

CITY OF ALBANY  
CITY COUNCIL  
Council Chambers  
Wednesday, December 10, 2014  
7:15 p.m.

**MINUTES**

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 7:15 p.m.

PLEDGE OF ALLEGIANCE TO THE FLAG

Konopa led the pledge of allegiance to the flag.

ROLL CALL

Councilors present: Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Ray Kopczynski, Dick Olsen, and Floyd Collins.

Councilors absent: None.

PROCLAMATION

Homeless Persons' Memorial Day.

Konopa read the proclamation on the dais (see agenda file).

Konopa noted that there will be a memorial service in the City Hall Plaza where the names will be read of those homeless persons who have died. This event is put on by Helping Hands, Signs of Victory, and the HEART Board. The event will be December 19, 2014, at 10:00 a.m. This is the fifth year for this event.

SCHEDULED BUSINESS

Communication

Public Safety Facilities Review Committee's final report and recommendation.

Public Safety Facility Review Committee (PSFRC) Co-chairs Dave Burrigh and Frank Morse thanked the Council for an opportunity to speak. Morse said they are here tonight to put the final touches on the work the PSFRC did. Morse will make some general comments and then Burrigh will provide more detail.

Morse said that when Councilor Floyd Collins called him requesting that he co-chair the PSFRC he was delighted, but he didn't realize how much work it would be. He said it was a very good committee and their work was diligent, thorough, and thoughtful. They didn't always agree but they worked through processes to build consensus as best they could. There were some overriding themes in the work they did: first, to determine what the needs are of the community in respect to the public safety facilities and the programs that they support. They also considered the long-term need. They did not want to put forth a recommendation that met just the short-term need. He said, that was borne out of the circumstance we find ourselves in with the current Police facility which was built to available dollars, not to long-term needs, and therein we have a problem. Morse said he is hoping the full Council will adopt the PSFRC's recommendations. He appreciates that as the PSFRC has progressed, the Council has also taken progressive actions along the way. Morse said the PSFRC did not have consensus regarding putting both facilities on the same ballot and/or using the same election dates; but they did have a strong majority on how to conduct the election. Morse said the vote on where to build facilities and how to finance the projects was supported by all the members.

Morse said another overarching theme was how to reduce the cost to the taxpayers. They started down that path and the Council will see in Mackenzie's recommendation, they started with a large contingent allowance; and as it is designed with input from staff, the two Chiefs, and the community about how the buildings will eventually look and function, there should be opportunity to reduce the cost further. He said they hope to further reduce the amount they are asking for from the citizens. Morse said he loves this community and knows all the members of the PSFRC do as well.

Burrigh said he would speak to some of the highlights in the staff report that is in the agenda packet. Over the last 12 meetings a number of recommendations came out, and one of the things that the group did was spend a lot of time looking at the programming needs. For example, what the buildings should have in them, how they should function, and their square footage. As a result, the recommendation is actually a reduction from previous programming. The Albany Police Department (APD) had theirs done very recently so it is relatively up-to-date; the Albany Fire Department (AFD) probably needs to be reviewed again. The PSFRC felt strongly that if there were any significant changes to the Fire program, that they would come back to the Council so they are aware of them and so that everyone can be in agreement that that is what needs to be done.

Burright recalled that the PSFRC recommended that the downtown Fire Station stay in its current location. If needed, they could close Sixth Avenue. The preliminary design that Mackenzie presented shows it closed. Burright added that, in reality, given the square footage needed, it probably will happen. The City has already acquired additional property to the north.

Burright said for APD, the total square footage needed for 40 years out was reduced. There are some recommendations for reductions; although they also recognized there may be some opportunity to shell out some space but not finish it, and realize some cost savings that way. Burright said they asked for that potential to be looked at closely during design/development. As to the location of the APD, Burright said it was a tough call. If the world was perfect, the PSFRC would want it to stay where it is; but the reality is that there is not enough property with what the City owns now, and there are not enough willing sellers to achieve the minimum amount of property to make a functional building on that site. Staff tried to work with the property owners, but the price did not match what was acceptable. It got to be too expensive, so the PSFRC decided it was time to move to the Pacific Boulevard site. Burright said he is glad the City already had that site available because he thinks it will work out well.

