

**CITY OF BELLEVUE
WORKSHOP MEETING**

**BELLEVUE CITY HALL
COMMISSION CHAMBERS**

June 23, 2004

6:00 P.M.

MAYOR STEVE BAIRSTOW
Seat 1 COMMISSIONER ABSHIER
Seat 2 COMMISSIONER NADEAU
Seat 3 COMMISSIONER CHAFFIN
Seat 4 COMMISSIONER ANDERSON

PRESENT: MAYOR BAIRSTOW; COMMISSIONERS: ABSHIER, ANDERSON,
NADEAU; PWD MONROE, DEPUTY CITY CLERK DeGENNARO

ABSENT: COMMISSIONER CHAFFIN

- 1. WATER & SEWER RATES**
- 2. IMPACT FEES**

Mayor Bairstow opened the meeting and turned the Workshop over to PWD Monroe who turned the workshop over to Mark Brewer of Angie Brewer & Associates.

Mark Brewer of Angie Brewer & Associates came forward and stated he was going to review where the City was and where the City was headed. Mr. Brewer stated there seems to be some confusion on when the facility plan could be approved. While it is true you do not have to have the rates fully implemented when approved, you need to have some direction and maintain consistency with the numbers from the rate study and facility plan. Otherwise, you would be in the position of approving one document that was contradicting the other.

Tonight we are looking for direction in regards to the items that Mr. Ferland was asked to bring back; one of which is the rate study. The full implementation includes ordinances and resolutions, which are not required as part of the facilities plan, but as you implement the rates. Another item was the impact fees. The City should move forward with the design contract since the money is in place through the preconstruction loan and since you also have the \$500,000 grant as a result of the efforts that were started last year. After 7/1/04, DEP will want to see a formal agreement with maximum flexibility so you can apply those funds within the system whether the portions are for collections or for wastewater. You need to leverage those funds so later you can apply them to the wastewater plant in collection or on the transmission side of things. Mr. Brewer stated his company was trying to keep an eye out so the City would not lose out on any future opportunities that it might be able to avail itself to.

One of things that help you is having the State backing in the form of the \$500,000. The flexibility that you have with the SRF program in the funding of your project, is shown by the amount you pay back is what you borrowed. It allows you to have the flexibility to make a decision to get the lowest cost for the project.

Tonight we need direction on your revenue and expenses. The total grant was \$8.5 million and the City received \$500,000 of the requested \$1.5 million for the first year. Next year we will ask for more, and once a community has received some money that strengthens its position in the future. The goal is to have a continuing effort and moving in the direction you asked us to move you in and remain flexible in order to make those valuable decisions that you have to make.

Essentially, tonight we need direction on the rate study and then approval of the rate study at the next Commission meeting. The meeting following that, you would finalize the Facility Plan and hold a public hearing for approval. Mr. Brewer stated although the City is off schedule, you are still in the range where we can meet the obligations.

Mr. Brewer stated that the main portion that has to go around for State coordination and review is the executive summary map. This allows Dot to make sure you are not impacting roads and the Fish and Wildlife would be checking to make sure you are not impacting the environment. That process takes around 60 days and we have already begun it. We hope that the design portion will begin and that this plan would be approved. That the intergovernmental review and coordination process will occur and that the whole project will be approved and moved forward with the least impact on your schedule.

Mayor Bairstow asked Mr. Brewer what he meant when he said he needed direction on rates. Mr. Brewer stated the wastewater rates, but since the overall system is being evaluated we need to know how much revenue is being projected within the system. Mr. Brewer stated that the questions you gave to Mr. Ferland at the last workshop should help you make those decisions on those issues.

The meeting was turned over to Mr. Ferland, Engineer and he stated he would be discussing both water rates and sewer rates this evening. The Mayor stated he thought water rates would not be discussed this evening and that he was under the impression we had to publish the notice of the hearing for the adoption of the facility plan 30 days prior to that adoption. Mr. Brewer stated until recently that was not a requirement, but EPA told the state that any deviation from doing that was not appropriate and they asked that a 30 day notice be reinstated. Mr. Brewer stated that the City is far enough into the process that it is worth considering and they might apply it to you, but they have not applied it to everyone.

Mayor Bairstow stated that a 30 day notice could be required for our project so why aren't we publishing to be on the side of caution. Mr. Brewer stated it needs to be a reasonable document that is a reasonable representation of your revenue and expense streams that you are talking about. Mayor Bairstow stated then we cannot advertise until after we have adopted the rates. Mr. Brewer stated he was assuming he would get direction tonight from the Commission on approving the changes to the document and then we could advertise on Monday. Mayor Bairstow stated that the short answer is to adopt the facility plan the first meeting in August. PWD Monroe stated the City could publish next week for sure if we are not able to do it on Monday.

