

NOTICE OF PUBLIC MEETING
CITY OF ALBANY
CITY COUNCIL WORK SESSION
Council Chambers
333 Broadalbin Street SW
Monday, August 24, 2015
4:00 p.m.

AGENDA

OUR MISSION IS

*"Providing quality public services
for a better Albany community."*

OUR VISION IS

*"A vital and diversified community
that promotes a high quality of life,
great neighborhoods, balanced
economic growth, and quality public
services."*

Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

4:00 p.m. CALL TO ORDER

4:00 p.m. ROLL CALL

4:05 p.m. BUSINESS FROM THE PUBLIC

4:10 p.m. Stormwater Discussions No. 4: Current O&M Practices, Future Needs – Chris Bailey. [Pages 2-3]
Action Requested: Information, discussion, direction.

4:55 p.m. Wastewater Collection System Facility Plan Update and Funding Discussion – Mark Yeager. [Pages 4-12]
Action Requested: Information, discussion, direction.

5:55 p.m. PUBLIC SAFETY FACILITIES PROJECT UPDATE

6:00 p.m. COUNCILOR COMMENTS

6:10 p.m. CITY MANAGER REPORT

6:15 p.m. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Chris Bailey, Interim Public Works Operations Director *CB*
DATE: August 17, 2015, for the August 24, 2015, City Council Work Session
SUBJECT: Stormwater Discussion Part 4 – Current Operation and Maintenance Practices and Future Needs

- RELATES TO STRATEGIC PLAN THEME:
- Great Neighborhoods
 - A Safe City
 - An Effective Government

Action Requested:

No action is requested at this time. This memo is for information only as part of a series of stormwater discussions.

Discussion:

This memo accompanies the fourth in a series of staff presentations on stormwater management in Albany. This presentation describes the current stormwater operation and maintenance (O&M) practices as well as the requirements the City can reasonably expect as part of an National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Phase II Stormwater Permit.

For decades, the City has recognized the need to manage stormwater as part of keeping the community safe from flooding that can affect property, lives, and transportation. The current stormwater system in Albany is a combination of piped and open infrastructure. There are 128 miles of stormwater pipes, over 4,000 catch basins/inlets, 2,200 storm manholes, and 76 stormwater quality facilities in the City. There are an additional 70 miles of open ditches and channels. Current practice places the responsibility for maintenance of piped infrastructure in the Wastewater Collections group while the Street Maintenance group maintains the open ditches. Maintenance of the stormwater quality facilities is currently being done by the Natural Treatment Systems Specialist and Water Quality Technicians.

Current Stormwater O&M Practices

Public Works staff works to provide an acceptable level of service for stormwater management given our available resources. Currently, this translates into responding to storm events that are creating street flooding issues, responding to spills that will pollute receiving waters, providing street sweeping, and performing minimal storm system cleaning. Roughly half of the storm catch basins, and only two percent of stormwater pipes are cleaned annually. These are pipes that are known to have severe capacity limitations or severe root problems that may limit stormwater flow. This management strategy is best described as reactive rather than proactive.

Future O&M Needs in the Stormwater System

Future stormwater system management would seek to identify potential problems and address them before they become emergencies. Such a program would more closely resemble the current asset management strategy used in the Wastewater Collection system and would include televised

inspection and cleaning of each stormwater pipe, inspection of storm ditches and channels, prioritization of defects and failures within the system, and annual programming of funds to address these issues in a systematic and efficient manner. This type of program will help the City maintain the existing infrastructure for as long as possible and will lead to more efficient use of available funding.

The Department of Environmental Quality (DEQ) is developing a new version of the NPDES MS4 Phase II Stormwater Permit. Among other things, the Phase II permit will require the City to submit a Stormwater Management Plan (SWMP) for DEQ approval. The SWMP must define goals and objectives that meet the Six Stormwater Minimum Control Measures as described in our last presentation. Staff has been actively participating in a work group that is working with DEQ to craft a Phase II permit that has a realistic chance of being successfully implemented by the permitted municipalities. When the permit is finalized, it will apply to all Phase II communities including new permittees such as Albany.

Future stormwater management under an MS4 Phase II Permit will require a greater emphasis on stormwater quality in addition to the current attention given to stormwater quantity. One example of this is the recent requirement for stormwater quality facilities installed with certain development or redevelopment projects. These facilities represent a departure from the traditional stormwater infrastructure in Albany and the costs and level of effort related to maintaining these facilities are not yet fully understood. In the near term, those costs are being absorbed by the sewer fund. As the number and complexity of stormwater quality facilities grows, this approach may be unsustainable.