Burright said, as far as the funding strategy, the PSFRC thought it should be a three-legged stool: PepsiCo settlement money, urban renewal funds, and a General Obligation (GO) bond. They were unable to identify any other reasonable ways to finance this project. They talked about the Central Albany Revitalization Area (CARA) piece at length, and the final recommendation of the PSFRC was to use the maximum amount allowed under the minor amendment to the area plan. They also asked them to consider that as the buildings develop, there may be other opportunities to use CARA dollars such as street reconstruction or other utilities, or things that would naturally fit under the CARA umbrella. But at the moment, the urban renewal piece is about \$1.4 million and he understands that is what the Council decided on. The amount will probably increase a little bit between now and when it is actually needed.

Burright said, tonight you will be asked to sign a contract with Mackenzie. That process worked out really well; he credited committee member Bill Ryals with suggesting the idea. From the City's and its citizens perspective it worked great, though Morse is not sure the firms that bid would agree because they put a lot of time and effort into the process while the City will reap the benefit. Morse said they are very pleased with the selection of Mackenzie.

Burright said a key component to selecting Mackenzie is to give them a solid estimate for the project, which they now have, at \$24.4 million. He said \$24.4 million is a target for both facilities; it includes the cost associated with the bond issuance and does not include the property that has already been acquired. Morse said there is \$1.4 million from CARA and perhaps a little more. There is \$2.43 million left in the public safety facilities portion of the PepsiCo settlement fund, and the PSFRC recommends adding another \$2.5 million from that fund. The third piece is \$18 million in a GO bond, for a total of \$24.4 million. Burright said this generated debate in the PSFRC. He said the members support economic development. The PSFRC recommends the Council take the \$2.5 million from the PepsiCo settlement fund now, so they know at what level to set the GO bond for; and then at their earliest opportunity, backfill that money from receivables and the sale of the current APD building. Burright said the staff report discusses the money and shows there are more than enough economic dollars to backfill that amount.

Burright said the proposed GO Bond is \$18 million, down from \$20.3 in the previous request. They would like to see it even lower as the costs are further defined. There will be a time where the Council will need to make a decision and set the GO Bond; approximately February. As opportunities to save money arise beyond that point and if it reduces Mackenzie's contingency, the PSFRC recommends that the amount it is reduced by be set aside for early repayment of the bond so that they keep the faith of the citizens; it shouldn't be used for other items.

Burright said that, as to the method of construction, the PSFRC did not reach a decision. They are leaving that up to the Council because it will depend on a lot of things. He thought it was interesting that they heard the entire continuum of ideas in the firms that presented to them. Mackenzie recommends the traditional design/build method.

Morse stated that the PSFRC's work is now complete, and the Committee is now dissolved.

Collins thanked Morse and Burright and all the PSFRC members. The process was not easy. They had 12 separate meetings, averaging three hours each, which results in over 360 hours of citizens looking at the question. It wasn't the Council looking at it, but citizens with a cross-section of skills and expertise. He said, if we had to pay for that in a contractor, it would be \$30,000-50,000. He thanked them all for their contribution as it will serve the community long-term.

Councilor Ray Kopczynski commended Public Information Officer/Management Assistant Marilyn Smith for her excellent minutes throughout the process.

Councilor Bessie Johnson said this process shows that the Council wanted transparency in this process. The PSFRC was so diverse, and it showed that the Council stayed out of it while the PSFRC determined what was needed. She hopes what the PSFRC did will help to build the facilities Albany needs badly.

