



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

BUDGET COMMITTEE WORKSHOP

January 19, 2015
5:30 p.m.
City Council Chamber
313 Court Street, The Dalles, Oregon

AGENDA

1. CALL TO ORDER
2. APPROVAL OF MINUTES - December 14, 2014
3. DISCUSSION REGARDING WATER AND WASTEWATER FUNDS
4. ADJOURNMENT

Prepared by/
Julie Krueger, MMC
City Clerk





CITY OF THE DALLES
Department of Public Works
1215 West First Street
The Dalles, Oregon 97058

AGENDA STAFF REPORT

CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
January 19, 2015		

TO: City of The Dalles Budget Committee, Mayor Steve Lawrence

FROM: Dave Anderson, Public Works Director

THRU: Nolan K. Young, City Manager

DATE: January 4, 2015

ISSUE: Revenue sources and services provided by the Water Funds (Funds 51 and 53)

Fund 51 - Services Provided

The Water Fund, Fund 51, is a dedicated fund used for the operation and maintenance of the City water supply, treatment and distribution systems. Two operational divisions are funded within Fund 51 - the Water Treatment and Water Distribution Divisions of the Public Works Department. The Water Treatment Division provides the maintenance and operation of infrastructure and properties within The Dalles Municipal Watershed, including the Dog River Diversion Pipeline, Crow Creek Dam and timber resources, as well as the operation and maintenance of the Wicks Water Treatment Plant which is staffed 24-hours per day, 365 days per year. Approximately 90% of the City's annual water supply comes from these surface water sources. The Water Treatment Division produces about one billion gallons of water annually and conducts water quality testing every four hours throughout the treatment processes and weekly for samples collected from the water distribution system. Lastly, the Division operates a state-certified laboratory that analyzes water samples for bacteriological quality to meet both City and client testing requirements.

The Water Distribution Division operates and maintains the City's drinking water piping systems, five above-ground steel storage reservoirs, three pump stations, and three City drinking water wells. The City's water distribution piping system includes two 7.5-mile long transmission lines from the Wicks Water Treatment Plant to the City and about 100 miles of piping within the City. The Division provides the monthly reading of 4850 water meters, detection and repair of leaks on drinking water piping systems, operation and maintenance of the City's drinking water wells and associated treatment systems, testing, repairs and replacements of fire hydrants, and

performance of locates for City underground utilities. The Water Distribution Division, in conjunction with the Wastewater Collection Division, provides 24-hour per day On-Call response for water emergencies. The Division operates and maintains the five dewatering wells still in use to stabilize the Kelly Avenue Landslide Area. The City's state-mandated Cross Connection Control program is administered within this division. The Fund also pays 1/3 of all maintenance costs for the Public Works offices as well as 1/3 of the Public Works Department's obligations for the bond that was issued to relocate the Department in 2008.

Finally, the Water Distribution Division provides for the operation of the water system owned by Wasco County that supplies the Columbia Gorge Discovery Center. This system consists of a well, reservoir and treatment system; by prior agreement, the City will inherit ownership of this water system after the County pays off the bond that funded its development.

Staffing

The Water Treatment Division is staffed with four certified shift operators (1 employee on duty at a time), two day-shift employees who provide maintenance for the plant and Watershed and cover plant shift operator vacancies (vacations, sick leaves, training absences, etc), a Staff Microbiologist, and a division manager, for a total of 8 dedicated FTE.