Conclusion

Current operational practices related to stormwater in Albany are centered around managing runoff to minimize its impact on property and transportation. Modern asset management strategies would provide a mechanism to achieve proactive, effective, and efficient operation and maintenance of the stormwater infrastructure, but is not possible given current resources. In addition to managing stormwater runoff, the impending Phase II permit will require additional emphasis on runoff quality, further increasing O&M responsibilities and expenditures. While staff is working to ensure the Phase II permit is as manageable as possible, there will certainly be additional work requirements related to operation and maintenance of the City's storm system.

Budget Impact:

There is no budget impact at this time.

CB:prj

c: Jeff Blaine, P.E., Interim Public Works and Community Development Director (via e-mail)

Mark A. Yeager, P.E., Utility Services Manager (via e-mail)

Jeni Richardson, P.E., Civil Engineer III (via e-mail)

Jeff Babbitt, Senior Accountant (via e-mail)



TO: Albany City Council

VIA: Wes Hare, City Manager
 Jeff Blaine, P.E., Interim Public Works Engineering and Community Development Director *JB*

FROM: Mark A. Yeager, P.E., Utility Services Manager *ey*

DATE: August 18, 2015, for the August 24, 2015, City Council Work Session

SUBJECT: Wastewater Collection System Facility Plan Update and Funding Discussion

RELATES TO STRATEGIC PLAN THEME: ● A Safe City

Action Requested:

Staff is requesting Council feedback on funding plan options for the high-priority, capacity-increasing, wastewater collection system projects.

Discussion:

At the March 9, 2015, Council Work Session, staff presented the Wastewater Collection System Facility Plan, a document that provides a long-range look at the current and future capacity requirements for Albany's wastewater collection system. The Plan identifies nearly \$82 million in required improvements through buildout of Albany's urban growth boundary, Table 1 below.

Table 1 - PROJECTS SUMMARY	
High Priority Projects	\$33,760,000
Low Priority Projects	\$18,510,000
New Development Projects	\$29,710,000
Total	\$81,980,000

The High Priority projects are improvements needed to correct existing system capacity deficiencies, to meet current regulatory requirements, and to provide capacity for future development. The High Priority projects and affected sewer basins served are shown in attached Figures 1, 2, 3, and 4.

Since the presentation to Council in March, staff has been evaluating specific High Priority projects for cost savings through alternative construction methods or alternative solutions to provide the required capacity. In addition, staff has been working to develop options for a funding strategy for the High Priority projects.

Cost Saving Construction Methods and Alternative Solutions

All pipeline improvements identified in the Facility Plan were cost estimated based on open-trench construction. Under certain circumstances, trenchless technology (pipe bursting) is a viable, cost-saving alternative construction method. After evaluating all the High Priority pipeline projects, staff determined that trenchless technology has only limited application to the High Priority pipeline projects. Thus, only minor cost savings can be achieved with this alternative construction methodology (P12 and P13 in Table 2).

Because open trench excavation for the Riverfront Interceptor (RFI) projects is extremely expensive and very disruptive, staff explored an alternative solution that did not require pipeline replacement. The primary driver behind the required RFI improvements is wet weather flows. A consultant was hired to evaluate the feasibility of using a wet weather lift station to provide the required capacity,

and the study concluded that this alternative solution is viable, results in significant cost savings, and reduces construction disruption. The analysis also included the cost for rehabilitation of the existing RFI.

The upgrades to the two High Priority lift station projects (Maple Street and Umatilla) did not provide any opportunity for cost saving alternatives.

One project, the lower portion of the Cox Creek Interceptor (P7), will likely cost more than originally estimated in the Facility Plan because of wetland issues along the current pipeline route. This project will require a thorough pre-design effort to refine the costs, but the preliminary look indicates a range of costs from \$1 to \$2.5 million. For funding plan strategy purposes, the cost for this project is assumed to be \$1.8 million.

Revised Project Costs

With limited application of trenchless technology to the High Priority pipeline projects, the primary cost savings opportunity is with the Riverfront Interceptor projects. Table 2 details the changes in estimated costs for the High Priority projects.

