

THURSDAY, 7:00 p.m.

APRIL 29, 1993

**BUDGET COMMITTEE
MINUTES**

WASTEWATER TREATMENT PLANT

NEWBERG, OREGON

The meeting was called to order by Chair Gary Hay at 7:10 p.m.

ROLL CALL:

Present:

Corrine Adams	Elaine Smith
Roger Currier	Ellen Bailey (7:25 p.m.)
Roger Gano (7:15 p.m.)	Tracy Pinder
Gary Hay (Chair)	Barbara Secor
Donna McCain	Brian Love (7:12 p.m.)
Martin McIntosh	Melinda Newland (8:24 p.m.)
Scott Reinhardt	Dale Welcome

Others Present:

Duane Cole, City Manager	Bert Teitzel, Public Works Dir.
Michael Sherman, Fire Chief	Katherine Tri, Finance Director
Leah Griffith, Librarian	Elvern Hall
Terry Mahr, City Attorney	Bert Pennock
Donna Proctor, Mayor	Diane Padilla, Asst. Finance Dir.

OLD BUSINESS:

Duane Cole reviewed a list of items that were mentioned at the previous meeting, April 27, 1993, and which will be reviewed later. Gary Hay suggested that the staff keep an ongoing list of items the committee would like to review later. Mr. Hay also indicated that the committee has the right to revisit any department or issue at any time during the upcoming meetings.

REVIEW OF DEPARTMENTAL BUDGETS:

Public Works: Duane Cole began by indicating that Public Works is the largest departmental budget in the City's Budget. The major portion of this budget includes Capital Projects. Public Works encompasses a number of funds, and receives no property tax support. Mr. Cole indicated that there is a possibility of contracting the operation of the Water and Wastewater Plants. One of the biggest costs to the City in operating these plants is personal services. However, these are a number of concerns with contracting, including loss of City employees, loss of control, and loss of critical mass, which would make it hard for the City to gear up for any changes. He indicated the amount of savings from contracts may not be worth going forth with it. On the other hand, the City would not have as many employees to be concerned about, there could be substantial savings, which would make operations in the plant competitive in the market and have a positive affect on fees. Mr. Cole indicated that the City Council will be looking at a Management Operations Audit proposal the following Monday. The proposal will evaluate how efficiently the City is operating its water and sewer plants. The study will also help guide the City on whether or not it should contract these services. Other examples of contracting Public Works services include street sweeping and responses to sewer backups. At this point Mr. Cole turned the Budget review over to Bert Teitzel, Public Works Director.

Bert Teitzel showed an expanded organization chart for the new Community Development\Public Works Department. This chart was an expansion of the City Organization Chart found on page 4 of the Budget Notebook. Mr. Teitzel proceeded to review the general operations of the Public Works Department. He indicated that the department is primarily funded by the street, sewer, and water funds. Engineering is funded in the street fund and is split between utility information which involves subdivision reviews and design and monitoring project construction. Engineering is financed by fees from design review and internal

engineering fees from capital projects. The maintenance division is divided into two work groups. Maintenance involves painting streets, sweeping streets, crack patching and sidewalks. The second work group involves water distribution, which handles all connections and repairs. A critical mass in this section is three FTE.

The sewer system involves operations of the system including lines, plant operations, and discharge. The crew cleans and maintains the system, which averages three to four million gallons per day. At this time there is too much infiltration into the system, and this budget reflects an effort to reduce that. In the winter, the system averages 6 million gallons per day, which is within the City's permit, but needs to be reduced. The budget includes replacing one hundred thousand feet of pipe per year to reduce infiltration. The sewer system also includes operation and maintenance of the pump stations. Within the sewer system, there is a bio-solids program. The bio-solids program includes the dispersion of liquid sludge to fields and involves one FTE. The final area under the sewer system includes facilities maintenance. There is one FTE in this program which is financed three quarters by central services and one quarter from the utilities.

The water system includes a total operation of the water system, including source, plant operations and distribution. The water system also includes the flushing of lines and maintenance of hydrants, reading meters, maintaining meters, and backflow prevention devices. The fleet part of the department includes the garage, which has been located in temporary quarters at the maintenance yard for over a year. The 1993 Budget includes reduction of one-half FTE in this program. The other half of the FTE will be in street maintenance. The fleet program intends to contract oil, lube and filters to an outside contractor and intends to develop a comprehensive fleet maintenance program during the year.

