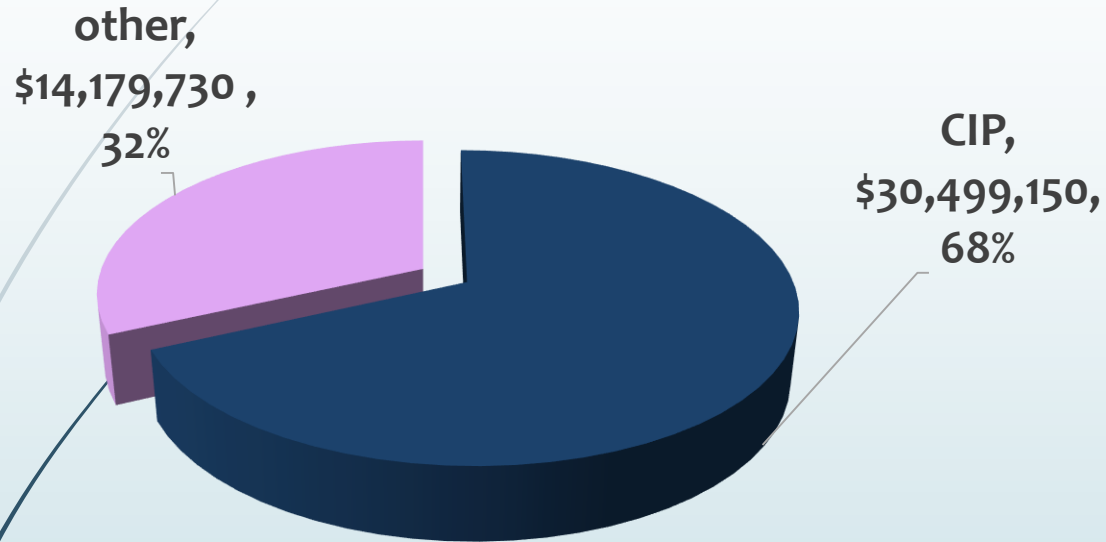
5

- Current Plan:
 - Comprehensive Water Master Plan
 - Adopted in 2012, Carollo Engineers
 - Water Management and Conservation Plan
 - Completed 2013, City Staff
- Update
 - In Progress
 - RH2 Engineering
 - Includes update to the conservation modeling by Maddaus
 - Will be complete by June 2019
 - Plan delayed as staff completes Phase 1 for the new Water Treatment Plant which will drive cost projections and ancillary improvement needs
- Regulatory Requirements
 - Oregon Department of Human Services through Oregon Administrative Rules (OAR) Chapter 333, Division 061, Public Water Systems



Water Fund – CIP (BN 2017-19)