Commissioner Anderson stated the sewer plant plans that would be voted on tentatively at the first meeting in August would the reuse water be in those plans. Mr. Brewer stated that the project is identified in the plan with the estimated costs and as he understood it that provides you

the opportunity to access funding for the project. It does not imply, however, if you will or will not undertake the project.

Commissioner Anderson stated he was against the reuse water in the plan and that was the only thing he was against in the plan. The Commissioner stated if it shows that the Commission is not in agreement, should we accept the project and then work on the reuse water or do we need to vote before the August meeting. Mr. Brewer stated either way, but if you have enough Commissioners in agreement to proceed with the approval of the plan, then that implementation would be the best way to go. If you have a viable issue that needs to be folded into the plan then that should be discussed/decided very quickly to keep it in or out of the plan.

Commissioner Anderson stated that viability there could be a stalemate on that, but either way the Commissioner wants the event to keep moving and not get stonewalled and then work on the reuse water.

Mr. Brewer stated that if six months from now you decide that the reuse water is not going to be implemented, you can update the plan and state this is what we knew at the time we sent in the plan and now we have more/new information and are selecting this change. Mr. Brewer stated that depending on the changes a project revision memo could be issued which is internal to DEP and would provide environmental proof through that document. If the changes were more significant in scope, then a categorical exclusion notice could be issued which refers back to the original document and says here is the new information and that would then go through a process before you plan would be implemented and given environmental clearance.

Mr. Brewer stated then from what I hear, you want to continue on the path we are on and as the Commission faces the reuse water issue then we would get the environmental approval. Commissioner Anderson stated correct get this on the road and then he would want the time for the reuse water issue to see if the Commission was in favor of changing it or not.

At this point the meeting was turned over to Ron Ferland, Engineer, who came forward and stated that pursuant to the last time he was before the Commission the items that were requested were as follows:

1. \$500,000 grant money was applied to the capital costs of the wastewater improvement program;
2. Included the projected revenue from Spruce Creek, reclaimed water sales \$23,400 and counted as other revenue;
3. Took 80% of wastewater impact fee which is approximately \$645,000 and divided that by 20 (SRF loan repayment period) and counted that as "other revenue" to offset the debt service payments using impact fee money;
4. Moved the hiring of the additional staff providing you with two options:
 - a) would maintain the existing hiring plan as proposed and
 - b) to move from 04-05 back to the last year 07/08

Mr. Ferland stated his recommendation to the Commission would be given the big picture of what creates the revenues to meet the expenses as they currently exist, and the changes in cost and in revenues will cause you to change the rates in any given year during the budget

deliberations. He recommended adopting the water rate which raises the base rate from \$4.77 to 7.31; water usage rate would remain at its current level of \$1.96 for 7000 gals and below, and \$2.39 for above 7000 gals.

Mr. Ferland stated that for the wastewater rate program he would recommend adopting the concept of rate Option 2. This provides sufficient coverage and sufficient lead way and pushes the staff hiring to the back end of the project. This gives a \$4.00 reduction per month/per customer, who is using 10,000 gals, from rate Option 1 and rate Option 2. Mr. Ferland stated that his memo covers the implementation dates, wastewater rates and usage rates.

PWD Monroe stated that water base rate would stay the same and Mr. Ferland stated that is correct and if you make the changes as listed in 03-04, then it would stay the same for the rest of the planning period.

PWD Monroe asked if Options 1 & 2 are using 80% of \$860,000 and Mr. Ferland stated that is correct. Mayor Bairstow stated to the PWD we have the Engineer's recommendation, now give the Commission your recommendation. PWD Monroe stated that he wanted to point out the use of impact fee money as the City grows into this large service area that we have, we are starting to see requests for services. The water line into Silver Springs Shores is already a developed area, but when we go in some areas we will need money to fund water and sewer projects and the impact fee money is the money we rely on. The PWD stated he would ask that we reserve enough of the impact fees to fund those types of projects. The money coming in needs to be allocated for a new plant 20 years from now and not for these funding types of projects. That was his concern with Mr. Ferland's rate projection and which makes about a \$34,000 difference. The PWD stated other than that, he thought Mr. Ferland did an excellent job and concurred with his recommendations. The PWD stated he would like to keep 80% of the impact fees to be available for those projects that need funding.

PWD Monroe stated that our current project would not affect the same source of money because it is a water project, but if we do a Silver Springs Estates and put in the sewer system it would be very expensive. Even though it would be done as an assessment, it would still need up front money to fund the project. We need seed money to fund these and ideally we would use the sewer impact fees. The PWD stated he would like to keep more than the 20% of it closer to 50% of the impact fees.