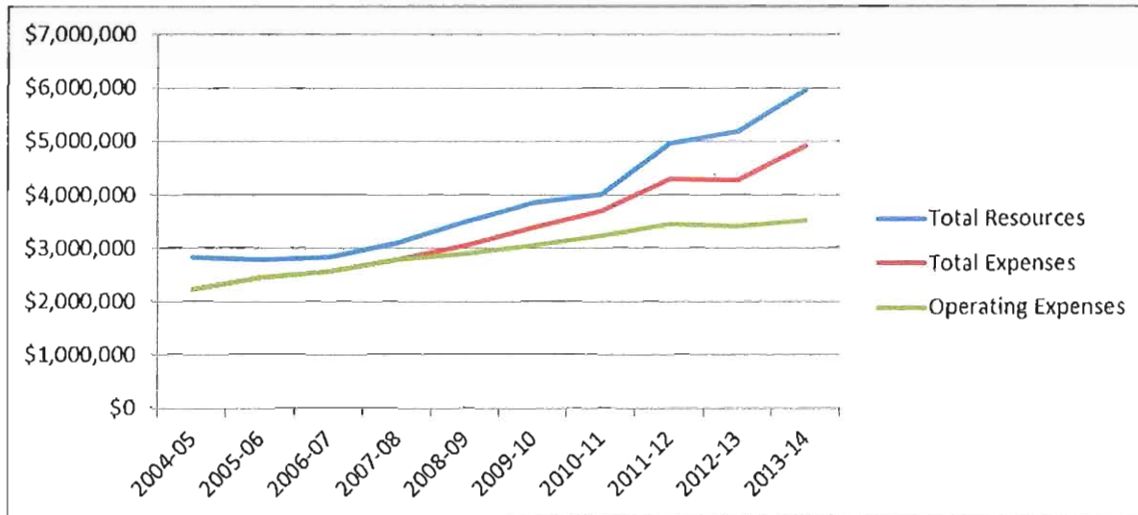
The Water Distribution Division is staffed by seven certified operators, a certified Cross Connection Control Specialist, and a division manager, for a total of 9 dedicated FTE. This division usually hires a summer seasonal employee to assist with project needs.

Both Divisions contribute to the funding for shared Department staff including the Director, Regulatory Compliance Manager, and office staff. The Water Distribution Division contributes to the funding for the Public Works Department engineers, two Mechanics, and the Maintenance Worker. The total personnel allocation to Fund 51 is 21.8 FTE.

Revenue Sources

The primary revenue source for Fund 51 is water utility rates. Other revenue sources include water quality laboratory client fees and occasional timber revenues. The table and graph below show the Fund 51 revenues and expenses over the last 10 years.

Fund 51 - Water Fund						
Budget Year	Beginning Balance	New Revenue	Total Resources	Total Expenses	Operating Expenses	Balance
2004-05	\$718,939	\$2,121,940	\$2,840,879	\$2,232,878	\$2,232,878	\$608,001
2005-06	\$643,289	\$2,146,216	\$2,789,505	\$2,446,564	\$2,446,564	\$342,941
2006-07	\$307,656	\$2,532,073	\$2,839,729	\$2,577,356	\$2,577,356	\$262,373
2007-08	\$327,126	\$2,778,796	\$3,105,922	\$2,781,362	\$2,781,362	\$324,560
2008-09	\$324,560	\$3,166,306	\$3,490,866	\$3,060,860	\$2,910,871	\$430,006
2009-10	\$430,006	\$3,427,582	\$3,857,588	\$3,382,012	\$3,045,783	\$475,576
2010-11	\$329,200	\$3,673,877	\$4,003,077	\$3,691,049	\$3,233,461	\$312,028
2011-12	\$351,203	\$4,601,386	\$4,952,589	\$4,288,153	\$3,462,927	\$664,436
2012-13	\$771,634	\$4,416,579	\$5,188,213	\$4,264,432	\$3,403,989	\$923,781
2013-14	\$923,780	\$5,028,452	\$5,952,232	\$4,911,722	\$3,521,869	\$1,040,510



In the graph above, Total Expenses includes transfers of funds from Fund 51, where water utility rate revenues are received, to Fund 53, the Water Department Capital Reserve Fund, to support implementation of the adopted Capital Improvement Plan. Operating Expenses do not include these transferred funds but do include the costs of projects constructed by City staff; these have been held fairly steady the last few years. As can be seen from the data, prior to the water utility rate adjustments enacted in 2006, no funds were being transferred to the reserve fund and therefore, no capital projects were being undertaken.

