NOTICE OF PUBLIC MEETING

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Boys & Girls Club of Albany
1215 Hill Street SE
Monday, November 2, 2009
4:00 p.m.

AGENDA

4:00 p.m. **CALL TO ORDER**

4:00 p.m. **ROLL CALL**

4:00 p.m. **BUSINESS FROM THE PUBLIC**

4:05 p.m. **BOYS & GIRLS CLUB RECOGNITIONS** – Ryan Graves

4:15 p.m. **SEWER SYSTEMS DEVELOPMENT CHARGES METHODOLOGY** – Chip Ullstad
Action Requested: Information, discussion, direction.

5:45 p.m. **COUNCILOR COMMENTS**

5:55 p.m. **CITY MANAGER REPORT**

6:00 p.m. **ADJOURNMENT**

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If special accommodations to attend or participate in the meeting/hearing are needed, advance notice is requested by notifying the Human Resources Director at 917-7500.

TO: Albany City Council

VIA: Wes Hare, City Manager
Diane Taniguchi-Dennis, P.E., Public Works Director

FROM: Mark A. Yeager, P.E., Utility Services Manager
Chip Ullstad, P.E., Utility Engineer

DATE: October 28, 2009, for the November 2, 2009, City Council Work Session

SUBJECT: Update of Sewer Systems Development Charge (SDC) Methodology

RELATES TO STRATEGIC PLAN THEME: • A Safe City

Action Requested:

Staff requests City Council direction to complete an update of the Sewer SDC Methodology.

Discussion:

The current Sewer SDC Methodology was adopted in June 2000 following completion of the *1998 Wastewater Facility Plan* prepared by CH2M-Hill. The methodology includes an adopted list of projects eligible for Sewer SDC funding, a method to allocate these costs to new residential, commercial, and industrial development and associated SDCs. The SDCs have been updated annually based on changes in the Engineering News Record Construction Cost Index (ENR) for this region.

Many of the improvements adopted as part of the methodology have been completed, including the Albany-Millersburg Water Reclamation Facility and additional improvements such as the Talking Water Gardens at Simpson Park have been identified. Staff has worked with Debbie Galardi, our consultant for financial planning, to update the methodology and project list. The updated project list reflects actual costs for completed work and estimated costs for projects not included with the previously adopted project list.

The updated methodology and project list will be presented as a discussion item at the upcoming City Council Work Session. The methodology determines two components to the SDC fee, the reimbursement fee and the improvement fee. The reimbursement fee recovers the investments in constructed facilities, including those in progress, that have available capacity to serve future development. The improvement fee recovers the costs of future capacity increasing improvements needed for growth.

Similar to previous SDC updates for water and sewer, the reimbursement fee is based on the inflated book value of assets. For treatment works, the reimbursement fee includes facilities that will continue in service from the old treatment plant and a detailed listing of project costs for the new facility. This list is fairly detailed and identifies the cost of unit processes important to equitably allocate costs. The basis used to develop the updated Sewer SDC reimbursement fee is shown on **Table 1 - Collection System - Completed Projects**, and **Table 2 - Treatment Facilities - Completed Projects.**

TABLE 1 - Collection System Reimbursement – Projects Completed

Collection System Reimbursement Projects	Total Cost
North Albany Lift Station, Phase 1	$600,000
North Albany Lift Station force main	$3,900,000
Century Drive Lift Station	$88,341
Columbus St. Lift Station	$316,540
34th Avenue Lift Station	$2,052,200
Sewer Lines	$17,394,684
Total, Collection System Reimbursement Cost Completed	$24,351,765

TABLE 2 - Treatment Facility Reimbursement – Projects Completed*

Treatment Facility Reimbursement Projects	Albany Cost
Book value, treatment facilities continued in service	$8,983,620
Bonds, Insurance, Administration & Mobilization	$4,474,472
Site Work	$7,455,078
Flow Control Structure	$326,327
Influent Pump Station	$2,993,736
Headworks	$8,665,806
Vertical Loop Reactors	$5,753,468
Mixed Liquor Flow Split Building	$489,411
Secondary Clarifiers	$5,578,178
Effluent Junction Boxes	$92,653
Chlorine Contact Basins	$1,951,714
Disinfection Building	$934,704
Interchange Reactors	$856,937
Control Building	$2,108,709
Aeration Blower Building	$2,080,938
Architectural Screening Wall	$292,148
Instrumentation & Controls	$1,014,630
Vertical Loop Reactor #7 no equipment)	$894,046
Change Orders	$3,870,000
Design	$4,193,623
Construction Management	$4,708,353
Permits, City Engineering, related fees	$926,453
Off-site improvements	$682,443
Equipment Pre-purchase – Vertical Loop Reactors	$918,900
Equipment Pre-purchase – Clarifiers	$1,008,000
Equipment Pre-purchase – Cannibal	$1,943,100
Material Pre-purchase (pipe)	$108,576
On-site improvements	$178,112
Interest expense	$5,278,500
Wetlands Phase I project (w/o park improvements) *	$7,110,000
Total, Treatment Facility Reimbursement Cost Completed	$85,872,635

** Project cost does not include $5,000,000 in grant funds*

The improvement fee is based on the anticipated cost of facilities required to serve development over the planning period. The regulatory environment for wastewater treatment is uncertain because fundamental treatment regulations, such as sanitary sewer overflows, treatment of micro-contaminants, and toxics, are under review. Therefore, staff recommends the updated methodology rely on a shorter planning window of 20 years for treatment improvements. Collection system improvements are based on facilities needed to accommodate full development within the Urban Growth Boundary (estimated to be 2074). Planned wastewater collection and treatment improvements used to develop the improvement fee portion of the Sewer SDC Update are shown on **TABLES 3** and **4** respectively. Projected wastewater treatment improvements required beyond 2030 are shown in **TABLE 5**. These improvements were not included in the current update and will need to be evaluated as part of the next Wastewater Facility Plan.