Significant items in the 1994 Budget include \$33,000 in the sewer plant budget for a mixing zone study in the river. The study must analyze chlorine residue that is discharged into the river. DEQ will use the study to determine what other improvements are needed at the sewer plant. Mr. Teitzel indicated that discharge requirements have become more strict since the plant was built and we made need to add a dechlorination unit at the cost of approximately one million dollars, to meet new requirements. The sewer budget also includes \$55,000 for the lease of a sewer cleaning equipment, which will vacuum sewer lines. This is definitely a preventative maintenance program. The City's permit requires us to perform certain functions. If we do not perform these functions, DEQ will levy a civil penalty upon the City. The City must give DEQ an annual report and if we do not perform the functions that they require, we will violate our permit and be fined. The staff will evaluate further during the year whether we should lease the cleaning equipment, purchase it, or contract the service. Marty McIntosh was concerned about hidden cost in leasing the equipment. Bert Teitzel indicated that if the City decides to buy equipment, we will talk to other cities with similar equipment, and write specs on the one that best fits our needs. He indicated that such equipment would not be outdated for fifteen to twenty years.

Dale Welcome asked about the split in travel dollars. Marty McIntosh questioned why the City pays for licenses and should not this be a personal expense of employees. Many members indicated that they disagreed with that position.

MOTION: Roger Gano\Tracy Pinter moved that the City continue to pay required licenses of employees who are required to have them as part of their job. VOTE ON THE MOTION: 9 yes, 5 no.

Gary Hay asked if the motion included the hospital. Roger Gano indicated it should have been for professional fees that we should continue to pay for. The committee then began to review the individual pages of the Public Works Budget. There was a question regarding contractual services in the Street Fund for engineering utilities information. Bert Teitzel indicated that \$10,000 was for upgrading the aerial maps which had not been upgraded since 1984 and \$15,000 was

for the GIS computer maintenance contract. In the street maintenance budget, it was indicated road materials was for asphalt, rock, sand, patch materials. The utility account covers our PGE bill for street lights. Under Capital Outlay, the City intends to buy a new mower. It was asked why we do not contract with Park and Recreation to do this mowing. Bert Teitzel indicated he was not sure that Park and Recreation has the kind of side mower for ditches that the city would require to mow the right-of-ways and rough properties. He indicated that the Community Development Committee could review this purchase and the staff will talk to the park district regarding this.

Next, the committee began to review the pages of the sewer budget. Bert Tietzel said that the major expenses in the administration budget, included the completion of the composter construction, which is paid for from systems development charges. In the plant maintenance budget, under contractual services, there are funds for the mixing zone study. Roger Currier questioned the radios in the trucks, beepers and cellular phones that the public works staff has. There was some discussion of the importance of the cellular phones in emergency situations in order to respond quickly and safely to emergencies. Gary Hay asked if we could obtain hydropower from the discharge. Bert Teitzel said that is on their list to review. Staff is exploring options with the co-generation plant and the mill to use the discharge for power. In addition, the mill might need more treatment of their discharge. In the bio-solids budget, the major expense is for sawdust, lime, and polymers. The contractual services line will cover expenses for the composter started up.

Next, the committee reviewed the water budget. Roger Gano asked if there was a plan to add a reservoir. Bert Teitzel indicated that there is an additional reservoir in the master plan, but it is five to six years off. The distribution budget is mainly a maintenance budget and includes replacement of old water meters. The City recently conducted a study in which the meters were found to record 85% to 86% of the water flow through the meter. The City has embarked on a three year program to replace all the old meters in the city. 1993-94 will be the second year of this program. In addition the budget includes \$140,000 for a leak detection program. The system is leaking about 20%. In the source of supply budget, the major expense for professional services is for lab work. There are new regulations for testing water supply and we will be contracting out this service.

Roger Currier asked about the inventory at the garage. Bert Teitzel indicated that with the change of locations from the old garage to the maintenance yard, there were a lot of supplies that were inventoried and available. In order to maintain more control over the inventory, the staff developed new controls to keep track of the inventory. The final portion of the Public Works budget that Mr. Teitzel reviewed was facilities. He indicated that there was a 3/4 FTE in this budget to handle all the needs of the City's facilities.

MOTION: Roger Gano\Scott Reinhardt moved to approve the Public Works Budget.
VOTE ON THE MOTION: Passed by those present.

The Capital Projects portion of the budget was postponed to the next Budget Committee Hearing.

ADJOURNMENT: The committee adjourned at 9:22 p.m.