Review of Capital Improvement Plan

Water system maintenance projects that are constructed using City staff and equipment that cost over \$5,000 and have a life expectancy of 5 years or more, are considered Capital Projects within Fund 51. For the Water Treatment Division, the capital improvement plan for this year includes replacing flooring and roofing at the Plant, chip sealing the road into the Plant, replacement of three flow meters and a phosphate analyzer, reconstructing a failed bridge in the Watershed, and purchase of a used forklift to replace the 1958 unit currently in use.

The Water Distribution list of Capital Projects includes replacement of 10% (about 480) of the residential water meters, installation of flow meters on the Mill Creek and High Line water transmission pipelines, purchase a backup radio repeater for the SCADA system, replacement of the chlorinator at Jordan Street Well and fluoride feed system at Lone Pine Well, reconstruction of the loading door at Lone Pine Well to improve safety, abandonment of a pressure enhancement station that is no longer needed with the construction of Vista Reservoir, and replacement of a water main at 11th and Thompson. A budgeted project to service and rehabilitate the Kuck Well, which supplies the Discovery Center, will be delayed until the City acquires ownership of the well.

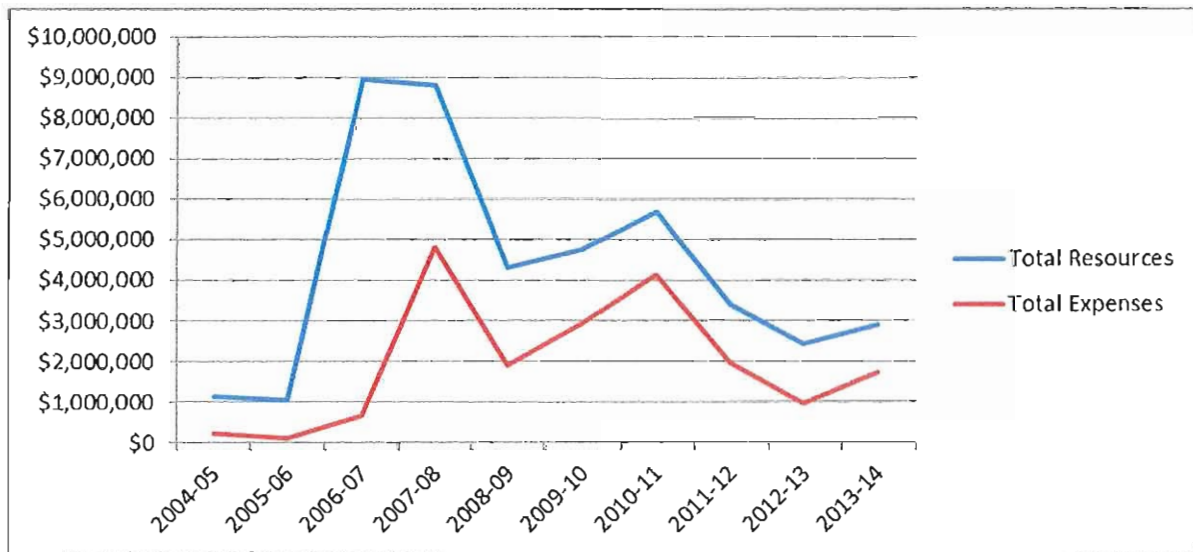
Special Needs in the Next Five Years

The primary need within the Water Fund is the continued collection of revenues to support the Capital Improvement Plan. This plan will be discussed in more detail related to Fund 53.

Fund 53 – Water System Reserve Fund

Fund 53 is the reserve fund for the water system where contracted capital projects are budgeted. These are normally larger projects beyond the labor and equipment resources of the City to economically complete. The sources of revenue for this fund are transfers from Fund 51, Water System Development Charges (SDCs), and occasional grants and loans. SDCs can only be used for projects that increase capacity of the water system, including projects that plan for those increases. Most of the water utility debt payments are also budgeted in this fund. The table and graph below show the Fund 51 revenues and expenses over the last 10 years.