Morse said they spent 11 months working on this, yet the next phase is very compressed. In talking to Mackenzie this afternoon, they said the typical preparation for a bond levy is 12 months. They now have four months. Ron Loney and former committee member Mike Martin will be co-chairing a campaign committee, and their work will be paramount.

Burright said there is reason to be optimistic. He said they addressed the concerns of the people, and thinks they can see now what the City is asking for. He hopes the public understands how critically the buildings are needed, and noted that was one of the first decisions the PSFRC made and they made it easily. He said AFD obviously needs to be replaced; APD is harder, only because when people drive by the building, it doesn't look bad, but when they go inside they realize the magnitude of the problem, and that the building is not fulfilling the City's needs. As many citizens as they can get to take a tour inside that building would be helpful.

Burright said the last election in November 2013 for the GO bond lost by 668 votes, which is not that many. He said the citizens he has spoken with have been pleased with the work the PSFRC has done; however, there is not a lot of time to get the information out.

MOTION: Collins moved to accept the Public Safety Facilities Review Committee's final report; to acknowledge the dissolution of the Committee; and to send a thank-you letter to each member for the tremendous amount of work they did. Kopczynski seconded the motion and it passed 6-0.

#### Public Hearing

##### Setting rates for water use and repealing Resolution No. 6289.

Open: The public hearing was opened at 7:45 p.m.

Assistant City Manager/Public Works and Community Development Director Mark Shepard said he will be telling the Council what the water department does. He said there is not a lot of understanding about what it takes to provide water when the customer turns on the faucet.

Shepard gave a PowerPoint presentation (see agenda file).

There was a public hearing signup sheet (see agenda file).

Councilor Bill Coburn asked about the cryptosporidium episode in Baker City and what it means. Shepard explained that it is an intestinal parasite. Coburn asked how the water gets contaminated. Shepard said contamination in the water was due to a contamination event in the reservoir, or a water line break, or the water wasn't treated properly. Collins said it is commonly called "beaver fever" and explained what it is.

Shepard continued the PowerPoint.

Councilor Rich Kellum asked what the leak rate is, what they are striving for, and when they will reach their goal. Shepard said the estimate is 17%, and the industry standard is 10%. He said, our strategy is to repair the old steel lines because they leak the most. Also, it may not just be a leak; it could also be that someone is getting free water. These issues are resolved by replacing old meters and repairing big leaks. Discussion followed. Konopa said, when we adopted the plan, we were at 34% water loss, so an improvement has been made.

Collins said, the point is the capital cost never goes to zero because the life of a pipe is 50-100 years old. At best they should be replacing 4 miles of pipe per year; so now they are just playing catch up on a system that was purchased several decades ago.

Walter Johnson, 1930 SE Main, is a concerned citizen. He said, when talking about water and raising rates, the Council must remember the effect a price increase would have on some households. There are many citizens, considered the working poor, who have problems paying the bills they already have. When talking about just one increase it may seem like it won't have much effect, but consider other utilities, food, and rent increases that these families will face in the upcoming years. The City does offer some relief to the disabled and seniors, but nothing in the form of help for water services to the working poor. The City does offer extensions but they are for short periods of time, not like the ones offered by the power company. He said he recognizes the great job that Shepard is doing, and agrees with the price increase, but asked the Council that if they do the increase to add a quarter percent to go toward an endowment which could help the working poor. Two years ago he prepared a document sent by FISH of Albany regarding this request. He wants the Council to reconsider the letter when thinking about price increases. Johnson submitted the letter for the record (see agenda file).