Mr. Ferland stated that won't change the magnitude of this program when you look at the big picture concept and every year you will be looking at that. One thing he wanted to make sure the Commission understood is that the way the Commission has requested us to use the impact fees is on an annual basis. For example, in year 2006 you are only using \$34,000 impact fees and you have \$640,000. If you need that money for an alternative use, you don't have to keep allocating it to the debt service payments. You still have the money \$640,000 (minus the \$34,000 (for the first year) available to do those things that PWD Monroe talked about. So go in and take it out and if you need to offset the debt service costs in the following year, then you would need to find a source to replace the \$34,000 not necessarily a source to replace the \$640,000.

Mayor Bairstow stated that is why Mr. Ferland spread it out over the five year period as opposed to day one and the PWD stated he did not understand it that way before and it does take care of his concerns so he would go along with Mr. Ferland recommendation.

Commissioner Abshier stated when this is done, we would have approx 750,000 GD of capacity and we are spending \$4 million and gaining only 170,000 gals of capacity which comes out to \$22.00/gal. Commissioner Anderson stated we would be initially permitted for 750,000 gals, but can go up to 1MGD. Mayor Bairstow stated we would also have a new plant opposed to an old plant.

Commissioner Nadeau stated based on projections when this was paid off we would be at capacity. The PWD stated that the City would gain more than the permitted 750,000 gals, plus all the cost associated with these projects is not nuts and bolts building a sewer treatment plant. We will utilize what we already have in the design and use some of those old tanks so it is not like we are just scraping everything and moving over to a new system.

Commissioner Abshier asked PWD Monroe when he thinks back over \$4m dollars how does that make him feel and the PWD stated good.

Commissioner Abshier asked Mr. Ferland how much more money would we be looking at to build at a different location, a brand new plant with 750,000 capacity. Mr. Ferland stated it would be more than what you are paying because you would have to buy the total filtration capacity and build the digester capacity. Commissioner Abshier asked what would the cost per gallon for a new plant be and Mr. Ferland stated that the City of Bushnell built a 250,000 gd plant with effluent disposal for \$1.7 million. Commissioner Nadeau stated that comes to \$6.8 million for a 1m/day plant.

Mr. Ferland stated that the City is only running at 350,000 gd which would give you 50% of available capacity which comes to 400,000 gd for new growth at the new facility.

Commissioner Abshier asked what would happen if a State regulator would not let us expand even though it was designed to do that. Mr. Ferland stated if that is your concern you can permit the plant for 1MGD. Mr. Ferland stated that the main constraint that we had in regards to capacity and permitting prior to the Spruce Creek discussion was effluent disposal capacity. So even if you had 1MD, but only 750,000GD effluent disposal capacity, that is what your permit would be for, the 750,000 GD.

Commissioner Anderson asked if the projected revenue is \$23,400, but we know it would cost a projection of \$28,000 to pump the reuse water how is that a plus to the City. Mr. Ferland stated it costs \$28,000 to send it to Spruce Creek or you pay \$20,000 to send it to Baseline which means it cost \$8000 more to go to Spruce Creek. However, you are getting \$23,000 in revenue from Spruce Creek, so you are saving \$8000 which comes out to \$15,000 which is a plus for the City.

Commissioner Anderson asked if the agreement with Baseline could be negotiated and Mr. Ferland stated you need to address that to your City Attorney. Mayor Bairstow stated a contract is negotiable if both parties want to negotiate. The Mayor stated he would rephrase the question

to ask if we could terminate the agreement unilaterally? Commissioner Abshier stated the Attorney has already answered that question and he stated it could be. Mayor Bairstow stated if a contract is terminable by one side it tends to have the same provision for the other side as well, but we might not want to do anything until we don't need the other side. Commissioner Nadeau stated we might not need to do anything with the contract just turn off the power and stop sending the water.

Commissioner Nadeau asked if there were any plans to use the Sports Complex for reuse water and the PWD stated it was in his 5 year plan, but it was a small amount of water.

Mayor Bairstow stated that PWD Monroe's recommendation was to follow the Engineer's recommendation and the Mayor stated he was in favor of endorsing that. Commissioners Abshier and Nadeau were also in agreement. Commissioner Anderson stated the only thing he couldn't get straight was the base rate and Mr. Ferland stated the base rate would go from \$4.77 go to \$7.31. Commissioner Anderson stated he would like to move in baby steps when increasing the rates and Mayor Bairstow stated that he and the two other Commissioners said to go up to the new rate when they voted in favor of the Engineer's recommendation.

Meeting was adjourned at 7:13 PM

ATTEST:

Sandi McKamey, CMC, CPM
City Clerk/Administrator