Fund 53 - Water Reserve Fund						
Budget Year	Beginning Balance	New Revenue	Total Resources	Total Expenses	Balance	
2004-05	\$1,084,120	\$53,217	\$1,137,337	\$231,923	\$905,414	
2005-06	\$905,414	\$146,986	\$1,052,400	\$113,408	\$938,992	
2006-07	\$938,992	\$8,012,497	\$8,951,489	\$652,805	\$8,298,684	
2007-08	\$8,298,684	\$511,370	\$8,810,054	\$4,808,528	\$4,001,526	
2008-09	\$4,001,526	\$295,982	\$4,297,508	\$1,900,523	\$2,396,985	
2009-10	\$2,396,985	\$2,332,602	\$4,729,587	\$2,927,234	\$1,802,353	
2010-11	\$1,802,353	\$3,872,579	\$5,674,932	\$4,122,603	\$1,552,329	
2011-12	\$1,552,329	\$1,838,277	\$3,390,606	\$1,946,266	\$1,444,340	
2012-13	\$1,444,341	\$985,227	\$2,429,568	\$956,979	\$1,472,589	
2013-14	\$1,472,589	\$1,414,052	\$2,886,641	\$1,710,854	\$1,175,787	



The graph above shows the influx of revenue associated with the issuance of the 2007 \$7.9 million water bond and the subsequent spending of those funds on capital improvement project. The second spike in revenues occurred in 2009-2011 as grant and loan funds awarded through the American Recovery and Reinvestment Act (ARRA – these were federal economic stimulus funds) that were used to construct the new Vista Reservoir, pump station and associated piping. Since 2012, funds are again being accumulated for scheduled future capital improvement projects.

Review of Capital Improvement Plan

Water system capital projects that are contractually constructed are considered Capital Projects within Fund 53. In the current year, the budget includes funds to paint Sorosis and Columbia View Reservoirs, design modifications at the Wicks Water Treatment Plant to address new regulatory requirements related to disposal of its filter backwash water, Watershed post-fire rehabilitation, design of the Dog River Diversion Pipeline replacement project, upgrade of obsolete portions of the SCADA systems, and construction of a surge tank at the Sorosis Pump Station.

Special Needs in the Next Five Years

The greatest needs within Fund 53 are the completion of currently identified capital improvement projects, most importantly the Wicks Water Treatment Plant modifications to gain compliance with state discharge requirements, repainting of drinking water reservoirs where the internal coating systems have failed, replacement of the 100-year old wooden Dog River Diversion Pipeline that supplies over half of the City's annual water supply, and construction of the Port Industrial Water Main project to support development of the Chenoweth Business Park. The replacement of downtown water mains constructed in 1900 is also anticipated with the 3rd Street Streetscape project.



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TO: City of The Dalles Budget Committee, Mayor Steve Lawrence

FROM: Dave Anderson, Public Works Director

THRU: Nolan K. Young, City Manager *NKY*

DATE: January 4, 2015

ISSUE: Revenue sources and services provided by the Wastewater Funds (Funds 55, 56 and 57)

Fund 55 - Services Provided

The Wastewater Fund, Fund 55, is a dedicated fund used for the operation and maintenance of the City wastewater collection and treatment systems, and the stormwater drainage systems. The Wastewater Collection Division of the Public Works Department provides the maintenance and operation of infrastructure used to collect and transport wastewater to the Wastewater Treatment Plant. The Plant is operated by OMI, a company contracted with the City to provide operations services; monies to pay for the contract operations are also budgeted within Fund 55.