TABLE 3 - Collection System Improvements – Projects to 2074

Collection System Improvement Projects	Total Cost
29th Avenue Replacement	$1,488,240
Calapooia Interceptor Replacement	$1,520,000
Cluster Oak Replacement	$333,890
Highway 99E Replacement	$1,708,200
Knox Butte Road Replacement	$3,848,610
Lower Cox Creek Basin Replacement	$1,674,730
Price Road Replacement	$2,692,980
Riverfront Interceptor Replacement	$15,256,490
Santa Maria Avenue Replacement	$389,170
Upper Cox Creek Basin Replacement	$3,500,250
Columbus Street Extension	$682,280
Ellingson Road Extension	$2,028,510
Grand Prairie Road Extension	$1,146,720
Highway 20 Extension	$2,601,860
Somerset/Knox Butte Road Extension	$1,757,250
Somerset Drive Extension	$3,408,820
Three Lake North Extension	$1,952,680
Three Lake South Extension	$1,161,670
34th Avenue Lift Station	$734,500
Century Drive Lift Station	$3,740,460
College Green Lift Station	$359,410
Columbus St Lift Station	$478,570
Maple Street Lift Station	$1,715,690
Marion Street Lift Station	$546,490
North Albany Lift Station	$2,900,000
Oak Creek Lift Station	$5,660,000
Spring Hill Lift Station	$659,280
Thornton Lake Lift Station	$638,390
Umatilla Lift Station	$362,780
Total, Collection System Improvement Cost to 2074	$64,947,920

TABLE 4 - Treatment Facility Improvements Projects to 2030*

Treatment Facility Improvement Projects	Albany Cost
Vertical Loop Reactor #7 Equipment	$199,095
Vertical Loop Reactor #8 with equipment	$1,800,000
Headworks & Interchange Reactor Soil Biofilter (Odor Control)	$180,000
Interchange Reactor Cover (Odor Control)	$157,500
Engineering & Construction Management	$467,319
Total, Treatment Facility Improvement Cost to 2030	$2,803,914

TABLE 5 - Treatment Facility Improvements Projects beyond 2030*

Treatment Facility Improvement Projects	Albany Cost
Vertical Loop Reactors #9-#14	$10,800,000
Blower Building #2	$2,705,219
Secondary Clarifier #4	$2,417,211
Chlorine Contact Basin Expansion	$1,268,614
Tertiary Filters	$21,600,000
Sludge Dryers	$4,500,000
Headworks 4th Channel Equipment Installation	$675,000
Interchange Reactors #3 & #4	$1,114,018
Aerobic Digesters	$2,700,000
Influent Pump Station Expansion	$6,840,000
Future Temperature Mitigation Projects	$17,550,000
Outfall Expansion - 54" RCP and Diffuser	$2,250,000
Engineering & Construction Management	$14,884,012
Total, Treatment Facility Improvement Cost beyond 2030	$89,304,074

** The cost of facilities at the treatment plant (reimbursement and improvement) and related capacity have been reduced to account for Albany's share (90%) of the jointly owned facility.*

Tables 1-4 show the total inflated book value (for the reimbursement fee) and the total estimated project cost (for the improvement fee) portions of the Sewer SDC. Only the portion or percentage of these facilities that provides reserve capacity for growth can be used in the SDC fee methodology. Our consultant and staff will be presenting the proposed criteria to determine eligible capacity during the upcoming City Council Work Session.

The updated Sewer SDC Methodology includes a compliance component to account for engineering and related costs for preparation of Wastewater Facility Plans and periodic updates of the Sewer Systems Development Charge methodology. This is a new feature to the methodology and results in an additional allowable cost of approximately $62.00 per equivalent dwelling unit.

Adoption of the Updated Sewer SDC as proposed would increase the maximum allowable charge per single family dwelling from the current rate of $2,402 to $3,200 or by approximately 33 percent. The City Council is not required to adopt the maximum allowable charge and may elect to maintain the current Sewer SDC rates pending more favorable

economic conditions. Adoption of the SDC methodology allows projects that are currently not fundable with SDC funds to be eligible for this funding. The new methodology also accounts for completion of the treatment plant and other major improvements as reimbursable rather than improvement projects. This change in accounting for the project status provides greater flexibility in how SDC funds can be used.

Next Steps

If City Council concurs with the proposed update to the Sewer SDC Methodology, staff will work with our consultant to formalize the methodology in a report that will be available for public review. We anticipate the following schedule will be followed and will meet the SDC notification requirements in ORS 223.304. In addition to meeting the formal public notice requirements, staff will hold community meetings with key interest groups to solicit their input.

Date	Action
November 2, 2009	City Council Work Session
November 16, 2009	Public notice of intent to update Sewer SDC methodology
December 16, 2009	Publish draft SDC Methodology
January 1-30, 2010	Hold community meetings to solicit input
March 1, 2010	City Council Work Session to discuss community input/changes to methodology
March 10, 2010	Public hearing to adopt Sewer SDC methodology

Budget Impact:

City Council authorization to prepare an update to the Sewer SDC Methodology is anticipated to incur approximately $15,000 in additional consultant fees and expenditure of staff time to support development of the methodology and solicit public review comments. This work would be funded through the Sewer fund.

CNU:kw