AGENDA
CITIZENS UTILITY ADVISORY BOARD

Wednesday, January 7, 2015
6:00pm

JOHNSON CREEK FACILITY CONFERENCE ROOM
6101 SE JOHNSON CREEK BLVD.

I.	CONSENT AGENDA		CUAB Board
	A.	Approve Minutes from December 3, 2014 meeting	ALL
II.	REPORT		
	A.	Review treatment costs - rate proposal	Greg Geist and Doug Waugh with Clackamas County WES
III.	DISCUSSION		
	A.	Water rate structure	Gary Parkin
IV.	MATTERS FROM THE BOARD		CUAB Members
V.	FUTURE MEETING DATE/AGENDA ITEMS		ALL
	Next regular meeting: February 4, 2015		
VI.	ADJOURN		

CUAB Meeting Minutes
Wednesday, December 3, 2014
Johnson Creek Facility Conference Room
6101 SE Johnson Creek Blvd.

Members Present
Vincent Alvarez, Chair
Michael Osborne
Joel Bergman
Kevin Hasey, Vice Chair

Members Absent
Greg Deane

Guest Present
None

Staff Present
Gary Parkin, Public Works Director

I. CALL TO ORDER

The meeting was called to order at 6:20pm.

II. CONSENT AGENDA

The November 5, 2014 meeting minutes were approved.

III. Report

A. Intergovernmental Agreement with Clackamas River Water

The CUAB group reviewed the November 5, 2014 meeting with Casey Camors, Finance Director, and Jason Rice, Engineering Director. Their interest is with the presentation by Jason Rice on whether the City should take over jurisdiction of water infrastructure in the Dual Interest Area "A" from Clackamas River Water (CRW). They are waiting to see the cost analysis with particular attention on:

- Checking the pipe condition (potholing to check material/condition).
- Rate of return on the maintenance/replacement cost of the CRW system.
- Possibility of a warranty from CRW.
- Taking over the system in a "sliding" process (portions at a time).

IV. Discussion

A. Water rate structure

Gary presented the group with a rough draft of prior discussions of the CUAB on changing the water rate structure. Key points were made that education is a priority – suggested the use of messaging with bill notifications and background print (tips) to promote conservation and water system information. Edits to the report for Council were discussed (see material for the January meeting).

MATTERS FROM THE BOARD

A. None

V. FUTURE MEETING DATE/AGENDA ITEMS

January 7, 2015 – finalize water rate discussion

VI. ADJOURN

The meeting ended at 8:10pm

_____ _____

Vincent Alvarez, Chair Gary Parkin, Scribe

The CUAB was asked to review the tiered water rate structure and make a recommendation on replacing the current water rate structure with a tiered or similar structure. The group was also asked to consider removing or lowering the fixed portion of the current rate.