The Wastewater Collection Division operates and maintains the City's wastewater and stormwater piping systems. The City's wastewater collection system includes 94 miles of piping and eight sewer lift stations (soon to be nine with completion of the new Chenoweth Lift Station) while the stormwater drainage systems include 42 miles of pipe. The Division provides the maintenance for piped systems to remove build-up of accumulated grease and roots to prevent plugging and backups, weekly maintenance of all lift stations, video inspection and assessment of the condition of existing piped systems, replacement and/or repair of failed pipes, and audits of sewer customer accounts. The Fund provides for administration of the City's Industrial Pretreatment Program under which there are currently seven active permits, two issued and yet-to-be-used permits, and one soon-to-be issued permit. The Fund also pays for all street sweeping

operations, 1/3 of all maintenance costs for the Public Works offices, and 1/3 of the Public Works Department's obligations for the bond that was issued to relocate the Department in 2008.

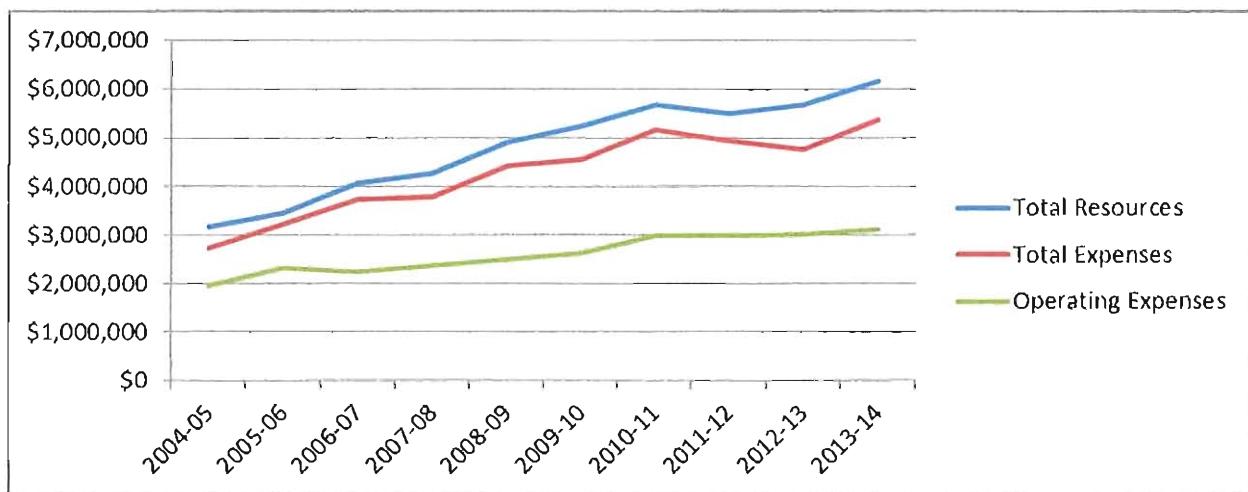
Staffing

The Wastewater Collection Division is staffed by seven certified operators and a division manager, for a total of 8 dedicated FTE. This division sometimes hires a summer seasonal employee to assist with project needs. Fund 55 also pays for ½ of an employee to perform street sweeping and contributes to the funding for shared Department staff including the Director, Regulatory Compliance Manager, three Engineers, two Mechanics, Maintenance Worker, and office staff. The total personnel allocation to Fund 55 is 12.5 FTE.

Revenue Sources

The primary revenue source for Fund 55 is sewer utility rates and a lesser source is Industrial Pretreatment Permit fees. Monthly stormwater system fees are collected in Fund 55 but are transferred to Fund 56 to support construction of new stormwater collection systems; these funds do not support operation or maintenance of the systems. The table and graph below present data summarizing Fund 55 revenues and expenses over the last 10 years.

