

Meeting Summary

SE Bend Septic to Sewer Advisory Committee
Thursday, April 12, 2018



CITY OF BEND

Topic: Project Costs and Financing – Part 2

Attendees:

Advisory Committee

Bethann Bicknase	Cheryl O'Donnell
Frank Fiedler	Geoff Perry
David Johnson	Charlie Rowles
Scott Johnson	Frank Turek
Connie Murray	Jen VanCamp

Staff & Consultant Team

Tom Hickmann, P.E.	Justin Mason, P.E.
Susanna Julber	Adam Conway, P.E.
Skip Martin, P.E.	Kelsey Harpham
Anne Aurand	Cole Helgerson
Sharon Wojda	Shawn Koorn
Melissa Bradley	Libby Barg
Elizabeth Oshel	Clark Worth
	Ron Hand
	Linda Swearingen

City Council Liaisons Present

Councilor Barb Campbell
Councilor Justin Livingston

Introductions

- Libby Barg welcomed the Committee and opened introductions by Committee staff and questions.
- Susanna Julber and Libby Barg reviewed the meeting purpose and agenda. This is Part 2 of a two-part meeting continued from March.
- David Johnson moved approval of the meeting summaries from December 5 and March 1 Advisory Committee meetings, Connie Murray seconded.
- Elisabeth Oshel explained State law on conflict of interest. Advisory Committee members who have unsewered homes in the study area will need to declare a potential conflict of interest at the time the Committee considers recommendations. Ms. Oshel explained that members of a governing body are subject to conflict of interest rules, and explains actual vs. potential interest, and fines. Financial impacts for committee members exist. Those who live in the study area could be financially affected by decisions coming out of committee; need to declare potential conflict. Disclosures need to be made at time of recommendations.

Recap of March 1 Meeting

- Justin Mason, P.E. gave a recap of the March 1 Advisory Committee meeting on project costs and financing. An issue is the 96 lots adjacent to the Southeast Interceptor that received stub outs as part of the SEI. Should these be handled separately, or as part of the project area solution? Gravity sewer design includes 35K feet of pipe / 7 miles. Complications that make this area expensive to serve with sewer include grade, curvilinear streets. Class 4 cost estimate for public right of way only: \$30M - is subject to change.

- Councilors Barb Campbell and Justin Livingston reported on a recent briefing at a City Council worksession. No decisions were made, but Councilors appreciated the update.
- Susanna Julber and Tom Hickmann, P.E. answered questions raised by Committee members at the March 1 meeting: max cap expected for homeowners to bear – still unknown; Citywide vs project area: committee needs to consider max cost that unsewered property owner should pay for the public side portion. Cost share? 50/50 would mean \$15M for public side.
- Presentation lists financing options considered and private side program options.
- Questions about timing: if it's 50/50, more aggressive timeline. City could bid in 2019.
- Clarifies state rule: can't get repair permit, but City of Bend's code is stricter, requiring hook up to sewer. City can give notice to hook up in 90 days.
- Additional questions raised by Committee and guests:
 - What is the fine for not hooking up? (\$750/day after 90 days.)
 - Will the Advisory Committee's recommendations be followed by City Council? (Council is paying attention to the Committee's work, and must also consider the citywide effects.)

Overview of Small Group Brainstorming

- Advisory Committee chair Bethann Bicknase and vice chair Scott Johnson distributed a handout and presented ideas generated over the past month by small groups of Committee members. Ideas included:
 - A branded, citywide program: Septic Tank Elimination Program (STEP)- possibly \$3-\$5 on monthly bills, to generate income for citywide program- stresses that we need to think about the other residents on septic now.
 - Construction starting in 2019, with sewers installed throughout the area in 2019-2020.
 - A mandate requiring property owners to hook up.
 - Cost sharing, (as in small group spreadsheet) with the City's sewer ratepayers.
 - A variety of financing methods allowing property owners to pay their share over 10 years (or longer).
 - Incentives for timely hookup based on the age of tank. SDC waiving. Other incentive programs.
 - Safety net program for low income/fixed income households.
 - Need to determine affordability of what a resident could afford monthly. We don't want to drive people out of their homes.
 - Public education and a homeowner "tool kit".
 - City assist with bundling public and private construction.