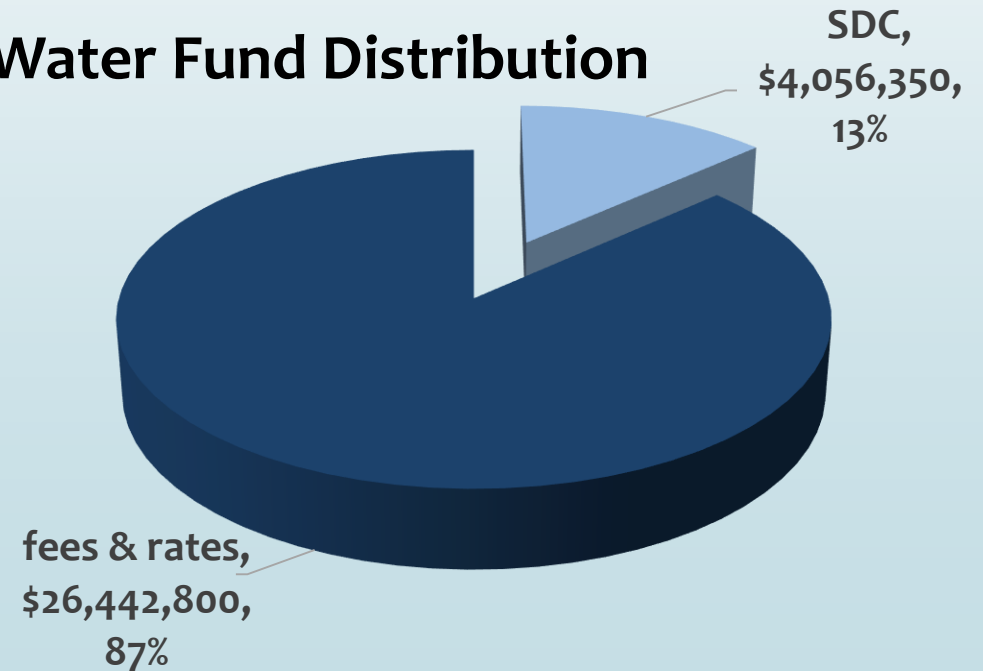
Water Fund Total \$44,678,880



Other:

- ✓ Operations
 - ✓ Personnel
 - ✓ Material and services
 - ✓ Includes professional services; FERC, etc.
- ✓ Debt Services

CIP Water Fund Distribution



Water Fund – CIP (BN 2017-19)



7

PROJECT STATUS CODES

- progress on schedule
- delayed somewhat
- significant delays
- completed

Multi-year project; likely 6 years; ties several projects together

Balance contracted jobs with PW work force capabilities

| STATUS | PROJECT NAME | ADOPTED BN 2017-19 | anticipated | ACTUAL BN 2017-19 |
|---------------------------------------|---|-----------------------|--------------------|----------------------|
| | Water Supply | | | |
| ■ | 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 |
| | Subtotal Water Supply | \$2,776,000 | \$1,623,000 | \$317,266 |
| | Water Treatment & Storage | | | |
| ■ | 7.5 MGD Water Treatment Plant | \$23,306,000 | \$900,000 | \$367,674 |
| ■ | Permanganate Feed Facility Study & Implementation | \$316,000 | \$316,000 | \$300,000 |
| | Subtotal Water Treatment & Storage | \$23,622,000 | \$1,216,000 | \$667,674 |
| | Water Distribution | | | |
| ■ | 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 |
| | Subtotal Water Distribution | \$2,857,000 | \$2,116,000 | \$507,093 |
| | Water Mainline Projects | | | |
| ■ | 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 |
| | Subtotal Water Mainline Projects | \$1,244,150 | \$673,000 | \$72,333 |
| | WATER TOTAL | \$30,499,150 | \$5,628,000 | \$1,564,366 |

Wastewater Fund – Master Plan



8

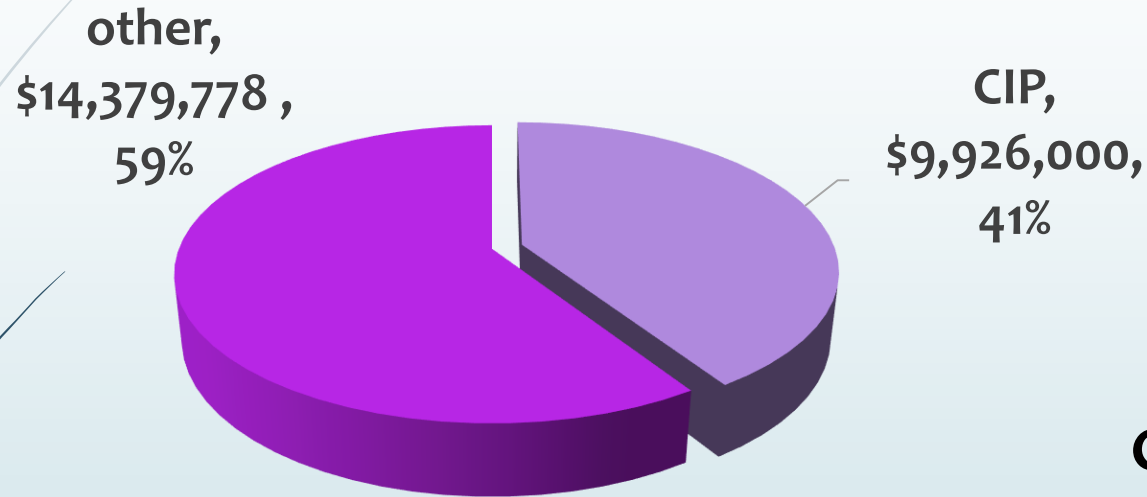
- ▶ **Current Plan:**
 - ▶ Comprehensive Sanitary Sewer Master Plan
 - ▶ Adopted in 2012, Keller Associates
 - ▶ Wastewater Facilities Plan
 - ▶ completed 2014, Keller Associates
- ▶ **Update**
 - ▶ A facilities plan update and efficiency assessment is out for proposals
 - ▶ Should be awarded in November 2018
 - ▶ Will be complete by August 2019
 - ▶ Will assess Wastewater Treatment Plant hydraulic and mechanical systems and assess the timing and need for the 3rd oxidation ditch
 - ▶ Planning for collection system plan update in BN 2019-21 (2nd year)
- ▶ **Regulatory Requirements**
 - ▶ Oregon Department of Environmental Quality (DEQ) is the regulatory agency through Oregon Administrative Rules (OAR) Chapter 340

