

0021 Mayor Larsen called the meeting to order at 6:00 p.m., with the following present: Councilmembers Greg Marcil, Khembar Yund, Earl Queen, and Mike Mask. Public Works Director Dave Vorse and Clerk-Treasurer Ryana Covington also attended.

Covington noted that the mayor and city councilmembers received copies of the detailed estimates of revenues and requested expenditures for all funds on October 7, 2008. Any updates or amendments will be provided as the budget process progresses.

0384 Water Fund -

Capital Outlay Requests:

- Meter read and billing system; \$10,000 from Water Fund and \$10,000 Sewer Fund. This is the software to convert from DOS based system to Windows based system. A Windows based system will allow more functions such as the ability to use hand held meter units, which will reduce staff time. This project was included in the current budget, however it will need to be phased in with an upgrade to the budget and payroll systems. For this reason, the project will be delayed until 2009.

- Meter upgrade consisting of replacement of 100 meters and installation of radio read capabilities for 100 meters – at a cost of \$21,500. Vorse stated the city's unaccountable water loss is still fairly high. This will allow the city to replace all of their old meters and outfit the new with radio read capabilities. The radio read will reduce staff time from five days to two hours each month when meters are read for the monthly billing cycle. The radio read program will be able to flag any unusual readings, recognize backflow issues or issues of tampering. Readings will then be electronically entered into the computer for billing of customers.

In answer to Councilmember Queen's question, Vorse stated the radio read system that he is considering will allow the city to install the radio read units on existing meters.

- Water pressure gauge; 2 at \$350 each (\$700 total). Vorse explained these are used to get information on pressure problems within the system and he provided an example of their use this year. He noted that the gauges that were used this year were borrowed from another entity.

- Shop maintenance; painting exterior buildings, painting the fuel tank and repair of the front gate; cost of \$6,000. In answer to Councilmember Mask's question, Vorse stated that the police department personnel have requested a key pad entry system be installed on the shop gate and that type of unit will cost \$2,000.

- Shop security camera; \$13,000. Vorse stated he would like to secure Homeland Security funding to pay for this system. The bid estimate for the shop area is \$12,070 which includes six cameras and a digital video recorder. Vorse stated he has also spoken with Police Officer Gann relating to this project to see if it would coincide with their plans to install security cameras at the Park and Ride. Councilmember Yund stated there are grant available for such projects. He stated the City of Kelso received funding for a similar project. Vorse stated he would prefer to be able to tap into the proposed police system so that monitoring can be done as needed.

- Handheld for meter reading unit; \$8750. This is the hardware for actually reading the meters, including software to store historic data for accounts. The handheld unit could also be mounted in a vehicle. Currently city staff physically goes to each service meter and records usage by hand onto meter books.

Projects proposed-

- Water main replacement for Second Avenue, from Aden Street to Warren; cost of \$25,000. This is an eight inch line and the city has experienced six leaks in the system this past year. In answer to Councilmember Marcil's question, Vorse stated the project will try to use the grass strip on Aden and not tear up the street. In other areas, they will go under the sidewalk to avoid tearing into the street.

- Evaluation of the city's utility connection fees; the cost will be shared between the Water, Sewer, Regional Water and Regional Sewer funds, with the Water Fund cost being \$4,000. The connection fees includes: 1) the amount needed to install the new meter and 2) a charge for future capital development costs. This year the city did increase the charge for the meter installation to better represent the actual cost of that installation. Vorse stated capital development assessments have not changed in many years. The city's capital costs continue to change and any adjustment to that portion of the connection fee will need to be compared and justified against the city's future develop needs, based on identified capital projects. This evaluation will require completion by the city engineer. Councilmember Mask stated he is not in favor of any increases in connection fees. Vorse stated that an evaluation has not been done in many years, and he does not know if there would be any impact on the current fee for capital development.

- Carpenter Road Pump Station; estimated cost of \$375,000. Vorse stated currently no funds exist to complete this project. The project would directly benefit residents on Bond Road and Carpenter Road. Vorse explained that when developers wanted to build, the area would not support reliable well systems and the city allowed services to be added. These services all have individual pumps systems to meet the needs of the customer; however the services do not meet State standards for psi minimums, as measured at the meter. Vorse stated next week Washington State Department of Health will complete their annual survey and the city should expect this to be noted as an issue. Councilmember Yund stated the city does not have the funds to complete the project and it will probably

take a joint venture between the city, existing service users and future developers to fund the project. However he noted that this project must remain as a priority with the city.

