



AGENDA

CITY COUNCIL WORK SESSION

91136 N Willamette Street

541-682-7852 | coburgoregon.org

Tuesday, January 24, 2023 at 6:00 PM

Council will hold this meeting in person and through Zoom. To participate by Zoom you must pre-register by 3PM the day of the meeting. Contact the City Recorder at 541-682-7852.

COUNCIL MEETINGS ARE RECORDED AND LIVE STREAMED at www.coburgoregon.org

CALL THE CITY COUNCIL WORK SESSION TO ORDER

ADMINISTRATIVE INFORMATION REPORTS

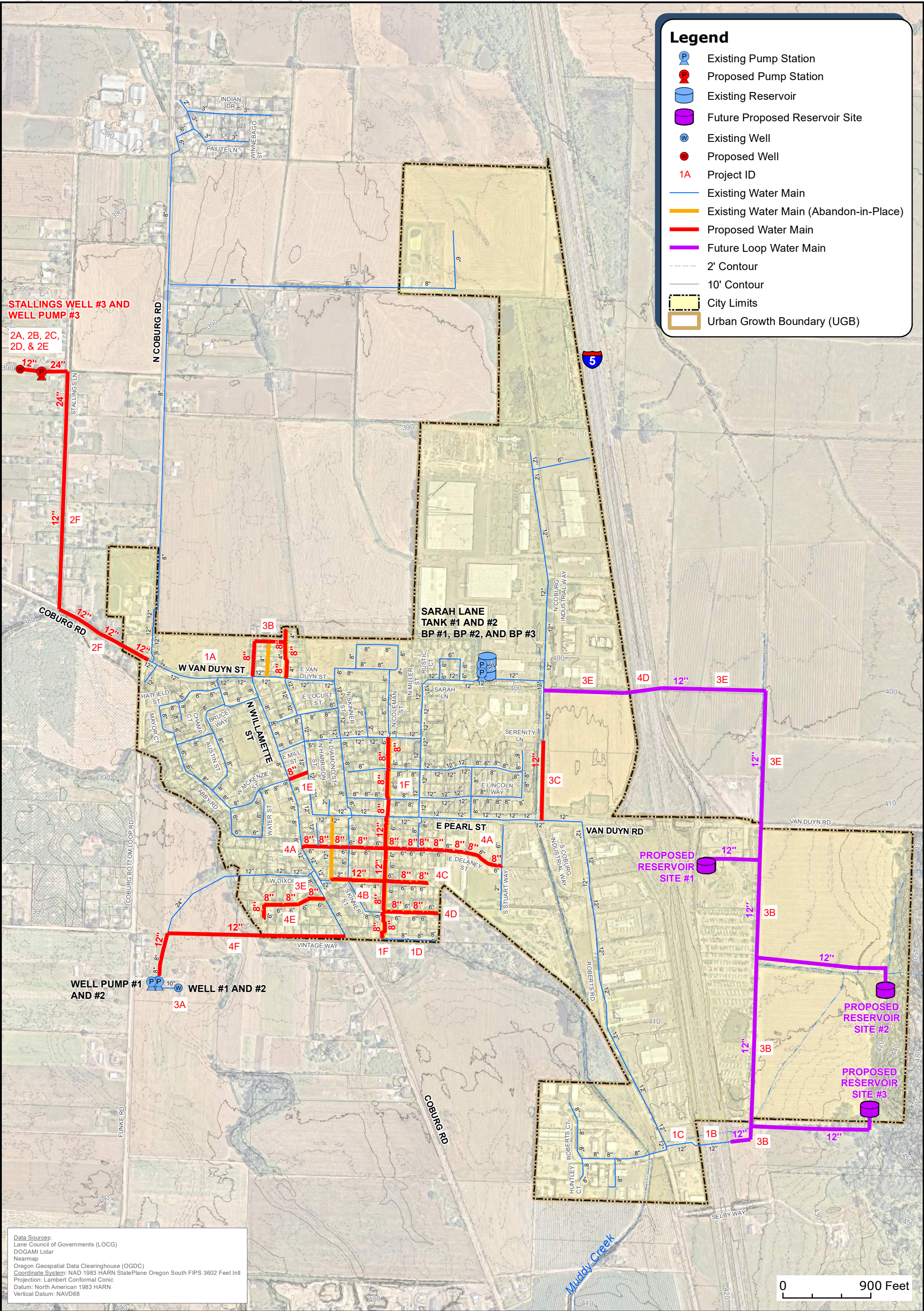
- [1.](#) Water Feasibility Presentation
- [2.](#) Water Rate Discussion

FUTURE MEETINGS

ADJOURNMENT

The City of Coburg will make reasonable accommodations for people with disabilities. Please notify City Recorder 72 hours in advance at 541-682-7852 or sammy.eqbert@ci.coburg.or.us

All Council meetings are recorded and retained as required by ORS 166-200-0235.