Wastewater Fund – CIP (BN 2017-19)

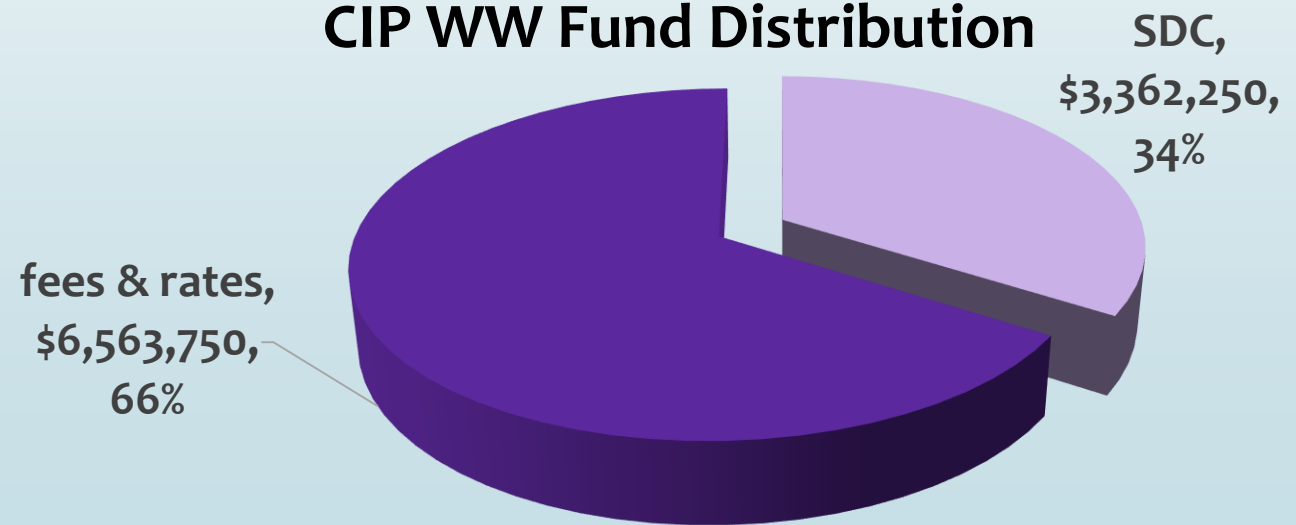


9

Wastewater Fund Total \$24,305,778



CIP WW Fund Distribution



Wastewater Fund – CIP (BN 2017-19)



assessing timing and need with new Facilities Update

| STATUS * | PROJECT NAME | ADOPTED | anticipated | ACTUAL |
|----------|--|--------------------|--------------------|--------------------|
| | | BN 2017-19 | | BN 2017-19 |
| | Wastewater Treatment Plant | | | |
| ■ | 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 |
| | Subtotal Treatment Plant | \$7,064,000 | \$1,090,000 | \$508,616 |
| | Wastewater Collection System | | | |
| ■ | 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 |
| | Subtotal Collection System | \$2,862,000 | \$745,000 | \$504,823 |
| | WASTEWATER TOTAL | \$9,926,000 | \$1,835,000 | \$1,013,439 |