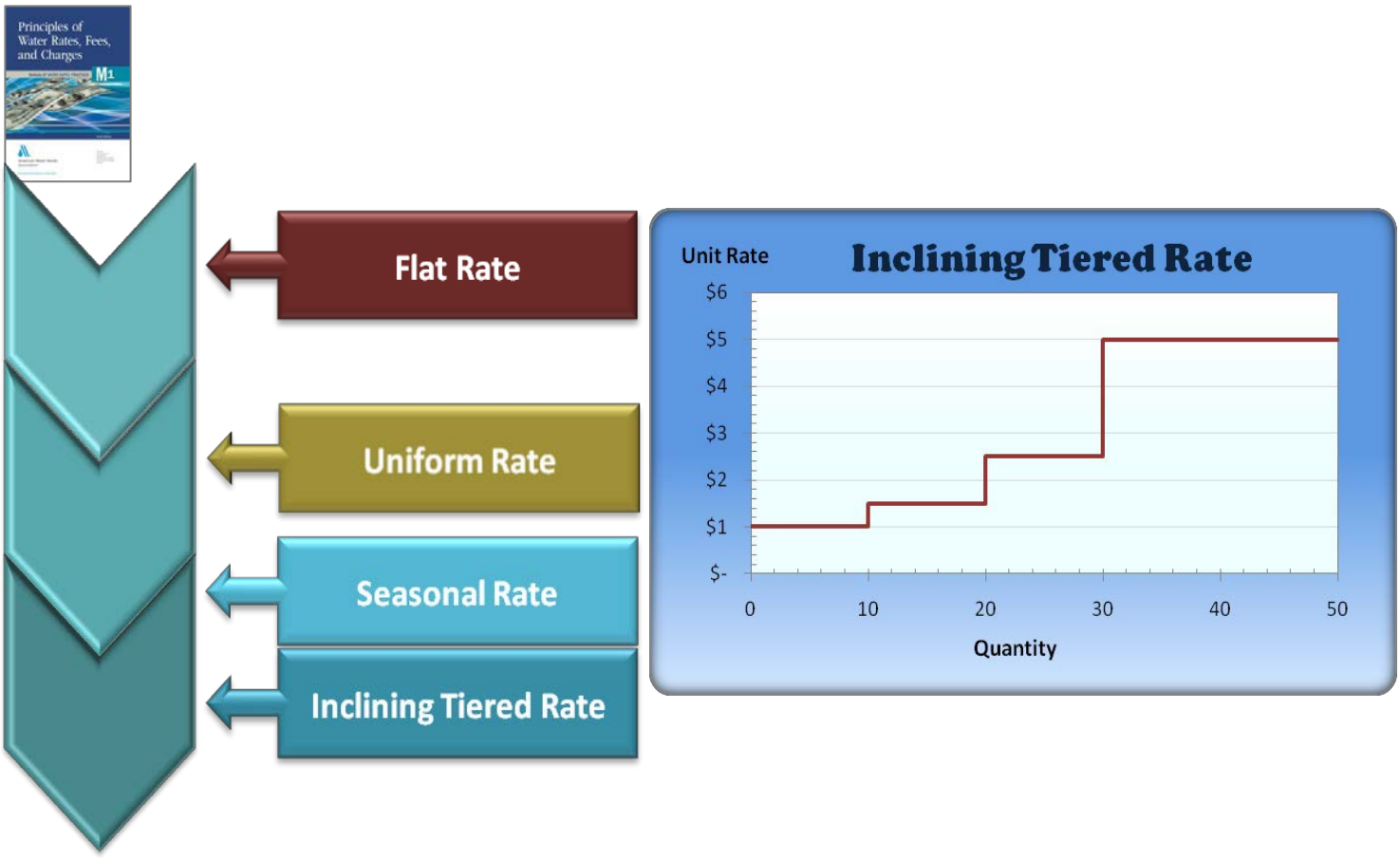
The group reviewed rate structure information, mostly in the form of presentation materials provided by the Finance Department. The areas of focus were:

1. ~~How equitable~~Fairness of the structure ~~was~~
2. Revenue Stability
3. Administrative application (not a big issue)
4. Understandable to customers
5. Conservation

The CUAB made the following discoveries in determining that the water rate structure should not be changed at this time:

- The current structure ~~provides for the straight forward~~takes into account the cost for service
- The structure is collecting revenue at the desired level
- The existing structure provides good revenue stability
- ~~Equity~~ Fairness is difficult to quantify
- Tiered rate structures seem most appropriate when water costs vary by ~~quantity~~ increased demand or with ~~the~~ a ~~need/desire~~ necessity and desire to conserve ~~is high~~. Neither situation is present for the Milwaukie system.
- Fixed costs are a real factor an it is equitable to charge for them
- Social equity is an important issue, THe City's low income program is a good way to address it
- Use education to help with conservation, not the rate structure

~~Tiered rates are a refinement of the Uniform rate structure we use. Tualatin Valley Water District is a local water provider that used the tiered structure.~~



Tualatin Valley Water District

City rates include a fixed charge (except for low-income) and charge for different meter sizes.

Wastewater and Water

UTILITY	Residential Charges			Low Income Charges			Commercial Charges		
	Treatment	Billing & Administration	Volume	Treatment	Billing & Administration	Volume	Treatment	Billing & Administration	Volume
	(per EDU)	(per account)	(per CCF of water consumption)	(per EDU)	(per account)	(per CCF of water consumption)	(per EDU)	(per account)	(per CCF of water consumption)
Wastewater[1] effective July 1,	$27.54	$8.07	$2.60	$13.77	$4.04	$1.30	$59.87	$8.07	$2.60

1. Residential wastewater volume charge is determined by the average monthly water usage from December to March (winter average). The winter average is adjusted annually on March 31st.