Table 2

High Priority Projects	Facility Plan Cost (Million\$)	Revised Project Cost (Million\$)
Umatilla Lift Station Upgrade	\$0.6	\$0.6
Maple Street Lift Station Upgrade	\$0.2	\$0.2
Cox Creek Interceptor	\$11.5	\$11.5
Stage 1 (P8 & P10)	\$3.9	\$3.9
Stage 2 (P7, P9, & P11)	\$4.0	\$4.8
Stage 3 (P12 & P13)	\$3.6	\$2.8
Riverfront Interceptor	\$17.0	\$11.5
Ferry Street and 28 th Avenue	\$4.5	\$4.5
Stage 1 (P15)	\$2.7	\$2.7
Stage 2 (P16)	\$1.8	\$1.8
TOTAL	\$33.8M	\$28.3M

Funding Options

With the costs for the High Priority projects refined, an examination of the funding options and timing of the projects' construction is appropriate. These projects are needed to solve existing capacity problems and to meet current regulatory requirements. They are also required to provide sewer system capacity for future Albany growth and development. Some of the pipeline projects can be phased in over a few years (e.g., Cox Creek Interceptor). Others, like the RFI lift station alternative and the Umatilla and Maple Street lift station projects, need to be constructed all at once to get any benefit from the improvement.

While "doing nothing" is technically an option, in reality these projects must be completed relatively quickly. If the community chooses not to fund and build these projects, the Oregon Department of Environmental Quality (DEQ) will likely take enforcement action to require construction of the projects needed to correct the regulatory deficiencies, on DEQ's schedule, through a consent decree. Other outcomes of doing nothing could include a third party lawsuit against the City or a court-ordered development moratorium in the affected sewer basins. Under each of these outcomes, the City would likely lose control of the timing and funding options for these projects. A proactively developed plan to fully fund the High Priority projects is the recommended approach.

The Umatilla and Maple Street lift station projects are currently budgeted, funded by existing reserves, and anticipated to be completed in 2015-16 fiscal year. As part of this review process, an analysis of current funding sources was completed to determine how much work could be done in the next five years without relying on additional sewer rate increases or outside sources of money.

With Council concurrence, Table 3 shows a project list, an anticipated schedule, and demonstrates that several of the High Priority projects can be completed in the next five years using available reserves and anticipated annual revenues.

This funding strategy:

- uses available sewer capital reserves and maintains \$1 million balance,
- applies some SDCr reserves and anticipated increased SDCi revenues,
- uses sewer economic development monies and keeps \$100,000 in reserves,
- temporarily redirects money from the I/I and rain drain programs, and
- directs annual utility budget savings to these projects.

Table 3	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Available Reserves*	4,300,000	3,500,000	2,300,000	1,700,000	900,000
Program Suspension		300,000	300,000	300,000	300,000
Utility Savings		300,000	300,000	300,000	300,000
Total Revenues	4,300,000	4,100,000	2,900,000	2,300,000	1,500,000
Umatilla LS	(600,000)				
Maple LS	(200,000)				
Cox Creek P7		(1,800,000)			
Cox Creek P8			(1,200,000)		
Cox Creek P10				(1,400,000)	(1,400,000)
Ending Balance	3,500,000	2,300,000	1,700,000	900,000	100,000

*Sewer Capital, SDCs, Sewer Economic Development

Using the funding plan outlined above, several of the most important of the High Priority projects can be completed in the next five years. However, some High Priority projects remain unfunded, including the Riverfront Interceptor, the upper portions of the Cox Creek Interceptor, and the Ferry Street and 28th Avenue projects. While portions of these projects may be eligible for partial funding to restore existing capacity through the sewer perpetual life replacement program, a very large funding gap remains.

Key among those unfunded projects is the Riverfront Interceptor lift station project. This project does not lend itself to phased improvement because the benefit accrues only on completion of the whole project. The following funding options may be considered individually or in combination:

- Long-term debt – Revenue or General Obligation Bond (vote required)
- Pay-as-you-go – increased sewer rates
- Special Funding – CARA, other
- Grants or loans – State Revolving Fund (SRF) (not available)

The availability, advantages, and disadvantages of these alternate sources of funds will be discussed in more detail at the meeting.

- Long-term debt: General Obligation bonds require a public vote, and the recent Charter amendment now requires a public vote for Revenue bonds or most other contractual debt. For discussion purposes, borrowing \$11.5 million at 4.5 percent interest over 20 years

results in annual debt service of approximately \$900,000. To meet this annual debt service payment, a 3 percent sewer rate increase in each of the next two years would be needed.