Cost Estimates for Coburg's Water Projects

December 2022														
Phase	Project ID	Project	Business Oregon Category	Construction		Engineering, Survey & Inspection		Contingency 25%	Actual Total Project Cost	Projected Total Project Cost	Total Project	Inflation @ 10% Per Year	Total Master Plan Budget	Year of Completion
				Actual	Projection	Actual	Projection							
18-004a		Water Project Management				\$ 56,375.00			\$ 56,375.00		\$ 56,375.00			
20-004g		Original Reservoir Planning				\$ 110,677.00			\$ 110,677.00		\$ 110,677.00			
1	1A	Van Duyn Waterline	Transmission & Distribution	\$ 426,792.22		\$ 38,756.00			\$ 465,548.22		\$ 465,548.22		\$ 93,175.00	2019
	1B	I-5 Bore West to East	I-5 Bore South	\$ 279,949.05		\$ 125,163.00			\$ 405,112.05		\$ 405,112.05		\$ 729,810.00	2020
	1C	I-5 Bore Connection at Roberts Rd.	Transmission & Distribution	\$ 82,550.99		\$ 50,072.00			\$ 132,622.99		\$ 132,622.99			2022
	1D	East Thomas Street Waterline	Transmission & Distribution	\$ 138,625.38		\$ 38,476.00			\$ 177,101.38		\$ 177,101.38		\$ 48,870.00	2022
	1E	East McKenzie Street Waterline	Transmission & Distribution	\$ 57,732.00		\$ 8,659.80			\$ 66,391.80		\$ 66,391.80			2022
	1F	North/South Coleman Street Waterline	Transmission & Distribution	\$ 637,554.00		\$ 66,188.00	\$ 31,877.70	\$ 35,187.10*	\$ 703,742.00	\$ 67,064.80	\$ 770,806.80		\$ 140,840.00	2023
Phase 1 Project Total				\$ 1,623,203.64	\$ -	\$ 494,366.80	\$ 31,877.70	\$ 35,187.10	\$ 2,117,570.44	\$ 67,064.80	\$ 2,184,635.24	\$ -	\$ 1,012,695.00	

*Contingency at 5%

2	2A	Well Property Purchase 91430 Stallings Lane	Well Development	\$ 512,500.00					\$ 512,500.00		\$ 512,500.00		\$ 270,000.00	2022
	2B	Well Access Road & Protection Pad	Well Development	\$ 49,750.00		\$ 7,462.50	\$ -		\$ 57,212.50	\$ -	\$ 57,212.50	\$ -	\$ 303,750.00	2023
	2C	Production Well	Well Development		\$ 707,995.75	\$ 91,872.50	\$ 141,599.15	\$ 235,366.85	\$ 91,872.50	\$ 1,084,961.75	\$ 1,176,834.25	\$ 1,193,457.93	\$ 303,750.00	2023
	2D	Well House	Well Development		\$ 55,416.00		\$ 11,083.20	\$ 16,624.80		\$ 83,124.00	\$ 83,124.00		\$ 91,436.40	2023
	2E	SCADA Control	SCADA Control		\$ 228,500.00		\$ 132,500.00	\$ 90,250.00		\$ 451,250.00	\$ 451,250.00	\$ 546,012.50		2023-2024
	2F	Stallings Lane Waterline	Transmission & Distribution		\$ 834,386.85	\$ 50,245.00	\$ 166,877.37	\$ 262,877.31	\$ 50,245.00	\$ 1,264,141.53	\$ 1,314,386.53	\$ 1,529,611.25		2023-2024
Stallings Lane Project Total				\$ 562,250.00	\$ 1,826,298.60	\$ 149,580.00	\$ 452,059.72	\$ 605,118.96	\$ 711,830.00	\$ 2,883,477.28	\$ 3,595,307.28	\$ 3,360,518.07	\$ 1,282,500.00	