PROJECT STATUS CODES

- progress on schedule
- delayed somewhat
- significant delays
- completed

Transportation (Street Fund) – Master Plan



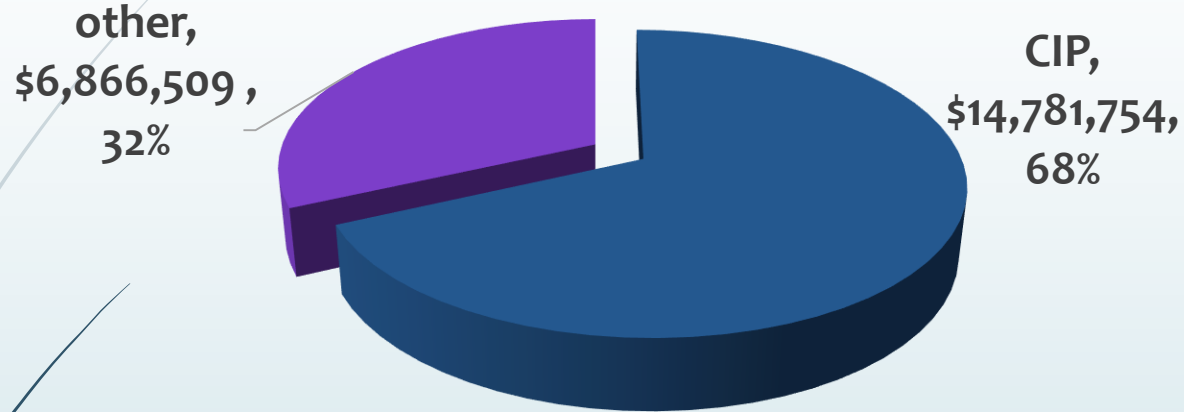
11

- Current Plan:
 - Transportation System Plan (TSP)
 - Adopted in 2013, Kittleson & Associates, Inc.
 - Wastewater Facilities Plan
 - completed 2014, Keller Associates
- Update
 - Transit Feasibility Study being completed by Nelson Nygaard
 - Should be complete by June 2019
 - Coordinated with the MPO and RVTD
 - Planning for full Transportation System Plan update in BN 2019-21 (2nd year)
 - Coordinate with the Transportation Growth Management Grant that will be awarded in 2019
- Regulatory Requirements
 - Oregon Department of Transportation and Department of Land Conservation and Development through Oregon Administrative Rules (OAR) Chapter 660

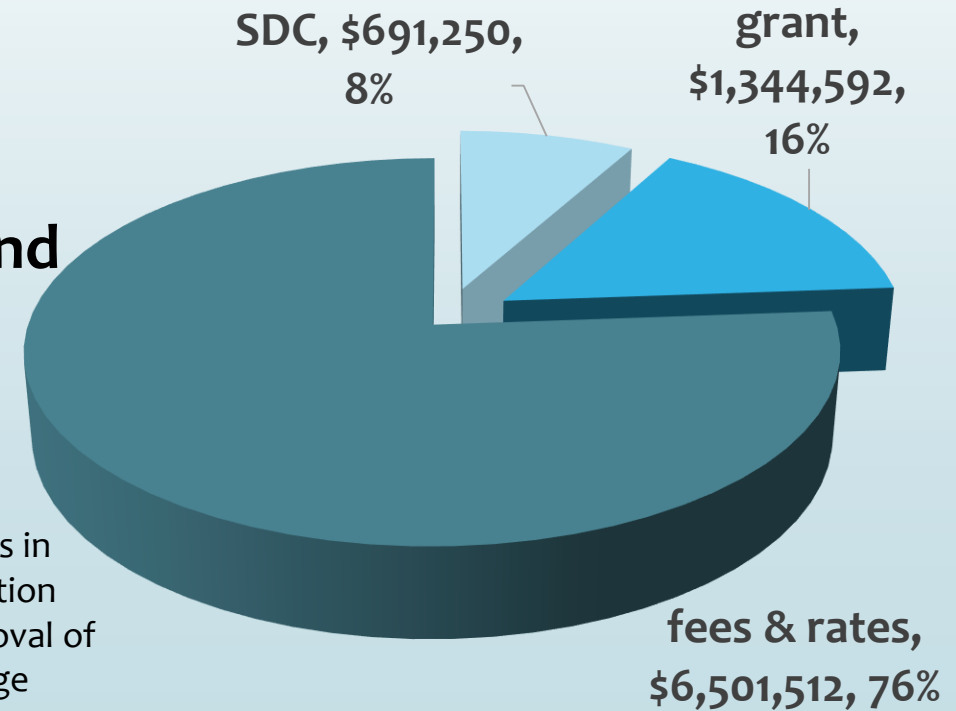
Transportation (Street) Fund – CIP (BN 2017-19)