Tom Cordier, 2240 Park Terrace, said he is not concerned about Albany's costs that are higher than other cities; rather he is concerned about how the budget process is done, and particularly how operations and maintenance costs of the water and sewer system is calculated. He said his sense is that the budget process is upside down from what he thinks it should be. He described what he thinks the process is. He said the American Water Works Association (AWWA) has a process that looks at the true cost of utilities and the way they do that is painstaking but invaluable. Although Shepard shows lots of data, Cordier said he doesn't know how frequently the tests have to be done or the work-hours, the travel time, etc. They need to figure out what needs to be done

by state law and then figure out how many work-hours it would take, and then calculate costs to find the true cost of service. He said, you may find out that you have more people than you really need. He thinks rarely folks in departments would offer to work with less staff. He said he doesn't believe the City has ever done that in water and sewer. He said the City does a good job with the financial side but with operations side, he doesn't see that being done. He thinks the City should do that before they ask for the next rate increase. He is glad the proposed rate increase is two percent instead of four, but he doesn't think it should be raised until they know what the true costs are. Cordier shared a short story about his previous work and how he calculated a way to drop the number of shifts and become more efficient in order to compete with some strong competition.

Konopa said when the City updated the Facility Plans, it took three years; Coburn was on that committee and they did a thorough study. Cordier said it may not need to be staff; maybe a consultant should be hired. Konopa said they did hire a consultant and all those needs were reviewed for water and sewer. The plans have been adopted and implemented. Cordier said he is not talking about a facility plan, but a process of understanding true costs.

Collins said they did do a portion of what Cordier is suggesting, but it wasn't AWWA; it was the American Public Works Association (APWA). With APWA, they brought folks from other utilities in to audit Albany's operational functions with specific criteria. They gave the City an APWA certification that states we are meeting all of the pieces. Shepard added that in 2012, during the budget process, Public Works cut four positions from operations and eliminated seven supervisory positions. In 2014, they added two back. He said, we cut until we found the bottom. He said, we track our work through a work order system which documents when something is assigned, the equipment used, and when the task is done. Cordier asked Collins to meet with him to explain further.

Close: The public hearing was closed at 8:28 p.m.

Councilor Dick Olsen asked Shepard about the staff reductions. Olsen said it is too bad we had to layoff.

MOTION: Johnson moved to adopt the resolution setting water rates and Coburn seconded it. The motion passed 6-0 and was designated Resolution No. 6373.

#### Business from the Public

Tom Cordier, 2240 Park Terrace, said the PSFRC report that was made to the Council tonight was good, and the two co-chairs did a great job presenting it. He said that one issue that was brought up early in the discussions but never got resolved because it tended to be outside their scope, was the issue of efficiencies of the operations in the design of the buildings that are going to be constructed. They didn't talk about the desire to build a building that can be efficiently run. He gave an example. They didn't talk about how to design the layout so people can multitask.

Cordier said that in 2006, the taxpayers approved a .95/1000 public safety levy and in 2012 it was increased by 21%, to 1.15/1000. He said this year it will generate about \$2.6 million for fire and police. Between fire and police the cost of those two systems are \$24.5 million and most is for staff. He doesn't know if there is a line item in the contract that is on this agenda that says that the City wants Mackenzie to design the buildings so that staff can work efficiently. He described some of the items they saw during a tour of the Scio fire buildings. He suggested the Council consider how to make them efficient for staff, lest they need another public safety levy. The levy that passed in 2012 added to the compression woes and another would do it again. He spoke to jail cells and regulations and suggested they talk to Municipal Court Judge Robert Scott to understand the operational efficiencies. Discussion followed.

Shepard said that even in the proposal stage when the different architectural firms made presentations, they looked at "adjacencies", which is to consider which people work with other people; he gave some examples. How people will function in the building is one of the first places they start in the design process. Cordier said he saw some of that, but it needs to be paid attention to. Cordier said he was on the PSFRC and he is asking the Council to address this.

Konopa noted that the police and fire levy was first approved in 2002.

Collins said that Cordier's point is the charge they give to staff and the consultants: to balance capital costs with operating costs. They need to keep an eye on future costs, and do what they can within the budget defined to minimize the long-term costs. The "adjacencies" question is only one component. Collins thinks they have given that clear message to staff and the consultants.