Councilmember Mask suggested the city set aside funds each year in a capital account earmarked specifically for this project.

In answer to Councilmember Marcil's question, Vorse stated that no new connections are allowed on these service lines.

- Carpenter Road Reservoir inspection and cleaning; \$5,000. This work is needed every three or four years and is considered preventative maintenance. Vorse explained the process. If the work is not completed and a leak develops the cost will be greater to repair because the tank will need to be drained. In answer to Mayor Larsen's question, Vorse stated the Regional Water Fund will also include this as a requested project for the Spirit Lake Reservoir. By doing both tanks at the same time, the city will save mobilization costs charged by the contractor.

- Summer help employment. Vorse noted that he included an hourly rate of \$8.50 in the budget, however the State minimum wage will be increasing to \$8.55 as of January 1, 2009. The hourly rate will need to be amended if the council chooses to fund this request.

2359 Sewer Fund:

- Meter reading billing system; \$10,000 (1/2 cost, shared with Water Fund). This was described in the Water Fund discussion.

- Thumb for the backhoe; \$5,700. Vorse stated this includes a wet kit for the backhoe.

Side - B

2470 Vorse stated the purchase would be for a new thumb and the estimate was provided by United Rental. Vorse stated this attachment allows for removal and picking up of concrete pieces during projects.

- Truck Toolbox; \$300. Vorse stated he has included the purchase of a new pickup funded from the Public Works Vehicle Replacement Fund. If council approves purchase of the vehicle, the toolbox would be installed in the new truck. Vorse noted that requests for purchase of toolboxes are also included in three other separate utility funds. If approved by council, the tool boxes will go into two existing trucks and two proposed new trucks.

Vorse stated that each year \$3,000 is delegated from the Water Fund, Sewer Fund, Regional Water Fund and Regional Sewer Fund and historically has been used

solely for the purchase of vehicles and not tool boxes for the vehicles. By consensus, councilmembers felt that the tool boxes are a necessary part of the vehicles and should be funded from the Public Works Vehicle Replacement Fund.

Councilmember Yund stated that the market has changed dramatically on truck sales and he recommended that Vorse consider using State bid specs as a basis for determining if the city can get a better deal on the purchase any new trucks from local dealerships. He felt that if the city could save \$3,000 to \$4,000 it would be worth the extra work from staff.

- Handheld meter reading unit; \$8750. As described in earlier discussion above.
- Evaluation of the city's connection fee; \$4,000. Project was described in earlier discussion above.
- Sewer Inspection Program; \$5,000 (\$10,000 total - cost shared ½ from Sewer Fund and ½ from Regional Sewer Fund). Vorse stated the city's insurance risk manager is requiring that every five years the city needs to clean and TV all sewer mains. This fiscal year the city appropriated \$12,000 for beginning the program.

Councilmembers discussed the projects and capital requests presented for the Sewer Fund.

Council priority of Sewer Fund projects and capital requests:

After discussion, Vorse summarized that council direction is:

- #1 meter reading and billing system
- #2 hand held meter reading unit
- #3 sewer inspection program
- #4 thumb for backhoe.

Councilmember Marcil stated he would like to see the city purchase an excavator instead. He felt the backhoe is being used for projects that are better suited for an excavator. Marcil stated the cost of a mini-excavator is approximately \$13,000.

3408 Councilmembers reviewed and discussed the projects and capital requests presented for the Water Fund.

Council priority of Water Fund projects and capital requests:

- #1 meter reading and billing system
- #2 hand held meter reading unit
- #3 water main replacement; Second Avenue (Aden to Warren)
- #4 meter upgrade (100 new meters and 100 radio read)
- #5 Carpenter Road reservoir inspection and cleaning
- #6 Carpenter Road pump station – set up capital account for project.
- #7 Shop security camera – Councilmember Yund momentarily left the meeting to discuss costs with Sergeant Scott Neves. Upon returning, Yund outlined the

capabilities that are available through the system proposed by the police department. This system seems to be more cost effective than the one proposed by Vorse. Vorse will contact the police department to ascertain further information on a security system.