		Fixed	Volume Charge		Fixed	Volume Charge		Fixed	Volume Charge
Water[2] effective July 1, 2014		6.81	3.09		exempt	3.09		6.81	3.09

2. Fixed water rate of $6.81 is for a 3/4" meter or smaller. The base rates for larger meters are as follows:

Commercial/Multifamily Meters		Standby Meters for Fire Flow Purposes	
Meter Size	Monthly Base Rate	Meter Size	Monthly Base Rate
1"	$ 9.50	2"	$ 10.15
1.5"	15.33	4"	36.54
2"	23.81	6"	53.21
3"	58.70	8"	72.23
4"	100.91	10"	91.25
6"	148.89	12"	110.28

Stormwater and Streets

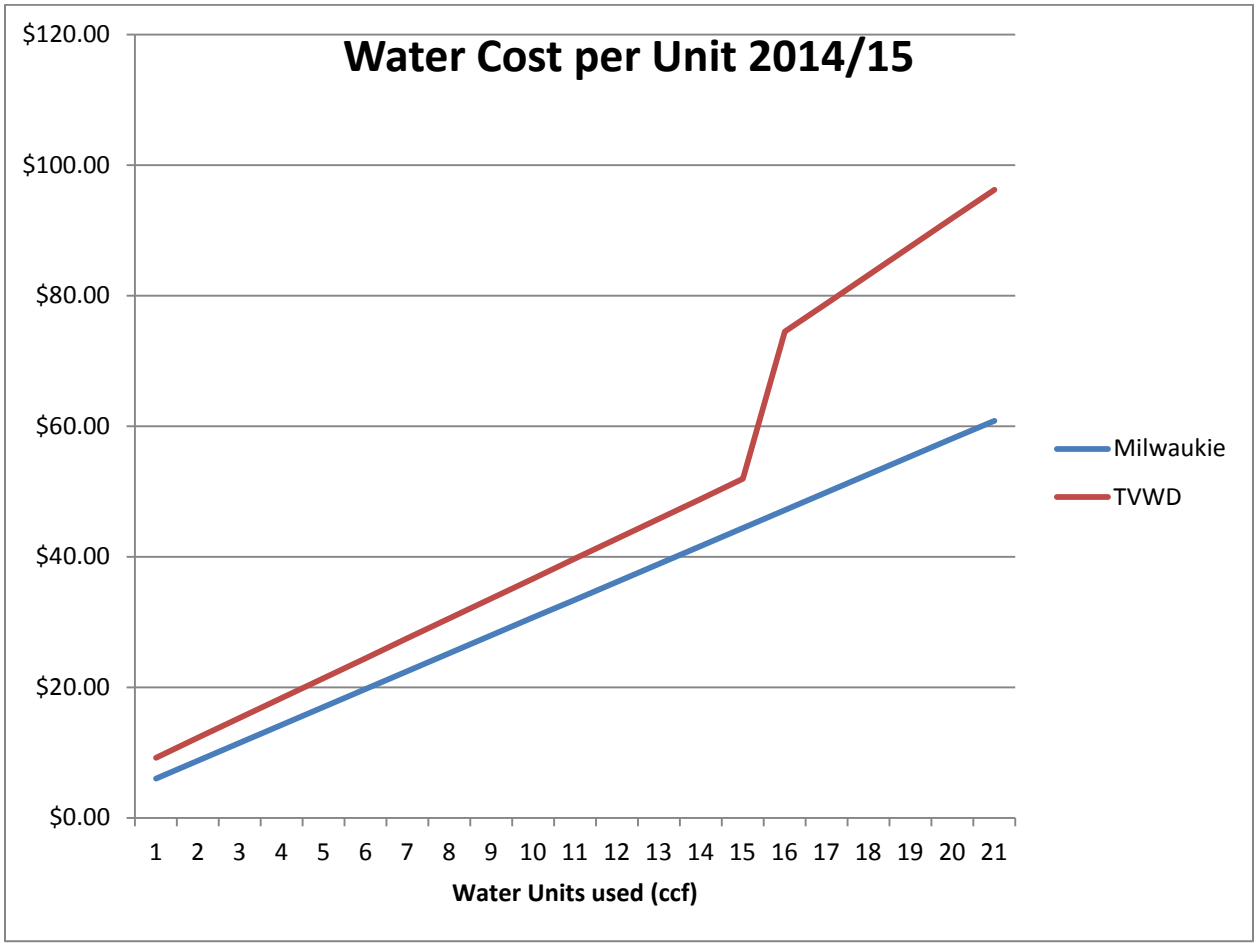
UTILITY	Single Family Residential	Low Income	Commercial
Stormwater effective July 1, 2014	$14.89	$7.45	$14.89 per 2,706 sq. ft. of impervious area
Street Maintenance Ord. #1966 effective July 1, 2007	$3.35	Exempt	$.35 per daily trip generated[3]