Street Fund Total \$21,648,263



CIP Street Fund Distribution



Please note: the totals in the CIP Fund Distribution chart reflect the removal of the East Nevada Bridge project costs

Transportation (Street) Fund – CIP (BN 2017-19)

PROJECT STATUS CODES

- progress on schedule
- delayed somewhat
- significant delays
- completed

Council removed from this BN will reconsider timing with TSP update

Construction will continue into BN 2019-21

| * STATUS | PROJECT NAME | ADOPTED BN 2017-19 | anticipated | ACTUAL BN 2017-19 |
|-------------|--|-----------------------|--------------------|----------------------|
| | Roadway | | | |
| ■ | 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 |
| | Subtotal Roadway | \$9,057,804 | \$630,000 | \$135,795 |
| | Street Improvements/Overlays per Pavement Management System | | | |
| ■ | 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 |
| | Subtotal Street Improvements/Overlays | \$5,265,000 | \$685,000 | \$194,280 |
| | Sidewalk/Pedestrian | | | |
| ■ | 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 |
| | Subtotal Sidewalk/Pedestrian | \$358,950 | \$240,826 | \$58,894 |
| | Bicycle | | | |
| ■ | Downtown Super Sharrows | \$100,000 | \$50,000 | \$0 |
| | Subtotal Bicycle | \$100,000 | \$0 | \$0 |
| | TRANSPORTATION TOTAL | \$14,781,754 | \$1,555,826 | \$388,968 |

Strom Drain Fund



14

- ▶ **Current Plan:**
 - ▶ Storm Water and Drainage Master Plan
 - ▶ Adopted in 2000, Tetra Tech/KCM
- ▶ **Update**
 - ▶ Update to the SW and Drainage Master Plan began in 2017 by Kennedy Jenks
 - ▶ Should be complete by June 2019
 - ▶ City staff completing filed work for modeling
- ▶ **The Storm Water Fund was created in 2017**
 - ▶ No current CIP projects are in the financially constrained plan
- ▶ **Regulatory Requirements**
 - ▶ Oregon Department of Environmental Quality (DEQ) through a NPDES Municipal Separate Storm Sewer System (MS4) Discharge Permit based on the Bear Creek Watershed TMDL limits