#8 Shop maintenance

#9 Water pressure gauge

#10 Connection fee evaluation

4170 Regional Water Fund:

Vorse stated they suspect that one possible source for the unaccounted water loss might be attributed to the well meters. These wells were installed in 1980 as an emergency water source after the eruption of Mount Saint Helens. The wells have capability to pull 100 gallons per minute from the wells. The way the wells were installed could be creating turbulation between the lines and meters. For this reason, one project proposed is to replace the four well meters at a total cost of \$13,000.

Vorse stated that in this current fiscal year, council had budgeted \$25,000 to complete a water main project from Woodard to Cowlitz View Court. He will not be able to complete this work due to other project priorities. For this reason, he would like to eliminate the water main project for this year and instead complete the well replacement, since the work can be done during the winter months.

The water main replacement project could then be funded in 2009 at a cost of \$25,000.

By consensus, councilmembers agreed to this change of scope for the Regional Water Fund.

Other 2009 proposed projects:

- Security cameras; \$13,000 – Vorse will seek alternative options from the police department's project. Based on earlier discussion, this should greatly reduce the cost estimate.

- Tool box for pickup; \$300. Change funding to the Public Works Vehicle Replacement Fund, instead of the Regional Water Fund.

Projects:

- Water Treatment Plant Upgrade; \$1,433,100. Funded by a Drinking Water State Revolving Loan.

- Water main replacement (Woodard to Cowlitz View Court); \$25,000. Will be deferred from this fiscal year and included in 2009 estimates.

- Spirit Lake Highway reservoir inspection and cleaning; \$5,000

- Connection fee evaluation; \$4,000.

Council priority of proposed projects:

- #1 Water Treatment Plant upgrade – continued project from this fiscal year.
- #2 Security cameras – if estimated costs can be reduced to approximately \$3,000
- #3 Spirit Lake reservoir inspection and cleaning
- #4 Water main replacement (Woodard – Cowlitz Street)
- #5 Connection fee evaluation

4691 Regional Sewer

Councilmembers discussed the odor problem emanating from the Wastewater Treatment Plant facility.

Vorse stated the problem occurs in April when the solids are moved after sitting in storage for six months. Options to reduce the need for the six month storage include:

1. install a belt press dryer unit at a cost of \$1,000,000 - \$2,000,000. Vorse stated this is cost prohibitive; however it is Department of Ecology's preferred option.
2. haul the solids to an alternate site for the months of November through April (which are the months when the solids cannot be integrated into the city's disposal site) . The hauling and application cost would be \$5,000/year. Vorse stated a dump box would be brought in. The belt press would be run once per month and the haulers could pick up the box monthly and haul the material to a State approved site in Onalaska. Vorse stated to cut the hauling cost, the city could purchase a 10-yard dump truck and do the hauling themselves. This would provide a savings of \$2500. The dump truck could also be used for other city projects and used trucks are available through State bid at a cost between \$28,000 to \$34,000. In answer to Councilmember Yund's question, Vorse stated that Onalaska has a covered site located on private property where the material is stored until it is able to be disposed of.
3. construct a storage site on dredge spoils to store solids from November through April. The structure would cost approximately \$250,000.

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Side - A

0024 Vorse stated the city currently stores the solids until they are able to apply at the city's site. The material must be tilled into the ground within 24 hours from application. For this reason, he has included a request to purchase a used tiller attachment for the Bobcat in the 2009 budget at a cost of \$3,500.

In answer to Councilmember Marcil's question, Vorse stated it takes a full day to load the solids into a truck. It would be more cost efficient to contract with Waste Control for a 10-yard dumpster and then they would haul the solids the next day. Vorse stated the longer the solids sit, the more odor that will develop when the solids are moved.

Other Capital Outlay items include:

- Bobcat mower attachment; cost of \$6,900 for a used Halton mower. This will allow the city crew to more efficiently take care of high grass and weeds.

- Truck tool box; cost of \$300. This will be funded from the Public Works Vehicle Replacement Fund instead of Regional Sewer Fund.

- Security cameras for the Wastewater Treatment Plant facility; cost of \$13,000. Vorse stated he would review the cost estimates with the police department's project.

Projects -

- Outfall evaluation and repair; cost of \$10,000. Vorse stated he planned to use the same divers as used for the reservoir work. This work is mandated by the State as part of the NPDES permit. Prior to December, 2009 divers must inspect and TV the outfall lines that disperses the flows from the sewer plant into the river.

- Sewer inspection program; cost share of \$5,000. Mandated by the city's insurance risk manager. Program was described earlier under the Sewer Fund requests.