Full billing cycle rates for street maintenance in other residential categories are:

Street Maintenance Rates for	
Residential	Rates
Multifamily	$2.10 per
Elderly housing	$1.40 per
Mobile homes	$1.40 per
Congregate care	$.70 per

3. Commercial daily trip generation is calculated based on type of use and building square feet. Monthly bill is capped at $250, indexed annually by to the CPI published by the Bureau of Labor Statistics Current maximum is $291.89. (Municipal Code Section 3.25.060.)

A comparison of the current structure and the tiered structure used by Tualatin Valley Water District (TVFR):



City of Milwaukie
Citizen Utility Advisory Board

January 7, 2015

Capital Plan Review

WATER ENVIRONMENT SERVICES
Beyond clean water.

Agenda

» Capital Improvement Plan Adjustments
  - Rationale for changes
  - Projects, scheduling

» Financial Impacts
  - Rates, Borrowings

» Benefits

Capital Improvement Plan Changes

» Risk Management Discussion

» Current situation – risk status

» How the changes will reduce this risk, sense of savings

Capital Improvement Plan Changes

» No changes to projects included
  – Timing adjustments only
» Major adjustments include:
  – Digesters
    • Completion moved from 2023 to 2017
  – Dewatering
    • Completion moved from 2025 to 2017
  – Intertie III
    • Completion moved from 2016 to 2020
» Kellogg refurbishment projects moving ahead

Capital Improvement Plan Changes - Risk

» Current Capital Plan and Timing:
- High Risk Tolerance, work within modest rate increases
- "Rate-based Risk Tolerance"

» Proposed Capital Plan and Timing:
- Lower Risk Tolerance, needs drive rates
- Ensures capacity for growth

Updated Capital Plan

» Kellogg Creek WPCP
  - Continue with renewal program
  - Upgrade plant outfall
  - Restore 4-mgd peak flow capacity
  - Delay Intertie expansion

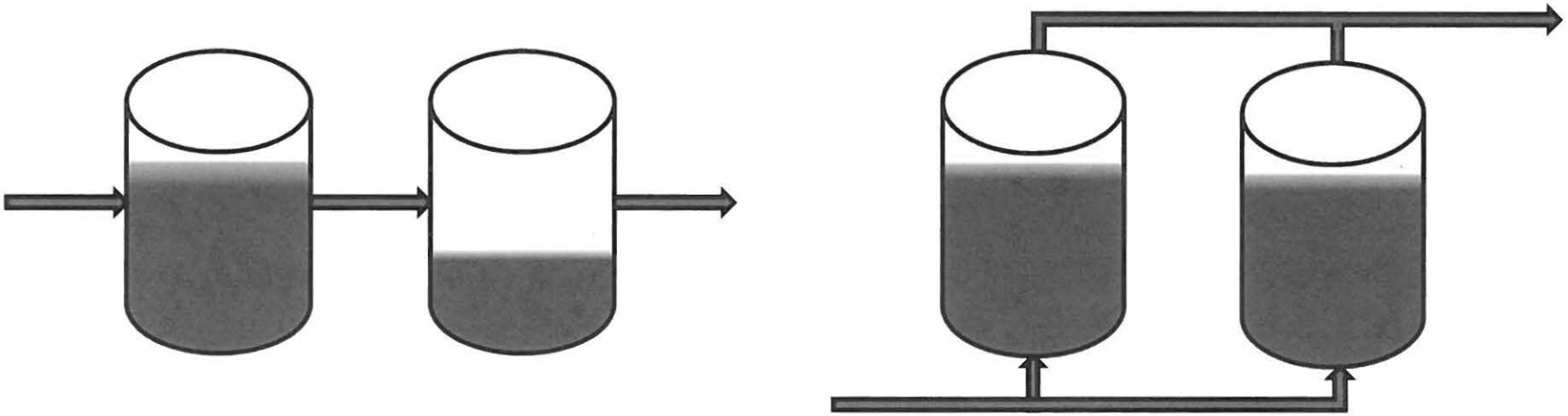
» Tri-City WPCP
  - Expedite solids handling project