Facilities Maintenance - Master Plan



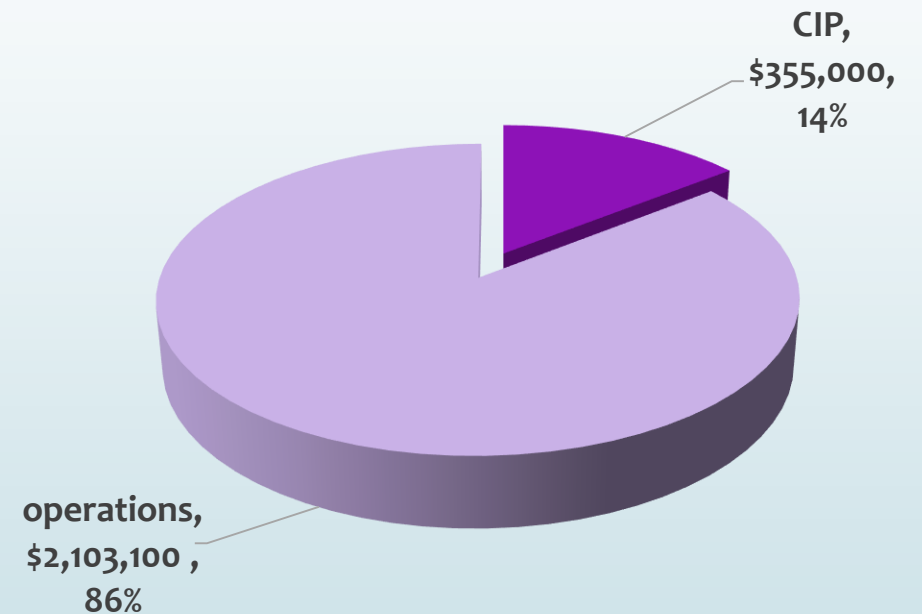
15

- Current Plan:
 - Facilities Master Plan and Space Needs Analysis
 - Completed June 2008, ORW
 - Intended as a guide for effective use of City facilities
- Update
 - City Hall Decision
 - ORW 2018
 - Should be complete by March 2019
 - Should complete a full facilities review in BN 2019-21
- Regulatory Requirements
 - Building Code
 - City Council

Facilities Maintenance Capital Improvements Fund (BN 2017-19)

- Expenditures
 - Utilities; all City Buildings
 - Janitorial
 - Operations and Maintenance
 - Smaller “capitalizable” projects
- Revenues
 - Internal charges
 - Use of facility charges; space and all utilities
 - Parks uses some SDCs
 - Grants (if appropriate)

Facilities Maintenance
(Capital Improvement Fund)



PROJECT STATUS CODES
■ progress on schedule
■ delayed somewhat
■ significant delays
■ completed

| | Administration - City Facilities | | | |
|---------|---|-----------|-----------|-----|
| 2018-27 | City Facility Upgrades & Maintenance | \$355,000 | \$300,000 | \$0 |
| | ADMINISTRATION - FACILITIES TOTAL | \$355,000 | \$0 | \$0 |

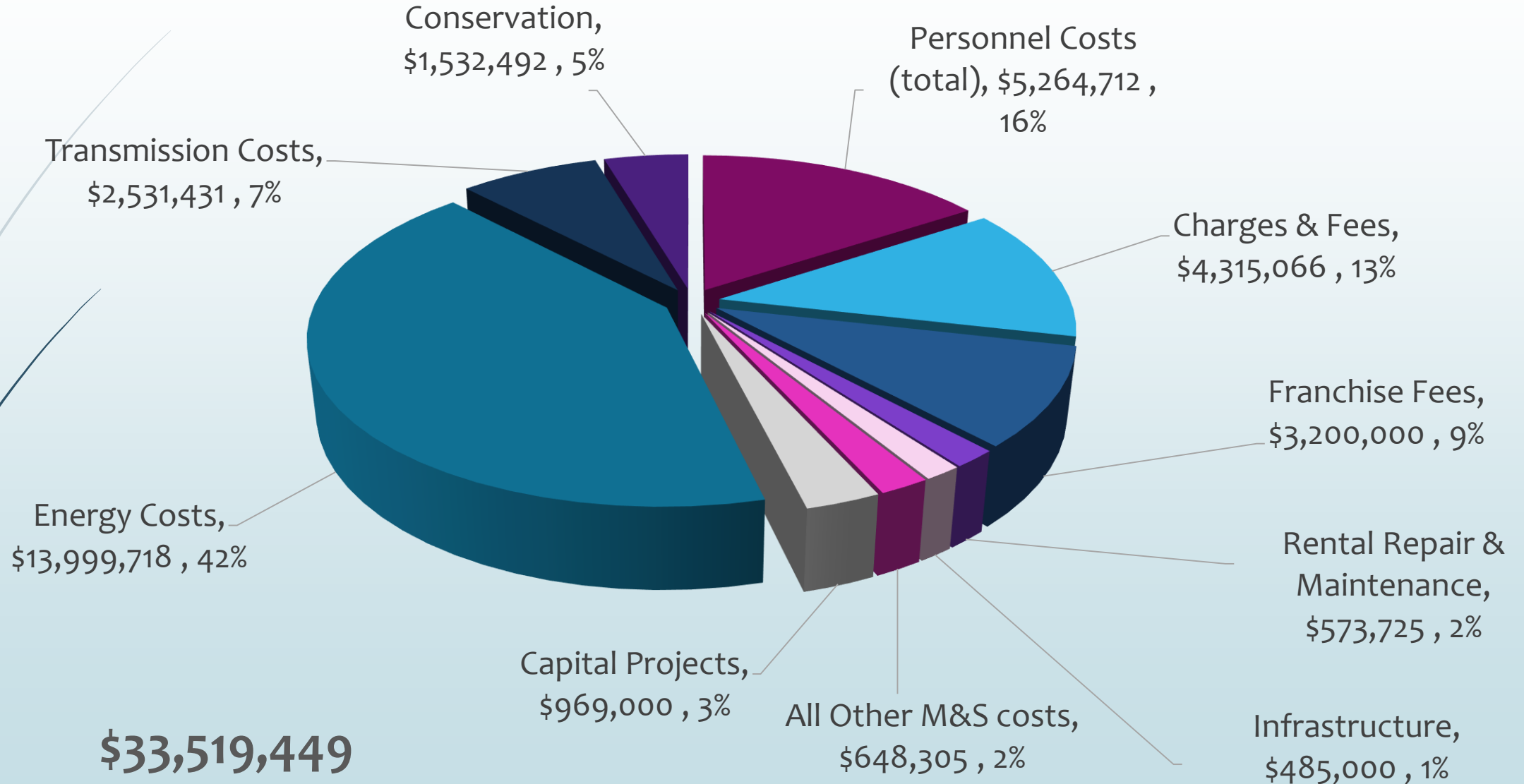
PW Other Significant Projects (BN 2017-19) (not CIP)