#### Adoption of Consent Calendar

- 1) Approval of Minutes
  - a) September 24, 2014, City Council Regular Session.
  - b) October 6, 2014, City Council Work Session.
  - c) October 8, 2014, City Council Regular Session.
  - d) October 20, 2014, City Council Work Session.

- e) November 13, 2014, Public Safety Facilities Review Committee.
- 2) Readopting an Investment Policy and repealing Resolution No. 6278. RES. NO. 6374
- 3) Readopting the Risk Management Policy and repealing Resolution No. 6279. RES. NO. 6375
- 4) Adopting Financial Policies and repealing Resolution No. 6277. RES. NO. 6376
- 5) Approving a liquor license for Gary, Inc., d/b/a U.S. Mini Mart #21, located at 2515 Geary Street.

MOTION: Kopczynski moved to adopt the Consent Calendar as presented. Coburn seconded the motion and it passed 6-0.

#### Award of Contract

##### Professional services contract for preliminary engineering for the Police Station and Fire Station 11.

Shepard said this contract doesn't require Council approval since it is not over \$150,000, but given the nature of the contract he wanted to bring it to the Council for transparency.

Engineering Manager Staci Belcastro said this is the award of the contract to Mackenzie for the Phase 1 Design Work. It will include site investigations to develop concept design plans; and visioning and public outreach. Then Mackenzie will finalize the design and develop a cost that can be used going forward with the bond measure. All the Phase 1 work will take place in a short time frame so there will be a cost estimate and design concept by the end of February. Belcastro said their proposal does include items Cordier mentioned such as life cycle costs for HVAC systems, and working with the Chiefs and staff to make sure there are efficiencies and adjacencies. Phase 2 is completing the design contract documents, and Phase 3 is for construction services. The cost for the two projects combined came in at about 10% cost savings compared to the cost that was included in the proposal. The savings is almost \$200,000. The contract includes a 20% contingency so hopefully that will be reduced as the design is developed.

Johnson asked if Phase 2 and 3 will be funded as part of the bond measure. Belcastro said yes.

#### Approval of Contract Increase

##### ST-13-03, North Albany Road Reconstruction.

Shepard said the North Albany bridge design has been a moving target. Their initial hope was to use the existing structure, perhaps widen it. It is an iterative process with impacts to the floodway and it turns out they will have to replace the bridge. The cost for the design work is higher than just adding onto the existing bridge. Belcastro said they wanted to use the existing substructure of the bridge to raise it, but when they did the floodplain analysis they realized they would not be able to meet the floodplain criteria with the existing footprint. They need a 65 foot span. They talked with WH Pacific, and they thought they could do a new bridge within the existing budget but missed some costs. With a 65 foot span, they can't use a precast slab. It has to be a thicker slab which means there is more impact to adjoining properties which would require retaining walls and more right-of-ways. Instead they decided to do a steel bridge which requires considerably more structural engineering costs.

Coburn asked if the original bid was a Request for Proposal. Belcastro said yes. Coburn asked if the City has a way to quantify the additional costs or if we are at the mercy of the contractor. Belcastro said at the point it was realized the bridge would need to be steel, they had 30% plans complete and \$20,000 was expended. She explained the extra costs associated with a steel bridge. The contractor's hours are broken out into geotech, structural inspection services, etc. Staff has reviewed it and it is what will be needed to finish the project.

MOTION: Coburn moved to approve an increase to the engineering services contract with WHPacific, Inc., for \$81,767.52 for the additional engineering costs of redesigning the bridge. Kopczynski seconded the motion and it passed 6-0.

#### Report

##### Dumbeck Lane Domestic Water Supply District revised service agreements.

Shepard said staff is seeking Council authorization to enter into new agreements. There is not a substantive change; the City was approached by Dumbeck. When the agreement was developed, it was a prospective agreement which spelled out certain things each party had to do. Many of those items have been completed, so this is housekeeping in nature. The agreement was due for renewal in 2016. Dumbeck came to the City early and asked for its review. Staff and the City Attorney have reviewed it along with the Dumbeck Board.