» District Collection Systems
  - Evaluate and address Infiltration/Inflow
  - Determine capacity bottlenecks

Current Solids Loading ~ 38,000 EDU

60% overloaded
Capacity = 28,000 EDU

Capacity = 42,000 EDU



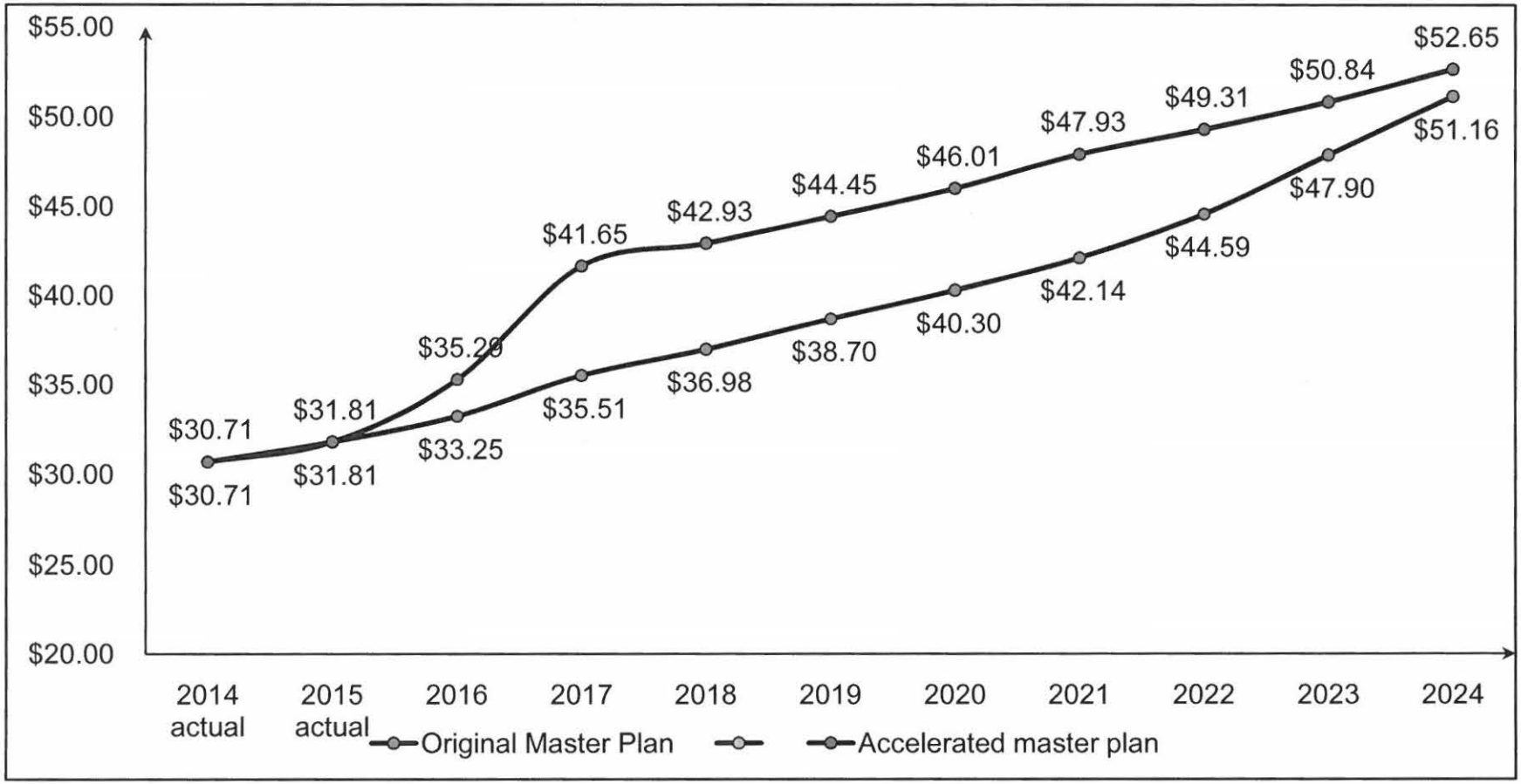
Series **Parallel**