Fund 55 - Wastewater Fund						
Budget Year	Beginning Balance	New Revenues	Total Resources	Total Expenses	Operating Expenses	Balance
2004-05	\$413,406	\$2,740,572	\$3,153,978	\$2,731,342	\$1,956,982	\$422,636
2005-06	\$441,559	\$3,013,609	\$3,455,168	\$3,218,374	\$2,310,088	\$236,794
2006-07	\$508,331	\$3,547,245	\$4,055,576	\$3,715,585	\$2,252,689	\$339,991
2007-08	\$373,344	\$3,903,104	\$4,276,448	\$3,769,346	\$2,363,635	\$507,102
2008-09	\$507,102	\$4,392,866	\$4,899,968	\$4,421,225	\$2,489,946	\$478,743
2009-10	\$478,743	\$4,770,704	\$5,249,447	\$4,545,570	\$2,628,294	\$703,877
2010-11	\$588,190	\$5,080,525	\$5,668,715	\$5,171,944	\$2,974,557	\$496,771
2011-12	\$531,778	\$4,959,648	\$5,491,426	\$4,929,305	\$2,976,834	\$562,121
2012-13	\$642,802	\$5,017,268	\$5,660,070	\$4,749,727	\$3,006,283	\$910,343
2013-14	\$910,342	\$5,240,604	\$6,150,946	\$5,373,678	\$3,100,825	\$777,268



In the graph above, Total Expenses includes transfers of funds from Fund 55, where wastewater (sewer) utility rate revenues are received, to Funds 56 and 57, the Sewer Special Reserve Fund and Sewer Plant Construction/Debt Service Fund, to support system rehabilitation projects and implementation of the adopted Capital Improvement Plan. As mentioned above, all monthly

stormwater fees collected in Fund 55 are transferred to Fund 56. Operating Expenses do not include these transferred funds but do include the costs of projects constructed by City staff; these costs have been held fairly steady the last few years.

Review of Capital Improvement Plan

Wastewater Collection and Stormwater Drainage system maintenance projects that are constructed using City staff and equipment that cost over \$5,000 and have a life expectancy of 5 years or more, are considered Capital Projects within Fund 55. Within Fund 55, the capital improvement plan for this year includes purchase of a mulcher, a new mini-camera and cable reel, an actuator for a valve on the gravity belt thickener at the Wastewater Treatment Plant, replacing failing sewer lines in Bridge Street, 13th Place and an alley between 10th and 11th Streets from Jefferson to Kelly, and replacing a failed and undersized stormwater collection system near 10th and Washington.

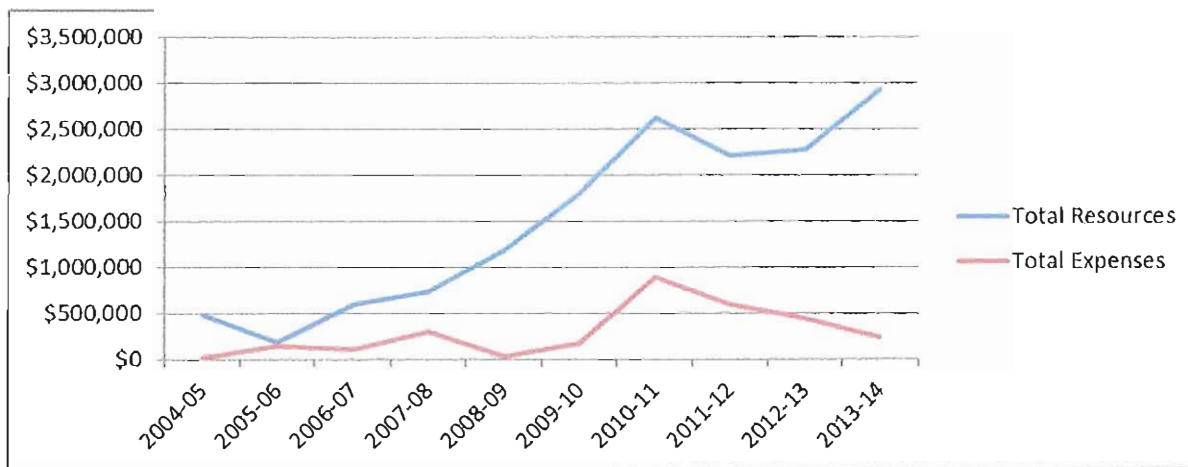
Special Needs in the Next Five Years

The primary need within the Wastewater Fund is the continued collection of revenues to support the Capital Improvement Plan. This plan will be discussed in more detail related to Funds 56 and 57.