1333 Councilmembers prioritized the projects and capital requests as:

#1 Bobcat tiller attachment; cost of \$3,500

#2 Solids odor control using the option of hauling the solids to an alternative site for the month of November through April; cost of \$5,000

#3 Outfall evaluation and repair; cost of \$10,000 (State mandated for NPDES permit)

#4 Sewer inspection program; cost of \$5,000 (required by city's risk manager)

#5 Wastewater Treatment Plant security camera; cost of \$13,000

#6 Bobcat mower attachment; cost of \$6,900

#7 Connection fee evaluation (1/4th cost share); \$4,000

1514 In answer to Councilmember Marcil's question, Vorse stated that the irrigation system at Lion's Pride Park has not yet been completed because the sprinkler attachments are getting stolen.

1818 Covington distributed the third quarter water and sewer use comparisons for 2008. She noted that water revenues are still supporting sewer service costs.

Also distributed was a memorandum dated October 7, 2008 outlining the current utility rate structure. Covington stated that if the Regional Utility Board does not increase the rates to either the county or city, then current rates should be adequate to meet the expenditure needs in 2009, with the expenditure priorities set by the city council.

The utility rates for water and sewer services are designed to meet the financial needs of operating/maintenance (O & M) costs and of cost relating to the Regional Utility agreement. The base fee is determined by assessing all of the O & M needs and dividing that amount between the entire customer base for each of the utilities. The charge per 100 cubic feet is developed by taking the fee charged by the Regional Utility System (for water production and sewer flows) and estimating the amount of revenues for each 100 cubic feet of usage.

For the past three years, the Regional Utility Board has deviated from the written agreement pertaining to cost share for sewer collection services. By contract, the city should be paying 93.7% of the adopted budget for the Regional Sewer Fund, which is based on the percentage of flows from the previous year. The proposed budget does not include any increases to the Regional Utility Board for sewer services. However if the utility board chooses to adhere to the contracted share, the city's cost would increase from \$45,617.58 per month to \$50,919.75 per month. City council would then need to increase sewer usage charges to stay within the rate structure set at the beginning of this year.

Covington noted that water customers are using approximately 20% less usage than what has been used in past years. Councilmember Yund stated, in theory this is what he wanted to accomplish. However he is hesitant to lower the cubic foot charge at this time until there has been more time to establish supportive data for the usage trend. Councilmember Mask disagreed, citing that he feels council should show any effort to reduce rates, even if councilmembers only drop the rate by 25¢. Mask added that if consumption needs increase next year, council could then again increase rates at that time.

Councilmembers reviewed historical data showing water production trends for the past eleven years. A consistent fluctuation was noted and Vorse stated usage can be affected by circumstances such as weather conditions and the economy.

Councilmembers also reviewed sewer rates. As stated earlier, the current sewer rate structure still has not been adequate enough to fully fund all of the sewer costs. Covington stated if the Regional Utility Board votes to adhere to the agreement, the city would need to increase the sewer cubic foot charge from \$7.15/100 cubic feet to \$11.89/100 cubic feet of usage.

Councilmembers calculated that even though the water base rate revenue exceeded the O&M cost requirements, the sewer base revenue was not adequate enough. The cumulative amounts for water and sewer revenues still were \$2,000 less than the combined water and sewer expense needs.

Councilmember Mask suggested that the water rates be reduced to \$25 for the base rate and increase the sewer rates an additional \$3.00 to bring them into alignment with each of the service needs.

Councilmembers Marcil and Yund stated that customers already are not happy with the high sewer rates, especially during summer months when higher water usage also affects the sewer cost. Councilmembers noted recent leak adjustment requests where customers had requested a higher adjustment to the sewer cost. Councilmember Marcil also stated that reducing any rates will not allow the city to develop a capital fund for future utility service needs. He felt that if this had been done many years ago, the city would not have needed to borrow as much for the recent utility upgrades.

Councilmember Queen stated that customers find it difficult to understand the new rate structure for sewer services because it is tied to the water meter usage. Customers with high usage caused by leaks do not understand why they need to pay the higher sewer amount because the leak did not have any effect on treatment of the sewer. Covington stated the city does not have any way to determine the sewer system use for individual customers because the sewer lines are not metered. If the city wants to eliminate usage as a basis for the sewer rate, they could take the expenses divided by the number of customers on the system and charge a flat monthly rate. It would cost each customer approximately \$80/month for each customer for just sewer service charges.