- Pay-As-You-Go – Sewer Rates: The sewer capital revenue plan approved by Council in January 2012 is focused on programmed replacement of aging sewer infrastructure. While some of the High Priority Facility Plan projects may be eligible for partial funding from these revenues, the perpetual life replacement program does not provide funds for capacity-increasing projects. To cash fund the Riverfront Interceptor lift station, rates would need to increase an additional 3 percent next year (i.e., a total increase of 9 percent in FY 2016/17) and an additional 4 percent per year over each of the next four years (i.e., 9 percent per year).
- Other Available Options – CARA Funds: The Riverfront Interceptor project could potentially be eligible for CARA funding. Almost all the project is physically located within the CARA boundary, see attached Figure 5. Only a small portion of the lift station force main extends beyond the CARA boundary to transport flows to the Water Reclamation Facility.
- Grants or Loans: Grant funding for these types of projects no longer exists. The State Revolving Fund (SRF), a loan program administered by Oregon DEQ, offers reduced rate loans for qualifying projects as funds are available. Because these loan funds would be a debt contract, the recent Charter amendment would require a public vote to receive these funds. Additionally, should a public vote be successful, the likelihood of funding is remote given the current backlog of projects in the SRF program.

Summary

Using existing and projected reserves as well as temporarily redirecting program priorities, meaningful progress can be made toward implementing several of the High Priority projects from the recent Wastewater Collection System Facility Plan. However, a key project remains unfunded. The Riverfront Interceptor lift station alternative is vital to the City's ability to avoid regulatory enforcement action and to facilitate future growth and development.

Staff requests Council review and approve the funding plan presented (Table 3) to complete a number of the most important High Priority projects. Further, staff requests Council review and discuss the funding options presented for completing the Riverfront Interceptor lift station project.

Budget Impact:

None at this time.

MAY:kw

Attachments (5)