3	3A	SCADA Control Upgrade	SCADA Control Upgrade		\$ 48,500.00		\$ 105,000.00	\$ 12,125.00	\$ -	\$ 165,625.00	\$ 165,625.00	\$ 220,446.88	\$ 236,250.00	2024-2025
		Wells 1 & 2 Rehab	Well Development		\$ 225,000.00		\$ 45,000.00	\$ 67,500.00	\$ -	\$ 337,500.00	\$ 408,375.00	\$ 408,375.00	\$ 83,700.00	2023-2024
	3B	Harrison & Macy Street Waterline	Transmission & Distribution		\$ 296,484.00	\$ 40,046.00	\$ 59,296.80	\$ 98,956.70	\$ 40,046.00	\$ 454,737.50	\$ 494,783.50	\$ 500,211.25	\$ 108,168.75	2023
	3C	Coburg Industrial Way Waterline	Transmission & Distribution		\$ 169,600.75	\$ 13,887.00	\$ 33,920.15	\$ 54,351.98	\$ 13,887.00	\$ 257,872.88	\$ 271,759.88	\$ 283,660.16	\$ 105,435.00	2023
	3D	East Transmission (Developer)	Transmission & Distribution		\$ 530,857.80		\$ 106,171.56	\$ 159,257.34	\$ -	\$ 796,286.70**	\$ 798,286.70	\$ 963,506.91		2023-2024
	3E	Transmission Connection N Loop (City)	Transmission & Distribution		\$ 930,568.10		\$ 186,113.62	\$ 279,170.43	\$ -	\$ 1,395,852.15	\$ 1,395,852.15	\$ 1,688,981.10	\$ 543,915.00	2023-2024
Phase 2 Project Total				\$ -	\$ 2,152,510.65	\$ 53,933.00	\$ 430,502.13	\$ 659,236.45	\$ 53,933.00	\$ 2,445,962.53	\$ 3,298,182.23	\$ 3,844,734.42	\$ 841,218.75	

** Includes Developer Portion

4	4A	East Delaney Waterline	Transmission & Distribution		\$ 476,207.33		\$ 95,241.47	\$ 142,862.20	\$ -	\$ 714,310.99	\$ 714,310.99	\$ 950,747.92	\$ 194,845.50	2024/2025
	4B	East Dixon Waterline Phase 1	Transmission & Distribution		\$ 184,346.80	\$ 27,337.00	\$ 36,869.36	\$ 62,138.29	\$ 27,337.00	\$ 283,354.45	\$ 310,691.45	\$ 377,144.77		2025
	4C	East Dixon Waterline Phase 2	Transmission & Distribution		\$ 143,815.38		\$ 28,763.08	\$ 43,144.61	\$ -	\$ 215,723.06	\$ 215,723.06	\$ 287,127.40	\$ 104,658.75	2025
	4D	I-5 Bore East to West	I-5 Bore North		\$ 389,984.10		\$ 77,996.82	\$ 116,995.23	\$ -	\$ 584,976.15	\$ 584,976.15	\$ 584,976.15	\$ 588,667.50	2025
	4E	Christian Way Waterline	Transmission & Distribution		\$ 97,903.85		\$ 19,580.77	\$ 29,371.16	\$ -	\$ 146,855.78	\$ 146,855.78	\$ 195,465.04	\$ 55,080.00	2025
	4F	Vintage Way Waterline	Transmission & Distribution		\$ 441,126.95		\$ 88,225.39	\$ 132,338.09	\$ -	\$ 661,690.43	\$ 661,690.43	\$ 661,690.43	\$ 314,651.25	2025
	4D	East Maple Street Waterline	Transmission & Distribution		\$ 148,766.48		\$ 29,753.30	\$ 44,629.94	\$ -	\$ 223,149.71	\$ 223,149.71	\$ 297,012.27	\$ 72,292.50	2025
Phase 3 Project Total				\$ -	\$ 1,882,150.88	\$ 27,337.00	\$ 376,430.18	\$ 571,479.51	\$ 27,337.00	\$ 2,830,060.56	\$ 2,857,397.56	\$ 3,354,163.97	\$ 1,330,195.50	

