City of Longview

1525 Broadway
Longview, WA 98632
www.ci.longview.wa.us

Minutes - Workshop

City Council

Mayor Dennis Weber
Council Member Ken Botero
Council Member Tom Hutchinson
Council Member Don Jensen
Council Member Chet Makinster
Mayor Pro Tem Mary Jane Melink
Council Member Michael Wallin

Thursday, February 2, 2012 | **6:00 PM** | **2nd Floor, City Hall**

NOTICE IS HEREBY GIVEN, in accordance with RCW Chapter 42.30, that the City Council of the City of Longview, Washington, will conduct a workshop session in the Longview City Hall Training Room, 1525 Broadway, Longview, on Thursday, February 2, 2012, at 6:00 p.m. The topics of discussion follow.

Final disposition shall be taken on no other item.

The City Hall is accessible for persons with disabilities. Special equipment to assist the hearing impaired is also available. Please contact the City Executive Offices at 360.442.5004 48 hours in advance if you require special accommodations to attend the meeting.

1. CALL TO ORDER

The workshop session was called to order at 6:02 p.m.

2. ROLL CALL

Present: 7 - Mayor Weber, Council Member Botero, Council Member Hutchinson, Council Member Jensen, Council Member Makinster, Mayor Pro Tem Melink and Council Member Wallin

Staff present:

Assistant City Manager David Campbell; Interim City Attorney Stephen Shuman; Public Works Director Jeff Cameron; Stormwater Manager Josh Johnson; City Engineer Craig Bozarth; and Engineers Amy Blaim and Bob Menzia.

3. CHANGES TO THE AGENDA

4. CITY MANAGER'S REPORT

12-2043

PAVEMENT MANAGEMENT INVENTORY AND TRANSPORTATION FACILITIES FUNDING OPTIONS

COUNCIL INITIATIVE ADDRESSED:
Improve transportation systems
Continue effective financial management

CITY ATTORNEY REVIEW: NA

SUMMARY STATEMENT:
The Longview street network consists of about 138 centerline miles of paved roadway and represents the City's most valuable asset. In order to maintain that asset in good condition, resources must be invested strategically to obtain the largest return given the funds available. A Pavement Management Program provides the tools necessary to prioritize street maintenance and determine the best repair methods and decide when to implement those repairs. The goal is to maintain the asset in better condition through frequent preventive maintenance, resulting in long-term savings by avoiding expensive street replacement.

The firm Infrastructure Management Services, Inc. (IMS) performed a detailed survey of the City's street network to evaluate its current condition and develop a Pavement Management Program plan and budget for street improvements over the next five years. Various program strategies exist depending on the City's goals and willingness to improve maintenance or accept reduced pavement condition and an increased backlog of repairs.

FINANCIAL SUMMARY:
The 2011 Street Department budget included about $550,000 for street repairs and maintenance. In order to maintain the current levels of pavement condition and repair backlog, an annual budget of $2.8 million dollars is recommended. To increase maintenance funding, a variety of options are available to the City, including property tax and sales tax levies, motor vehicle license fee options, and capital bond levies. Staff recommends considering creating a Transportation Benefit District funded by a local vehicle registration fee.

RECOMMENDED ACTION
Discussion and direction to staff.

Attachments:
IMS Longview PMS PPT Shown at Workshop 02 02 12
IMS Longview Pavement Mgmt Presentation - 02.02.2012.pdf
City Pavement Mgmt Presentation 02.02.12.pdf
IMS Longview Pavement Mgmt Report 2012 Final.pdf

The workshop began with Stephen Smith of Infrastructure Management Systems, Inc. (IMS), presenting the findings of their pavement condition rating of all City streets, and their financial analysis of the budget level costs to maintain the streets in their current condition, as well as options for other condition levels. The City's streets

currently have an average Pavement Condition Index (PCI) rating of 68 out of 100, slightly better than average for all of the communities IMS has analyzed. Mr. Smith attributes the good overall PCI to the amount of concrete streets in Longview, offsetting Longview's asphalt streets that are in the marginal to fair range. If Longview's asphalt streets are allowed to continue deteriorating, they will require substantially more expensive repairs and eventually require expensive replacement.

IMS calculated that Longview would need to spend about $35 million to upgrade all of its streets to an excellent condition (PCI of 85 or greater), or spend $2.8 million per year to maintain its streets at their current overall average PCI of 68. There was council discussion and questioning to understand the condition rating and pavement management philosophy of maintaining the fair to good streets to keep them from deteriorating, before spending money on the poor streets. The cost of repairing or replacing poor condition streets is about 8 times the cost of maintaining fair to good condition streets.

Josh Johnson, Street/Stormwater Manager, then described the Street Division current budget for pavement maintenance and provided a snapshot of how Longview has changed during the past 30 years – more streets, higher material costs, more stormwater requirements consuming staff time, fewer staff, etc. Mr. Johnson then described the activities in the street maintenance program and how some of the program measures have dropped because Street Division staff has been performing work that brings in revenue from other funds to help the General Fund budget condition. Although the work replaces pavement removed by the Utilities Division, and replaces damaged sidewalk, that work really does not help to maintain the overall street network condition.