Parallel Digester Operation Provides No Redundancy:

- Approx. $250K initial cost for disposing of digester contents
- Ongoing *operational* costs of approx. $100K/month

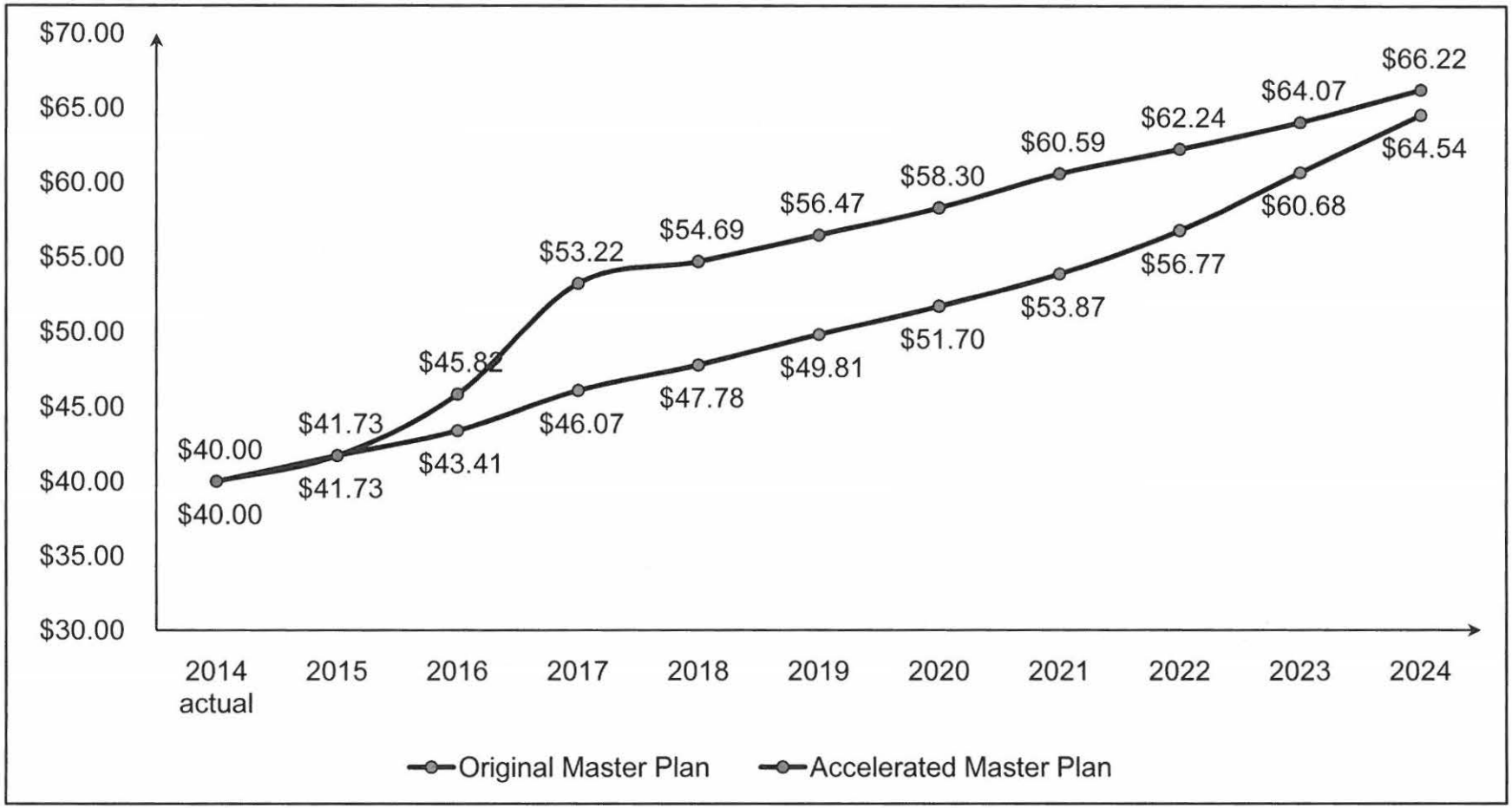
WATER ENVIRONMENT SERVICES
Beyond clean water.