Collins said back in the 1970s, Dumbeck was one of several water districts that considered combining with the North Albany County Service District. Twelve of the thirteen water districts did combine, but Dumbeck did not. Water bills for residents in the district for water only are about \$122. Collins said they have significant capital replacement costs.

MOTION: Collins moved to approve the Dumbeck Wholesale Domestic Water Sales Agreement and the Dumbeck Water Distribution System Maintenance Services Agreement. Kellum seconded the motion and it passed 6-0.

#### BUSINESS FROM THE COUNCIL

Johnson said that during a downpour, the portion of Pacific Boulevard across from Pop's Branding Iron always floods. She asked who responsible for that road. Shepard said it is ODOT, although he is not sure what storm drain system it is connected to. He will do some research. Collins noted that about five years ago, there was a catch basin by the Chevron station that flooded; staff found it was installed by the state as part of couplet project, and they forgot to connect it to the storm drain. Discussion followed.

Olsen said the Annual Christmas Parlor Tour is next Sunday. His home is on the tour. The proceeds go to repair the Monteith House. The tour can draw up to 1,000 people.

Kellum said there was discussion and a motion at the November 17, 2014, Work Session Transient Lodging Tax (TLT). He said there has been some confusion about that motion. He read the motion from the Work Session Summary: "Motion to agree in principle with the draft proposal including a potential added pay incentive for increasing overnight stays, and to have staff talk to the county to see if they agree in principle and report back, passed 5-1 with Councilor Olsen voting no."

Kellum said there has been a question of how much money it was. Staff had suggested \$50,000, and it was the consensus of the five people who voted that it was about \$40,000, and an additional possible \$50,000 for performance; and that staff was supposed to check with the Linn County to clarify questions about transferability and responsibilities. Kellum wants to confirm with those Councilors who voted yes to confirm that is in fact what they remember. Johnson, Kopczynski, Coburn, and Collins concurred that they remembered it that way. Collins said that adequately represents the discussion; they said to go talk to Linn County using the document from the Work Session and see if they can reach an agreement which incorporated those principals, and bring it back to the City Council. It could lead to a one-year initial cost of up to \$90,000. Kellum said he also agrees.

Kellum spoke about the Time Capsule which he has sealed up and is transferring to the City.

Kellum spoke to recent national events involving hate crimes which resulted in riots. He said that here in Albany, he sees us doing the right thing. He spoke to recent events in Albany, where the perpetrator was prosecuted. He spoke about perceptions versus facts.

Kopczynski commended blogger Hasso Hering for his recent column on the value of libraries in the community. He strongly agrees that libraries are needed in every community.

Shepard gave an update about Bonneville Power upgrades in North Albany. He got a letter on Monday with the schedule. They will be replacing two power lines; the first between July 2015 and November 2015, and the second between July 2016 and November 2016. He doesn't have details on the plans yet. Discussion followed.

Smith said the Carnegie Library will have Open House, from 2:00 p.m. to 7:00 p.m., as part of the ongoing 100 year anniversary.

Smith said that on Friday, the Corp of Engineers, the National Weather Service, and others will be at the Montieth Riverpark installing three high-water signs near Ellsworth Bridge, to mark the flood levels for 1861, 1964, and 1996. They will speak about flood mitigation work that has been done. The public is invited to attend.

Smith said the Woodland Square will be renamed. The prize is \$200. This project is really changing that part of town and it looks great.

NEXT MEETING DATE: Work Session: December 15, 2014, and January 12, 2015  
Regular Session: January 14, 2015

#### ADJOURNMENT

There being no other business, the meeting was adjourned at 9:10 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC  
City Clerk

Mark Shepard  
Assistant City Manager/  
Public Works and Community Development Director