Councilmember Mask stated he would be against any increase of rates for the next fiscal year.

Covington stated she will continue to monitor uses on a quarterly basis to keep councilmembers informed of any revenue shortages that may occur. Councilmember Yund stated this has been the first time in many years that councilmembers could even consider not having any increase and he feels the current rate structure is achieving its purpose.

Vorse stated as the budget process continues, if it appears that revenues will not be adequate enough for projects, staff will use the priorities outlined in this meeting to cut programs or capital outlay purchases. Councilmember Mask stated he would like to see a projected 50¢ decrease in utility bills to show fiscal responsibility. Councilmember Yund added that fiscal responsibility could also be shown by developing a capital fund for future utility needs.

Side - B

4912 In answer to Councilmember Yund's question, Covington stated the estimation for 2009 rates is based on the contribution level for Regional Sewer services to remain the same as the current year, which is \$45,617.58 per month. Vorse noted that if the city takes over the Westside utility systems, which is currently owned by Cowlitz County, this would add more customers to our base and enable the city to redistribute base rates for sewer services. Vorse stated that he is in the process of completed a preliminary analysis for those service customer needs.

Vorse stated that over the past three years the Regional Utility Board has frozen the individual rates for the county and city.

5343 Councilmember Yund disagreed with Councilmember Mask that decreasing the utility bill by 50¢ would provide any tangible benefit for utility customers. Councilmembers Marcil and Queen agreed with Yund. Councilmember Queen stated he would rather see an increase in our customer base to allow a larger distribution of the system costs. Vorse noted that one-third of the city's customer base actually received a reduction in their utility bills under the present rate structure.

6621 Stormwater Management-
Projects include levee certification (Phase 2); cost of \$25,000 and tree removal on the levee; cost of \$10,000.

Councilmember Queen asked if trees could be trimmed to open up river views at the north end of the city. Vorse stated that project is included in the proposed trail extension, which will be funded by a grant and is included in the DOT Spoil Site Fund proposed budget.

Councilmember Marcil asked about trees leaning over the trail section on the southwest section of the Riverfront Trail, between the fairgrounds and the river. Vorse stated he was aware of the problem and stated someone created the issue.

6797 Covington stated there are no proposed increases to the Stormwater utility rate.

Councilmember Marcil stated he has received complaints over stormwater fees. Vorse explained that residents do not pay a diking fee and the city's stormwater fee is used for the maintenance of the levee system, storm pumps, storm drains and drainage areas throughout the city.

6894 Public Works Vehicle Replacement Fund -
Proposed revenue for this fund will be from a \$3,000 interfund transfer from each of the following funds: Street Fund, Water Fund, Sewer Fund, Regional Water Fund and Regional Sewer Fund.

Capital Outlay Requests-
New pickup truck; cost of \$20,000
Used 10-yard dump truck or new pickup truck; \$20,000

Currently the public works department is in need of an additional pickup truck. The oldest truck is a 1997 model and this could be used for the meter reader.

In answer to Councilmember Mask's question, Vorse stated if he needs to choose between the purchase of a dump truck or a new pickup; the pickup would be a higher necessity.

Vorse stated the city could get another small pickup, however the size limits the usage capabilities and fuel mileage would be similar between full and small sized pickups.

Yund asked if an excavator might be more necessary than a dump truck or a second new pickup. Vorse stated the 10-yard dump truck would reduce hauling loads and enable the city to haul waste from the wastewater treatment plant facility. For this reason, the dump truck would be more beneficial than an excavator, because the city has two backhoes which they can use for similar work.

Vorse stated if the council prefers to postpone replacement of the 1997 pickup for another year, then the 10-yard dump truck would be more beneficial than having a second small pickup. When the time comes to replace one of the backhoes, it might be more beneficial to get an excavator.

Vorse stated the city has four new pickups, one small Sonoma pickup and an older blue pickup. Councilmember Marcil stated he would like to review the service records on each of the vehicles.

Councilmembers suggested that the city could get a better deal by working directly through a dealership. Vorse described problems that occurred the last time that he wrote specs and solicited bids for a new vehicle.

Councilmember Marcil suggested that the city also needs to replace the lift truck. Vorse stated the lift truck is certified each year.

Meeting was adjourned at 8:55 p.m.