Fund 56 – Sewer Special Reserve Fund

Fund 56 is the reserve fund for the wastewater collection and stormwater drainage systems where contracted capital projects are budgeted. These are normally larger projects beyond the labor and equipment resources of the City to economically complete. The sources of revenue for this fund are transfers from Fund 55, Sewer and Stormwater System Development Charges (SDCs), Stormwater monthly fees, and occasional grants. SDCs can only be used for projects that increase capacity of the systems for which they are collected, including projects that plan for those increases. The table and graph below present data summarizing Fund 56 revenues and expenses over the last 10 years.

Fund 56 - Sewer Special Reserve Fund						
Budget Year	Beginning Balance	New Revenues	Total Resources	Total Expenses	Balance	
2004-05	\$454,624	\$22,428	\$477,052	\$13,360	\$463,692	
2005-06	\$169,259	\$13,500	\$182,759	\$142,882	\$39,877	
2006-07	\$164,890	\$428,197	\$593,087	\$108,591	\$484,496	
2007-08	\$484,496	\$246,545	\$731,041	\$297,551	\$433,490	
2008-09	\$433,490	\$743,145	\$1,176,635	\$23,628	\$1,153,007	
2009-10	\$1,153,007	\$648,790	\$1,801,797	\$170,447	\$1,631,350	
2010-11	\$1,631,351	\$980,300	\$2,611,651	\$888,181	\$1,723,470	
2011-12	\$1,723,470	\$487,558	\$2,211,028	\$593,412	\$1,617,616	
2012-13	\$1,617,615	\$653,008	\$2,270,623	\$440,435	\$1,830,188	
2013-14	\$1,830,188	\$1,092,616	\$2,922,804	\$235,212	\$2,687,591	



The graph above shows the accumulation of revenue as funds are saved for planned sewer and stormwater mainline projects. A majority of the expenses reflected in the data above have been related to completion of sanitary sewer slip-line rehabilitation projects.