| | | 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 |
| | Transportation | | | | | | | | |
| 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 | | | Galardi/Kittleson |
| | Water Supply | | | | | | | | |
| | 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 | | | | | |
| | Water Conservation | | | | | | | | |
| 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 |
| | Wastewater Treatment Plant | | | | | | | | |
| 2018-31 | WWTP Facilities Optimization | \$0 | \$50,000 | \$0 | | | na | na | |
| | Storm Drain | | | | | | | | |
| 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 & Girrard |
| | Airport | | | | | | | | |
| 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 | | | | | |
| | Administration - City Facilities | | | | | | | | |
| 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 | | | | | |

Electric Fund – Expenses Approved BN 2017-19



18



Electric Department – Master Plan 10 Year System Planning Study

- Current Plan:
 - Adopted in 2014
 - Completed by CVO Electrical Systems, LLC
- Update
 - Recommend updating in BN 2019-21 (year 2)
 - OS Engineering
- Regulatory Requirements
 - Oregon Public Utilities Commission NESC safety regulations

Electric Fund – Capital Improvements BN 2017-19

- Capital projects are 3% of total budget
- Based upon an approved 10 year Plan
- All funded through fees and rates
- Evaluating potential grant options
- Will develop 20 year capital plan for future budgets

PROJECT STATUS CODES
■ progress on schedule
■ delayed somewhat
■ significant delays
■ completed

| | ADOPTED BN 2017-19 | ANTICIPATED expenditures | ACTUAL BN 2017-19 | |
|----------------------------|--|-----------------------------|----------------------|------------------|
| ELECTRIC DEPARTMENT | | | | |
| ■ | Install New Servcies & 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 |
| ELECTRIC | | \$969,000 | \$738,400 | \$263,400 |

BN 2019-21 Planning

20 Year CIP



21

► Capital Plans

- Utilize Master Plans on a 20 year horizon
- Update every 5-8 years
- Evaluate changes every budget cycle and verify project/program priorities
- Include Council goals and priorities

► 20 Year CIP

- Layer project priorities
- Assess utility components with street improvements

► Budgeting

- 2 year appropriation; forecast spending
- Capital Program focus on 6 years
 - with the ability to forecast through the 20 year planning horizon
- Update every 2 years
- Validate priorities and project timing
- Capital Plan approved by Council ahead of budget
 - Ensures forward planning
 - Allows multi-year programming
 - necessary for larger capital projects that span more than one budget cycle



Recap: Coordination Capital Plans, Rates and Operations

► Financing and Rates

- Ensure a financing plan is included in each Master Plan
- Evaluate long term costs
- Plan ahead for rate increases
- Smooth the cost of operations and minimize dramatic increases

► Maintenance vs Capital

- CIP allows for planned capital expenses
- Should reduce the need for major unplanned maintenance expenses

► Operational Expenses

- Generally, should be known and predictable