Figure 1

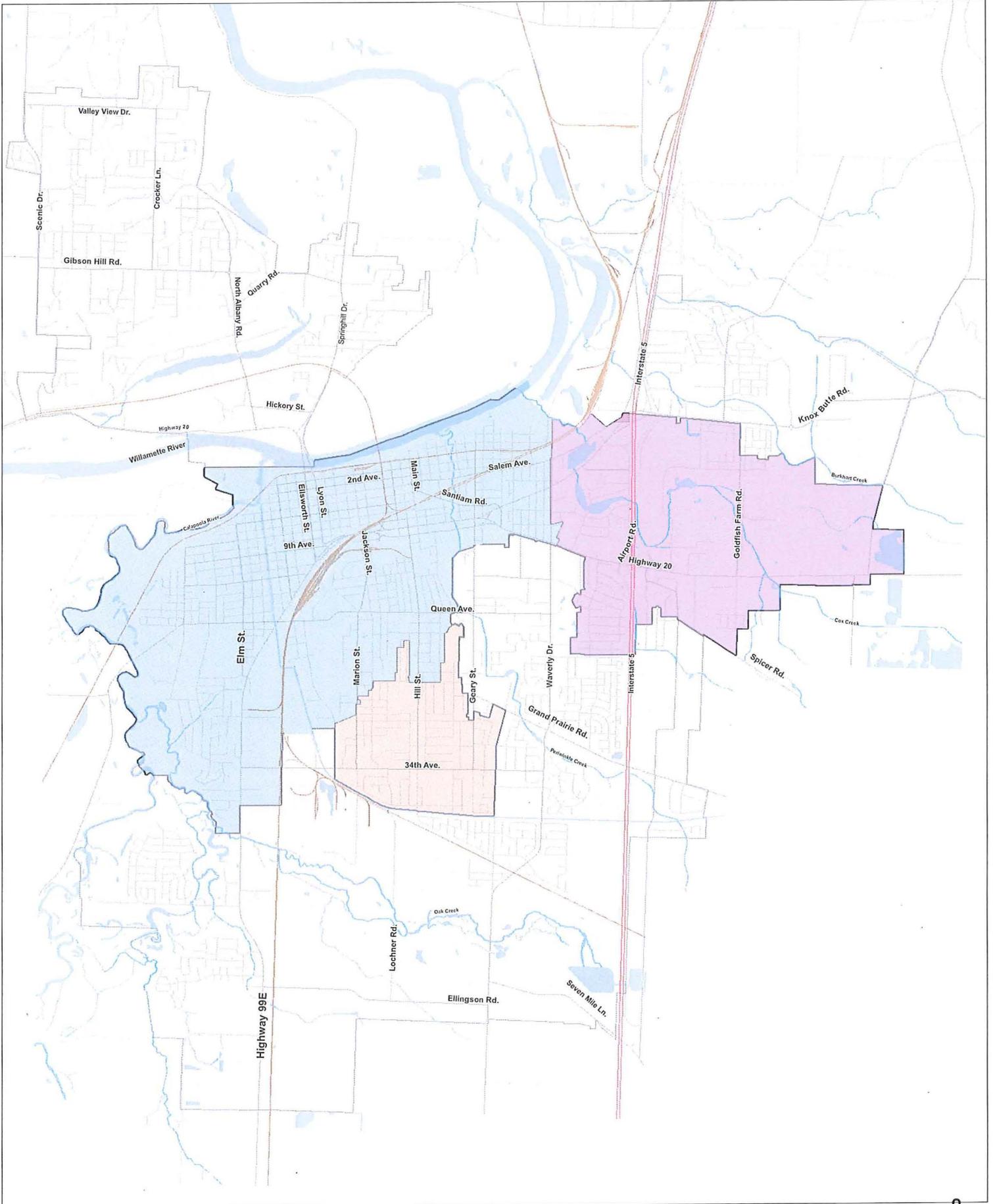


Figure 2