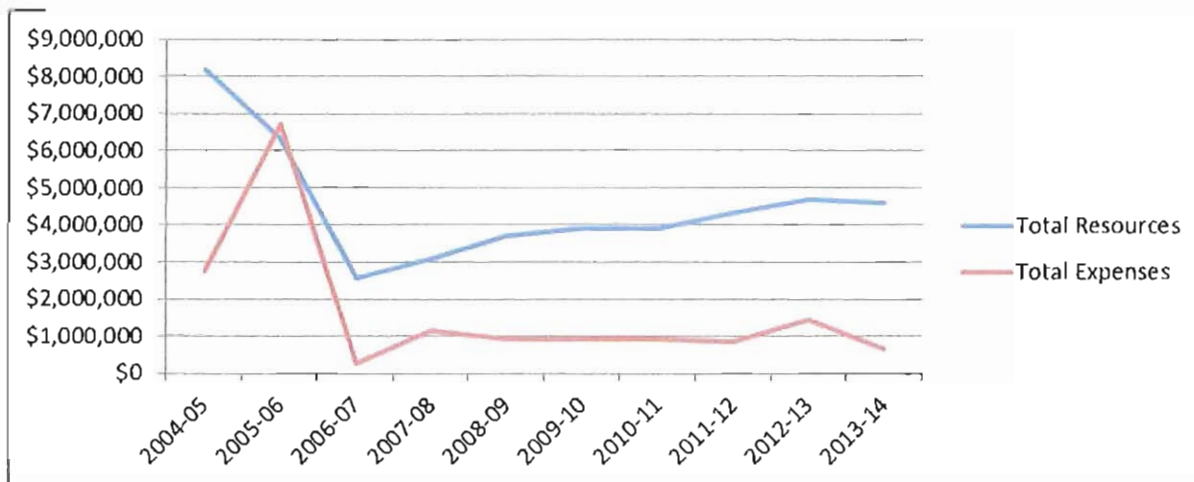
Review of Capital Improvement Plan

Wastewater and stormwater system capital projects related to piping systems that are contractually constructed are identified as Capital Projects within Fund 56. In the current year, the budget includes funds to slip-line about 2500 feet of sanitary sewer mainline, upgrade obsolete portions of the SCADA systems, construct stormwater collection systems as part of the East Scenic Drive Stabilization Project, and reconstruct a failing sanitary sewer main in the area of the 4th Street Grade. However, with development of the Chenoweth Business Park soon to be completed, some of these funds are planned to be reallocated to fund a project originally planned for 2015-16 that will upsize the sanitary sewer main and construct a stormwater collection system in West 2nd Street from Webber to the west end of 2nd Street; the 4th Street Grade project will then be constructed at a future time.

Fund 57 – Sewer Plant Construction/Debt Service Fund

Fund 57 is the reserve fund used for capital projects that enhance the wastewater treatment plant or reconstruct existing sewer lift stations. The sources of revenue for this fund are transfers from Fund 55. The table and graph below present data summarizing Fund 57 revenues and expenses over the last 10 years.

Fund 57 - Sewer Plant Construction/Debt Service Fund					
Budget Year	Beginning Balance	New Revenues	Total Resources	Total Expenses	Balance
2004-05	\$7,280,702	\$895,028	\$8,175,730	\$2,765,218	\$5,410,512
2005-06	\$5,410,512	\$913,586	\$6,324,098	\$6,716,102	-\$392,004
2006-07	\$1,413,975	\$1,146,071	\$2,560,046	\$283,800	\$2,276,246
2007-08	\$1,733,618	\$1,348,430	\$3,082,048	\$1,136,975	\$1,945,073
2008-09	\$2,520,682	\$1,169,456	\$3,690,138	\$909,377	\$2,780,761
2009-10	\$2,780,762	\$1,110,258	\$3,891,020	\$931,515	\$2,959,505
2010-11	\$2,780,762	\$1,110,258	\$3,891,020	\$931,515	\$2,959,505
2011-12	\$2,959,506	\$1,363,523	\$4,323,029	\$841,952	\$3,481,077
2012-13	\$3,481,077	\$1,217,155	\$4,698,232	\$1,444,545	\$3,253,687
2013-14	\$3,253,688	\$1,317,613	\$4,571,301	\$654,832	\$3,916,469



The data above shows the influx and spending of revenue from the 2002 Sewer Bond that was used for the last round of improvements to the wastewater treatment plant and the accumulation of revenue as funds are saved for the upcoming 2015 wastewater treatment plant upgrade project budgeted at \$4.88 million. The smaller bumps in expenditures in 2007 and 2013 represent projects to replace failing sewer lift stations.

Review of Capital Improvement Plan

In the current year, the Fund 57 budget includes funds for the Wastewater Treatment Plant Upgrade Phase 1 project from the adopted Capital Improvement Plan. This project is regulatorily driven and will increase the Plant's influent pumping capacity, upgrade grit and debris removal systems, increase anaerobic digestion capacity, reduce odors, and improve visual aesthetics of the Plant from key viewing areas.

Special Needs in the Next Five Years

The greatest needs within Fund 57 are related to the completion of currently identified capital improvement projects including the Wastewater Treatment Plant Upgrade Phase 2 project which, like Phase 1, is needed for regulatory compliance. Within the Capital Improvement Plan, as projects are undertaken to address issues of regulatory compliance, the capacities of affected treatment processes are increased to accommodate anticipated future growth. This is especially important to support industrial development of the Chenoweth Business Park.