Forecast of Sanitary Sewer Wholesale Rates for Milwaukie
Dollars per EDU per Month



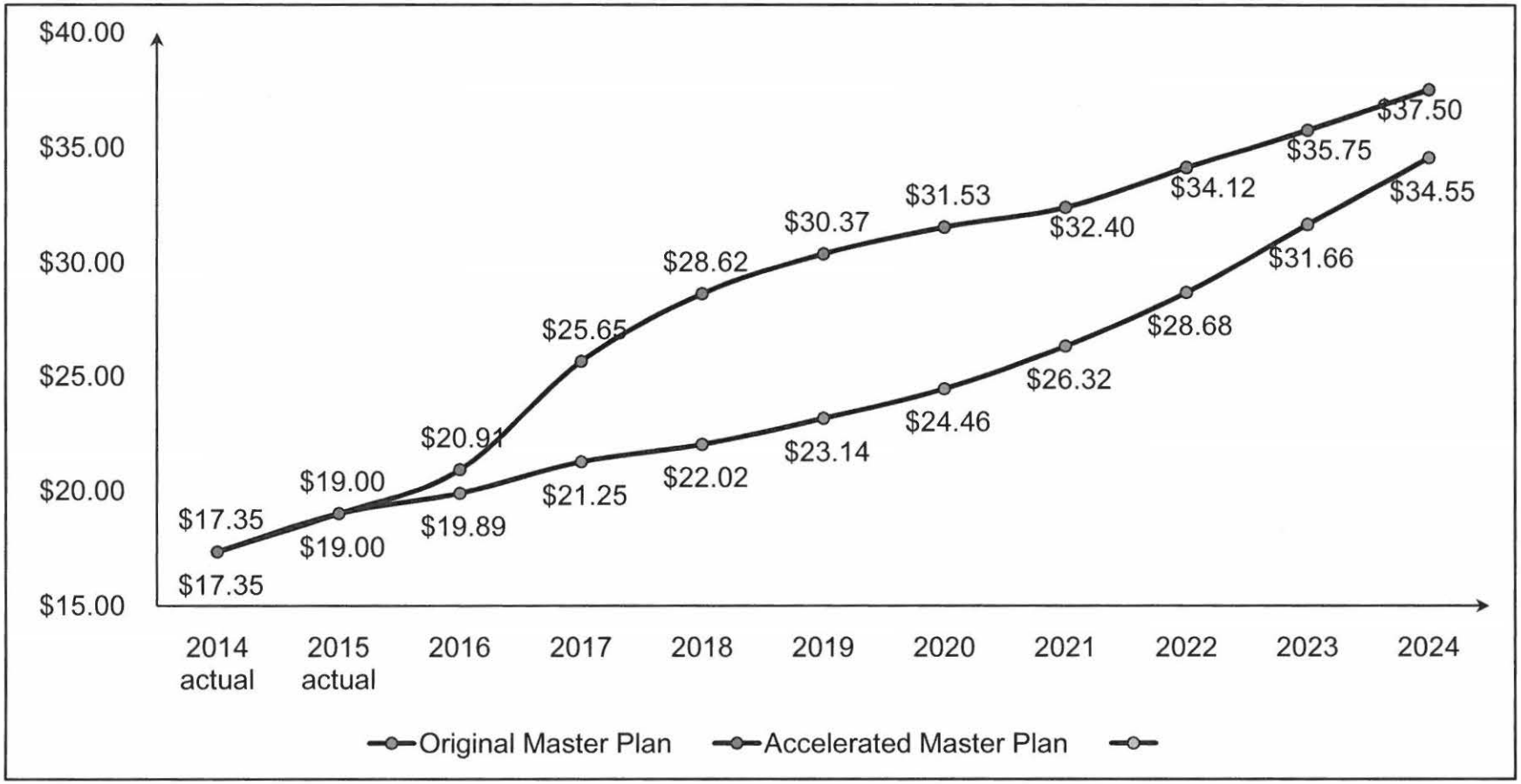
WATER ENVIRONMENT SERVICES
Beyond clean water.