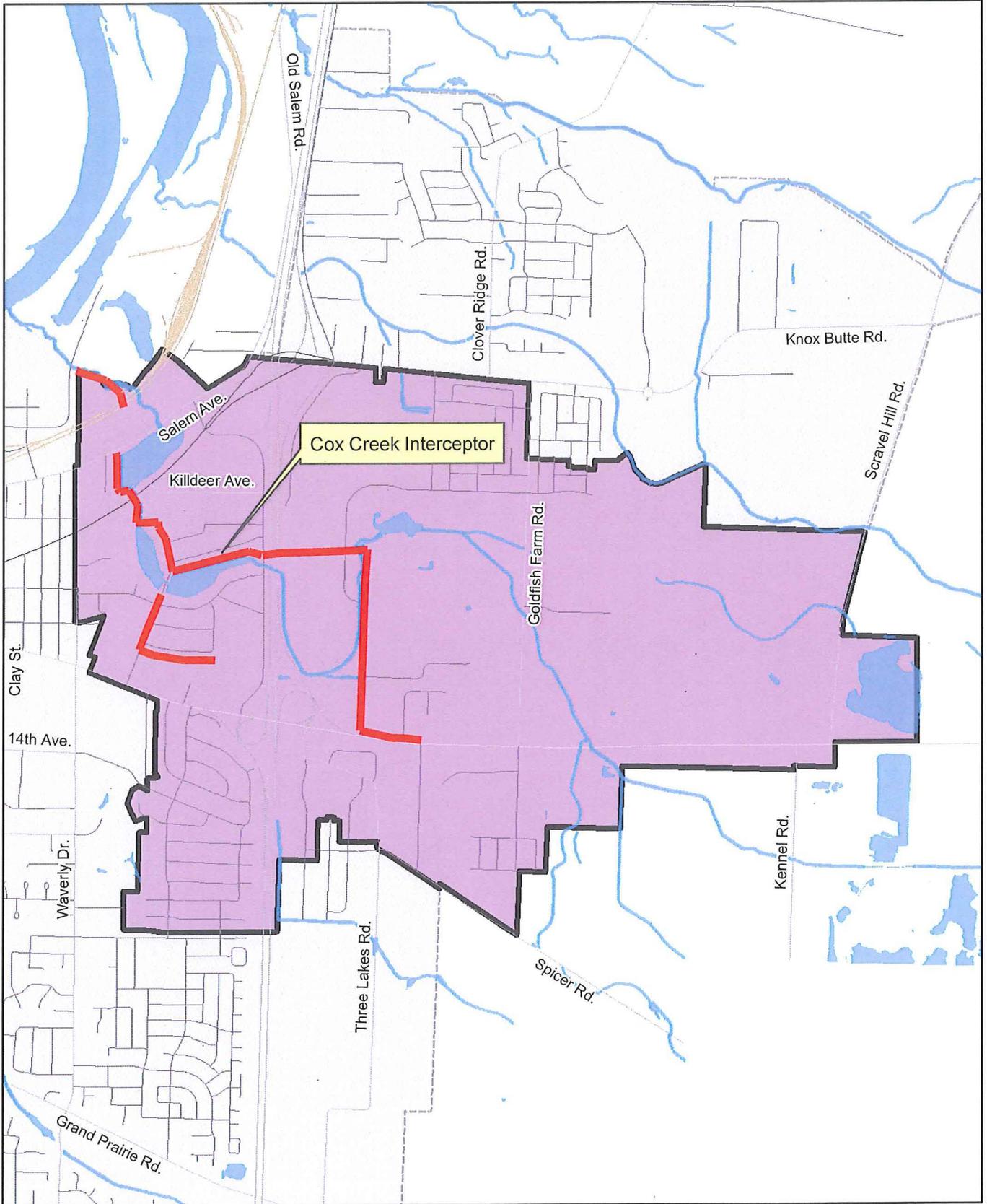


Figure 3

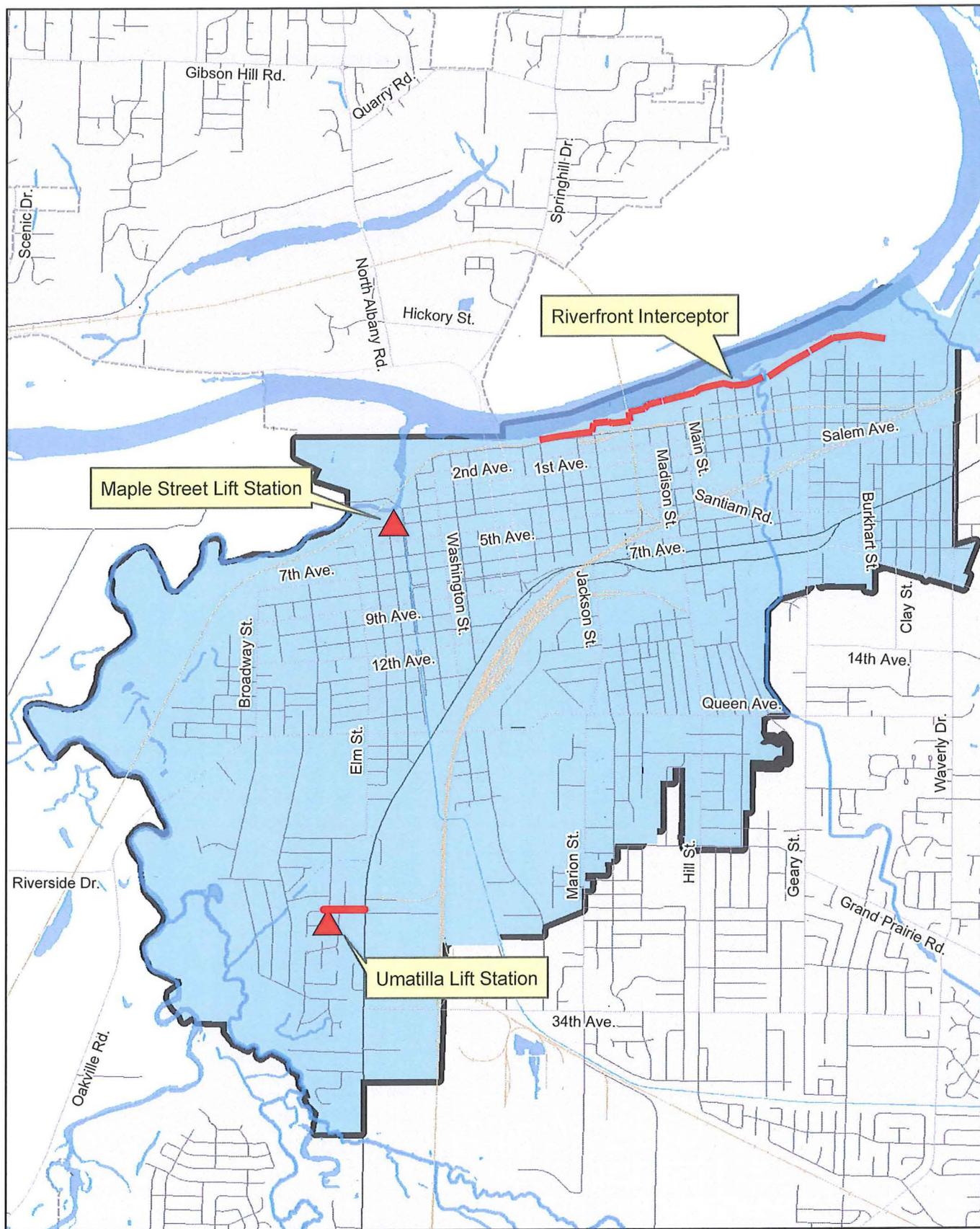