PROJECT TOTAL				\$ 2,185,453.64	\$ 5,860,960.13	\$ 725,216.80	\$ 1,290,869.73	\$ 1,871,022.01	\$ 2,910,670.44	\$ 8,226,565.16	\$ 11,935,522.30	\$ 10,559,416.46	\$ 4,466,609.25	
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Project	Business Oregon Category	Construction		Engineering, Survey & Inspection		Contingency 25%	Actual Total Project Cost	Projected Total Project Cost	Total Project	Inflation @ 10% Per Year	Total Master Plan Budget	Year of Completion
		Actual	Projection	Actual	Projection							
750,000 Gallon Elevated Reservoir	Reservoir Development		\$ 5,400,000.00		\$ 1,000,000.00	\$ 1,600,000.00		\$ 8,000,000.00	\$ 8,000,000.00		\$ 839,970.00	TBD
Tank Rehabilitation	Reservoir Development		\$ 1,500,000.00	\$ 32,343.00	\$ 300,000.00	\$ 383,085.75	\$ 32,343.00	\$ 2,183,085.75	\$ 2,215,428.75		\$ 998,325.00	TBD
TOTAL		\$ -	\$ 6,900,000.00	\$ 32,343.00	\$ 1,300,000.00	\$ 1,983,085.75	\$ 32,343.00	\$ 10,183,085.75	\$ 10,215,428.75		\$ 1,838,295.00	



COBURG CITY COUNCIL ACTION/ISSUE ITEM

TOPIC: Utility Rate Analysis

Meeting Date: May 10, 2022

Staff Contact: Anne Heath, City Administrator

Contact: 541-682-7871, Anne.Heath@ci.coburg.or.us

REQUESTED COUNCIL ACTION

Information Only

POLICIES OR CITY COUNCIL GOAL(S) ADDRESSED

City Council Goal - Utilities, Equipment and Infrastructure, Fiscal Stewardship

BACKGROUND

At the April 26, 2022 work session, the Council were presented with information regarding the reservoir portion of the Water Project as well as updated models for utility fees.

After conducting surveys and geological studies to prepare for the development of the reservoir, many complications arose including difficult soils/rocks, creek crossings, and the fact that the reservoir was planned for a height that would cause pressure on the system overall, and therefore would require additional adjustments to the infrastructure system. It was recommended that the City move to design and build an elevated reservoir somewhere in the City limits at an alternative location.

After discussion, the Council gave staff direction to abandon the planning for a reservoir on the east hills/Diamond Ridge area and to conduct a feasibility study on alternative locations, as well as confirm the viability of the current reservoirs and confirm the capacity need for the new reservoir. The feasibility study will take until September to complete.

Following the presentation on the reservoir project, Anne Heath, City Administrator, shared with the Council the platform models for utility fees and the recommendation coming out of the models that with conservative growth and development, coupled with the increase in the costs of materials and services as well as personnel, there would be a need to raise water and sewer fees.

After discussion the Council gave staff direction to add a 1.5% Sewer increase, and a 3% water increase to the budget for analysis. However, they do not intend to implement the fee increase at this time. Implementation would take place after the Council had the opportunity to take a closer at the impact of the increases once the full budget is completed. They would then make a decision on whether or not to adjust fees in fiscal year 2023, or to receive the information and then be prepared to make a decision that would impact fiscal year 2024 utility fees.

Influencing this decision is the costs associated with an alternative reservoir design and location and the possible increase in funds the City would need to obtain to complete the project.

TIMELINE

Council gave staff direction with the intent to take the time to look at this closer and have all information available to them prior to making a decision. Therefore, the staff has put together a timeline for Council to continue this discussion, and up until a decision would be made. The following is a tentative timeline for completing this work:

May	Complete utility budgets and add in financial scenarios in order for Council to see the impact on utility budgets
May	Begin feasibility study for reservoir design and relocation.
May	Public information newsletter making the public aware that the Council is discussing utility fees and why.
June/July,	Presentation to Council on fee scenarios and impact on utility budgets. This will include development and growth considerations
June/August,	Continue Public Education and engagement on the utility systems and Water Master Project
September	Results of feasibility study available to share with City Council
September	Council discussion of the financial impacts of the reservoir project, as well as the utility fees – Public Input Opportunity
October	Council decision on changes to reservoir project as well as implementation of utility fee increases – Public Input Opportunity
October	Review and presentation of the Utility Billing Ordinance to align with decisions being made by City Council.

PUBLIC INFORMATION AND ENGAGEMENT

Staff recommends a similar public information campaign as the Transportation Utility Fee which proved to be very successful. Additionally, at least two opportunities for the Public to ask questions, provide comment, and feedback.