Forecast of Sanitary Sewer Rates in CCSD #1 Dollars per EDU per Month



WATER ENVIRONMENT SERVICES
Beyond clean water

Forecast of Sanitary Sewer Rates in TCSD
Dollars per EDU per Month



WATER ENVIRONMENT SERVICES
Beyond clean water.

System Benefits

- KC solids handling – liquid to cake product
  - Risk Reduction and long-term cost savings
- Reduced truck traffic from Kellogg
  - Beneficial to new Milwaukie city park
- Cost savings from hauling cake instead of liquid
- Digester redundancy
  - Risk Reduction and accommodate growth
- Returning existing digesters to design operating parameters
  - Risk Reduction
- Allows for future focus on asset replacement

Kellogg Creek WPCP

Project No	Project Name	2013 Plan	Expedited Plan	Project Driver
1	Electrical Power Systems	2014-2015	2014-2015	Asset replacement
2	Influent Pump Station	2014 - 2016	2014 - 2016	Asset replacement Improve energy use
3	Primary Clarifiers	2014 – 2015	2014 – 2015	Asset replacement
4	Aeration Basins	2014	2014	Completed
5	Process Blowers	-	2015	Replace problem blowers
6	RAS Pump Station	-	2015	Asset replacement
7	Utilidor	2015 – 2016	2015	Asset replacement
8	Digester Mixing	-	2017	Asset replacement
9	Dewatering	-	2017	Operations efficiency
10	Outfall	2015	2015	Regulatory

WATER ENVIRONMENT SERVICES
Beyond clean water.

Tri-City WPCP

Project No	Project Name	2013 Plan	Expedited Plan	Project Driver
IIA	Intertie III	2016	2020	Obtain 4-mgd at Kellogg Creek
IIB	Phase II Electrical Expansion	2019	2017	Expand Temporary System
IIC	Anaerobic Digesters	2023	2017	Solids processing capacity Solids building seismic protection
IID	Landfill Mitigation	2024	2018	Meet cut and fill requirements
IIF	Dewatering/Centrate Equalization	2025	2017	Dewatering redundancy Cake storage MBR process expansion
IIE	Coarse Screening/Grit Removal	2021	2021	Peak flow capacity Intertie II diversion capacity
	Blower Replacement	-	2016	
IIG	MBR Blower Building	2026	2027	MBR process capacity
IIH	MBR Process Expansion	2028	2028	Wet weather flow treatment capacity Ammonia removal
IIJ	Blue Heron Outfall	2021	2021	Hydraulic Capacity

Collection Systems

Project No	Project Name	2013 Plan	Expedited Plan	Project Driver
1	CCSD#1 Master Plan	2014 - 2016	2014 - 2016	Capacity/Condition Assessment
2	TCSD Master Plan	2014 - 2016	2014 - 2016	Capacity/Condition Assessment
3	Willamette Pump Station	2014 – 2016	2014 – 2016	Asset replacement

Hoodland/Boring

Project No	Project Name	2014 CIP	Expedited Plan	Project Driver
1	Hoodland Master Plan	2015	2015	Asset replacement
2	Boring Effluent Filter	-	2015	Regulatory