Figure 4

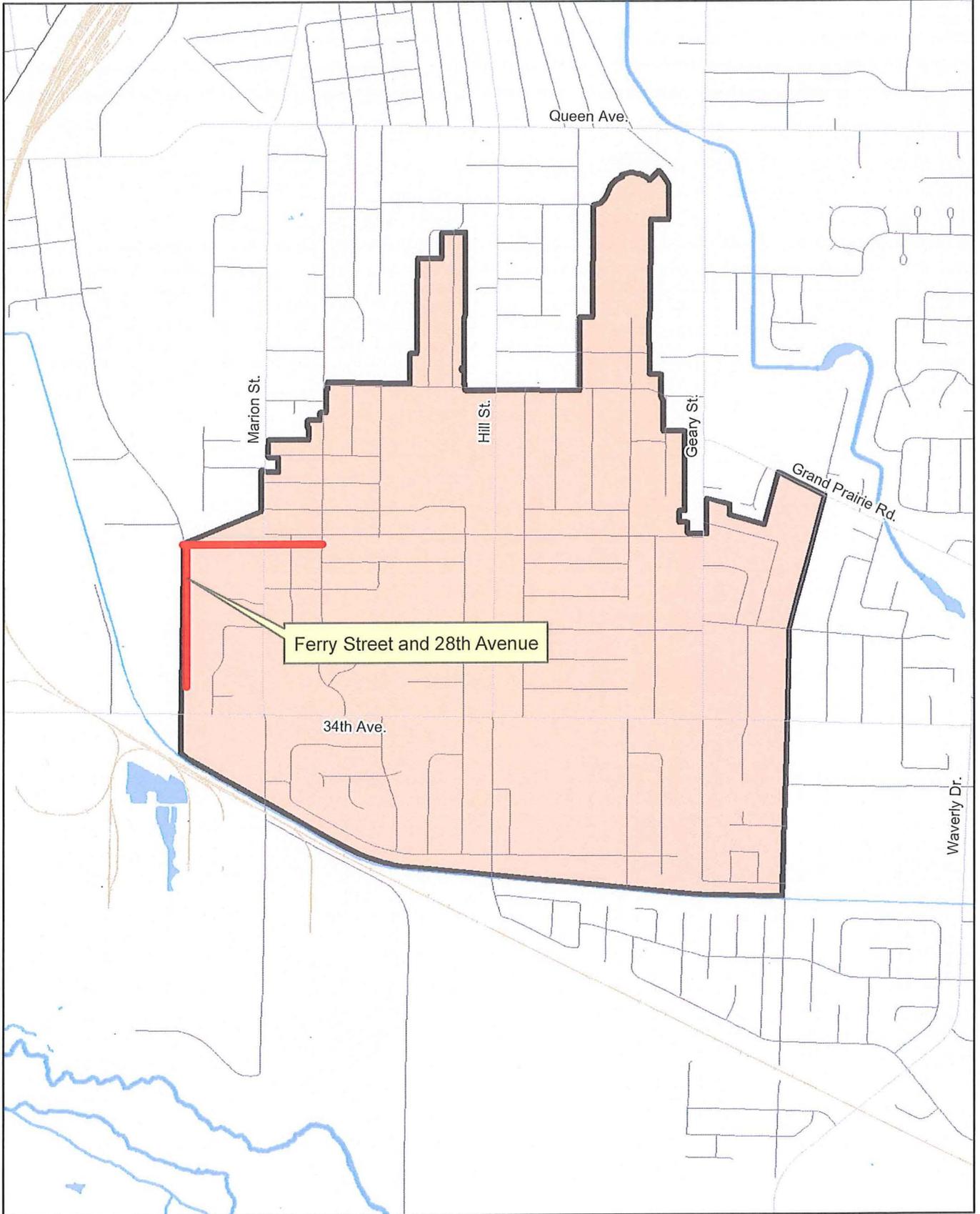


Figure 5