Jeff Cameron, Public Works Director, then described current revenue dedicated to street maintenance and options available to enhance revenue. Various options include increased property taxes, sales taxes, and vehicle registration fees. The city council would need to form a Transportation Benefit District to implement some of these new fees or taxes, while a street maintenance utility is still not legal, although legislation has been introduced to legalize street maintenance utilities. The city council will consider the needs and funding options this year as it prepares the 2013-2014 biennium budget.

12-2044 **ENERGY SAVINGS PERFORMANCE CONTRACT - INVESTMENT GRADE AUDIT**

COUNCIL INITIATIVE ADDRESSED:
Continue effective financial management

CITY ATTORNEY REVIEW: NA

SUMMARY STATEMENT:
The Energy Savings Performance Contracting (ESPC) program was developed by the state legislature to provide a means of installing energy conservation measures in publicly-owned facilities without additional capital outlay. The facility or equipment upgrades, whether replacements or new projects, would pay for themselves by guaranteed energy savings over an agreed upon time frame.

The program is administered and managed by the Washington State Department of Enterprise Services (DES), formerly known as the

Department of General Administration (GA). On January 14, 2010, the city council approved an interagency agreement with DES, to pursue an energy savings performance contract for Longview. After selecting Ameresco Quantum, Inc. from the DES' pre-approved roster of Energy Services Companies (ESCO), City staff, DES, and Ameresco conducted site visits of city facilities, and Ameresco conducted a preliminary audit to develop a list of upgrades that might qualify for an ESPC.

Based on the preliminary audit, Ameresco identified a number of upgrades likely to meet the City's cost effectiveness criteria for continuing the ESPC process, and on December 12, 2012, the city council authorized Ameresco to conduct an Investment Grade Audit (IGA) necessary to develop an ESPC. The IGA has been completed and a variety of upgrades have been identified as being cost effective.

The next step is to choose which upgrades, if any, the city council wants to include in an ESPC project. If the Council chooses to proceed with an ESPC, a final proposal will be developed for Council authorization. After construction, and under the oversight of the DES, Ameresco will measure energy consumption to verify the guaranteed energy savings goals have been met.

FINANCIAL SUMMARY:
The city council previously established ESPC cost effectiveness criteria of a 7-year simple pay back and a 10-year project loan. Using only upgrades that meet those criteria, Ameresco has identified a project package estimated to have a simple pay back of 4.98 years. The Project cost is estimated to be $2,024,041, with a first-year energy savings of $254,445.

However, staff recommends revising the project criteria to include two important facility upgrades that did not meet the original cost effectiveness criteria. Due to their age, future maintenance risks, occupant comfort, and improved effectiveness of the HVAC controls upgrades, staff recommends including replacement of the City Hall air conditioning chiller and all windows at City Hall. This additional work can be accomplished utilizing energy savings by extending the loan period to 15 years.

If the city council chooses not to authorize an energy savings performance contract, the City must pay Ameresco $50,000 for the cost of the investment grade audit, and $21,700 to DES as a termination payment.

RECOMMENDED ACTION
Discussion and direction to staff.

Attachments: Investment Grade Audit Results PPT Handout 02.02.2012.pdf
GA Energy Performance Contracting Presentation June 2010.pdf
ESPC Program Process Description2.pdf

After a short break, Jeff Cameron presented information about the energy savings performance contracting (ESPC) project the City is evaluating. Mr. Cameron briefly discussed the ESPC process, the steps authorized by Council to-date, and the findings and recommendations from the investment grade audit (IGA) performed by Ameresco Quantum, Inc., the City's selected energy savings contractor (ESCO).

Based on the IGA, Ameresco identified an ESPC project to upgrade lighting, heating and ventilation system controls, and install water conservation measures. The project identified by Ameresco to include only energy conservation measures (ECM) that provided annual cost savings and had a simple payback of 7 years or less, resulted in a project cost of $2,024,000 after deducting utility company incentives. Financing this project over a 10-year period provided an estimated annual positive cash flow of $10,437 and a 10-year cumulative positive cash flow estimated at $184,000.

City staff recommended including replacement of the City Hall chiller and all windows at City Hall due to age and maintenance concerns. These additions did not make the Ameresco identified project because there are no energy savings associated with the chiller replacement, and the windows replacement had a long 33-year payback period. However, due to maintenance, occupant comfort, and other factors, these replacements will need to be completed in the near future anyway, and the ESPC project could help pay for this work. Including these items in the ESPC can be accomplished by extending the financing period to 15 years, resulting in an estimated annual positive cash flow of $7,951 and a 10-year cumulative positive cash flow estimated at $138,000. The city council discussed various aspects of the ESPC, and inquired whether or not replacement of the Mint Valley Golf Course irrigation pumping and distribution system was evaluated – it was not. Council concurred with staff's recommendation to proceed with an ESPC including the identified conservation measures plus replacement of the City Hall chiller and windows. The final proposal will be brought to the city council for consideration in the near future.

5. ADJOURNMENT

The workshop was adjourned at 8:50 p.m.

Notes provided by Public Works Director Jeff Cameron.