

**Water Committee Meeting Minutes - December 26, 2012 - 6 pm
City Hall, 1840 Second Street, Columbia City of Columbia City**

Members Present- Josh Fromm, Finos Lunsford, and John Burdett

Attendees- Erik Hoovestol of Kennedy/Jenks, City Engineer
Leahnette Rivers, City Administrator/Recorder

Meeting called to order at 6 pm.

Leahnette explained that the City has been invited to submit a final application under the Safe Drinking Water Loan Program to Business Oregon, Infrastructure Financing Authority for the Columbia City Water Conservation Project - Meter/PRV/Line Improvements. She said the project involves the purchase and installation of 546 automated water meters and automated meter reading equipment, completing several pressure reducing valve (PRV) improvements to eliminate over-pressurized areas and correct an under-pressurized area, completing a system wide leak detection survey, and abandoning 7,650 feet of old 4-inch water main. She said all of the work is described in the draft Water Master Plan under Project Numbers 5A, 5B, 5C, 6, 7, 8, 11, and 13.

She said the total project cost is estimated at \$770,653. Because the project is a “green” project, it will qualify for 40% debt forgiveness, which will save the City in excess of \$308,000. She said the balance of the project, which is estimated at \$462,392, would be financed for a term of 20 years at an interest rate of approximately 2.7%.

She said the annual loan payments would require a rate increase of up to \$3.15 per month. She said she believes this amount is the “worst case” scenario, because the project costs are currently based upon engineering estimates that include a 25% contingency. Erik and Leahnette both said this is an excellent time to solicit bids because construction costs are very low right now. Leahnette said the interest rates are also at an all time low. Erik said the City is extremely fortunate to receive the 40% debt forgiveness, which is the equivalent of a grant. Erik said it is nearly impossible to acquire grant funds for projects like this, and an opportunity such as this is not likely to surface again. Josh said his brother-in-law is an engineer, and his brother-in-law said the 40% debt forgiveness is a fantastic funding opportunity that the City should not pass up.

Josh asked Erik what risks are associated with postponing the PRV improvements and the water line abandonment project to another time. Erik said the high water pressures contribute to water waste though unintended use and cause leaks which require staff time and money to repair. He said a PRV failure could result in a pipe bursting on the lower side of Columbia City. He said the redundant 4” water main adds maintenance costs to the water system. He said postponing the project to a future date would likely result in a loss of the 40% subsidy, higher construction costs, and higher interest rates.

Leahnette noted that the City will not be obligated to borrow all of the funds authorized under the loan, and would be able to remove parts of the project if the bids come in

higher than expected or for any other reason.

Leahnette explained that unfortunately, the City has only one industrial user and a few commercial accounts that help pay the annual debt requirements - most of the system costs are borne by residential accounts. She said the lack of business and industry contributes to the City's high water rates. She said the City's median income level is very high, and it often prevents the City from qualifying for grant programs that are available for water and sewer improvements.

Leahnette said the City Council will hold a public hearing in January to obtain citizen input about the proposed loan. If the loan is acquired, she said design engineering can begin as soon as the award is received, and she would expect construction to begin in July 2013.

The Water Committee reviewed some water rate comparisons and discussed the project and funding requirements at length with staff.

Moved (Burdett), seconded (Lunsford) and carried unanimously to support the project and recommend the City Council move forward with the submitting the application.

Meeting adjourned at 7:02 p.m.