NEXT STEPS

- Staff to meet with FCS staff to review rate models and prepare opportunity for Council to see budget comparisons based upon different fee adjustments
 - Staff to begin reviewing utility ordinance with legal early in year 2023 (this is on the adopted work plan).
 - Staff to facilitate feasibility study for reservoir with engineering
 - Begin public education campaign regarding Councils decision to consider utility fees, and updates to the water infrastructure and need for updates
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ATTACHMENTS

- A. Power Point presented by Murray Smith at April 26, 2022, work session
 - B. Power Point presented by staff on utility fee models at work session
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REVIEWED BY:

Sammy Egbert, City Recorder
Brian Harmon, Public Works Director
Tim Gaines, Finance Director



COBURG CITY COUNCIL TO BEGIN DISCUSSIONS ON UTILITY RATES

The Coburg City Council began preliminary discussions on critical water projects and the potential impact on utility rates at a work session held on April 26, 2022. There are a couple of important reasons why this discussion is taking place:

1. The cost of goods and services has continued to increase dramatically in 2022. Additionally, the cost of employment has also increased.
2. The elevated storage reservoir in the Water Master Plan has hit some roadblocks that will raise the cost of completing this project.

Water Master Plan

The first Water Master Plan was adopted in Coburg in 1966 and has been amended several times with the last amendment taking place in 2016. This document provides guidelines for managing drinking water and implementing water infrastructure improvements in order to accommodate anticipated growth and address current deficiencies. The City is in the process of implementing this plan for which an elevated reservoir is one project in the plan. In 2007 the City secured easements on properties in the Diamond Ridge Subdivision in anticipation of increased water needs of the community. The plan at that time was to place an elevated reservoir and water line. However, as engineering more recently began on this project it was discovered that the area selected for the reservoir is not ideal due to difficult soils, large boulders, and creek crossings. Additionally, if the reservoir were to be placed on this property, the height would cause undue pressure on the water infrastructure requiring additional equipment be installed on every service in the City.

Reservoirs and elevated reservoirs provide water storage to municipalities for several reasons:

1. To equalize supply and demand for daily flow variations, maximum day, and peak hour requirements.
2. To provide emergency reserve supply during pipeline breaks, mechanical failures, power outages, and emergency incidents.
3. To provide water for fire protection.
4. To provide more stable operating pressure for the system with significantly less energy consumption due to utilizing gravity for pressure rather than constant pumping.

Utility Fees

The Water and Sewer Utility Funds are independent funds. They must operate away from the General Fund as business or proprietary funds. Therefore, they must pay for themselves which means the utility revenues must cover the cost of personal services, materials and services, capital projects and debt. With the increase in the costs of goods and services, personal services, and construction costs, the Council must make decisions that ensure the fiscal health of the utility funds now and in the future. This is not a decision that the City Council will take lightly, and will provide ample opportunity for public engagement and input. Staff are preparing financial scenarios to be reviewed during the summer with the anticipation that a decision will be made in the late fall. If the Council seeks to raise fees, those increases could be implemented mid-year (January 1, 2023), or wait until the beginning of the fiscal year 2023, which begins July 1, 2023.

Feasibility Study

The City Council has approved a feasibility study which will propose alternative locations to place a 750,000 gallon elevated water reservoir, as well as investigate the health and useful lives of the two reservoirs currently located at the Sarah Lane water site. Also included in the study will be alternative designs for a third reservoir which will include an elevated water tower much as you might see in many small towns across America. Some property owners in the I-5 area have volunteered their properties to be part of the feasibility study which will give options for the best location of the elevated water storage. Lastly, the feasibility study will consider planned and future development in Coburg to anticipate the current and future need for emergency water storage. Costs associated with the change in the reservoir project will be part of this feasibility study as well. It is anticipated that this study will not be completed until September, 2022, and soon after, the Council will hold discussions and ultimately make a decision regarding recommended changes to the reservoir project.

As more facts become available regarding the water project, as well as the utility fee discussion, the City of Coburg intends to make this information available to the public.

Questions and concerns may be addressed to Anne Heath, City Administrator by emailing Anne.Heath@ci.coburg.or.us, or by calling 541-682-7871.

Additionally, the public is always invited to the City Council meetings and may attend in person or by zoom. City Council meetings are held on the 2nd Tuesday of the month at 7:00 p.m. Citizens who would like to provide comment should contact City Recorder Sammy Egbert at Sammy.Egbert@ci.coburg.or.us, or by calling 541-682-7852 by 3:00 p.m. on the day of any scheduled meeting.