- Establish connection timeline- 10-15-20 year timeline so neighbors know when project is coming.
- Create a formal schedule for remainder of homes on septic citywide.
- Connie Murray- really need to get out and talk to residents, citywide and make sure they're aware of the program.
- Chair/ Vice Chair noted that we need to settle on concepts that the group is supportive of that need more work.

Committee Discussion (high level concepts)

- Please explain how the STEP program and surcharge fee would work. Beth explained it was used in another peer community and it is similar to the monthly stormwater fee. Once everyone citywide is connected it would end. Gets away from raising rates.
- Will the City's 90-day hookup rule have exceptions? (possibly, it depends on the way the City finances the project. If there is a city cost share there will likely be a mandatory hookup.) Are there people within the project area that should be treated differently because of exceptional circumstances?
- How will the City's \$1 million/year SIAG contribution be used – possibly for the safety net? Scott clarified that this might not be necessary.
- Fast track is just a means to get people connect quickly.
- Would an LID be a political subdivision? (Elizabeth Oshel clarified no. LID is a financing tool.) Would Davis Bacon wages be required for contractors? (Perhaps- City checking into it.) Tom Hickmann clarified that the property owners could form their own legal entity for cost savings by bulking work. City needs to vet the idea of bundling the design for the private work- more involved than this discussion.
- Tom Hickmann: The city ratepayers are contributing to the cost share portion of this project.
- Bethann shares Small Group Worksheet #2 in presentation: Shows public cost share scenarios, and monthly cost for homeowners, depending on City share. See worksheet for details.
- Would there be any incentive to property owners who pay in full at the outset? (Perhaps – that will depend on how financing is structured.)
- Requiring all property owners to use the City's contractor for private improvements may be a "hard sell." What happens if some property owners opt out?
- The City is investigating working with the contractor to reduce and standardize the highly variable costs on the private side. Tom Hickmann emphasized that this concept has a lot of details to still iron out.
- General agreement that there should be incentives to encourage hook up as well as support tools for burdened homes, including information packet.

Public Comment

Public comment included these questions/comments (answers in parenthesis):

- Potential homeowner costs of \$600 - \$700/month are “unconscionable”. This is a citywide problem, a citywide project, and deserves a citywide solution with all ratepayers contributing.
- Who pays the STEP fee? Is this fee assessed citywide? (The STEP concept is a citywide fee on all sewer accounts.)
- A safety net is needed – as long as it doesn’t drive up the cost for other homeowners.
- There is no imminent threat to public health or the environment, but long-term environmental/health benefits do accrue to the entire city. Ratepayers should share the costs.
- Where can homeowners get information on decommissioning a septic tank? (Information is available on the County’s website-decommissioning requires a County permit.)
- As the saying goes: “You can pay me now or pay me later.” Now it is later. It’s a lot more costly than it would have been earlier. There’s merit to spreading costs over the entire rate base – but that needs to be balanced against the interests of ratepayers. Hooking up everyone at one time is a good idea.
- If septic owners regularly maintain their systems, and they are working well – how long can they stay on septic?
- Have pump areas been identified? (The Quay Court area’s elevation is problematic and may require pumping. Some other small areas may also be affected.)
- If the prime contract handles private plumbing/hookups – why not make that voluntary? (Under a voluntary scenario, there would be no costs savings.)
- Is this area the most-costly to install sewers? (Yes – due to rock geology and undulating topography, costs are very high here.)
- Please solicit more ideas from Committee members and neighbors – more small groups.
- The neighborhood – and property values – will benefit from sewerage.

At the close of public comment, Susanna Julber reminded guests that “nothing is off the table at this point.” This message was confirmed by Councilors Campbell and Livingston.

Committee discussion includes: What can be done to get the private side cost easier on homeowner, what is the fair distribution of cost, how to execute the process with contractors, homeowners versus city-led contracts. Consensus is that there are many options but considerable detail needed before recommendations can be made.

Announcements/Closing Remarks

- Justin Mason gave a preview of the next Committee meeting, which will address program components and affordability.

- As a reminder, Advisory Committee meetings are moving to the second Thursday of each month to avoid City Council meeting weeks. The next meeting is Thursday, May 10 (4-6 p.m.). Topics for the upcoming meetings:

Thursday, May 10: Focus on Program Components – What’s Affordable

Thursday, June 14 & July 12: Draft Recommendations

Also: May 15: Project Open House at Bend Senior Center, 6-8 pm.

6 p.m Adjourn