

PUBLIC WORKS COMMITTEE REPORT
January 5, 2011 1:35 PM
City Council Chambers

Members Present: Jason Wiener (chair), Ed Childers, Dick Haines, Bob Jaffe, Marilyn Marler, Renee Mitchell, Dave Strohmaier, Pam Walzer, Jon Wilkins

Members Absent: Lyn Hellegaard, Stacy Rye

Others Present: Bruce Bender, Steve King, Starr Sullivan, Doug Harby, Monte Sipe, Gregg Wood, Tom Platt, John Hendrickson, Miles McCarvel, Allyson Weller

ADMINISTRATIVE BUSINESS

- A. Approval of the minutes of [12/15/2010](#) Approved as submitted
- B. Announcements – None
- C. Public Comment on Non-Agenda items – None

I. CONSENT AGENDA ITEMS

- 1. Consider the use of Community Transportation Enhancement Program (CTEP) funds for curbs and sidewalks on the south side of Lolo Street between Cales Court and Sharon's Court in exchange for sidewalk easements. ([memo](#)) – Regular Agenda (Doug Harby) (Referred to committee: 01/03/2011) **REMOVE FROM AGENDA**

Motion: The committee recommends the City Council approve the use of CTEP funds for curbs and sidewalks on the south side of Lolo Street between Cales Court and Sharon's Court in exchange for sidewalk easements.

Doug Harby, Construction Project Manager, said the existing right-of-way easement on the south side of Lolo Street between Cales Court and Sharon's Court is thirty (30) feet wide and an additional ten (10) feet is required to facilitate the installation of sidewalks in this area. He is asking the Committee to approve the use of Community Transportation Enhancement Program (CTEP) funds for the curbs and sidewalks in exchange for sidewalk easements.

Jon Wilkins made the motion to have the committee recommend the City Council approve the use of CTEP funds for curbs and sidewalks on the south side of Lolo Street between Cales Court and Sharon's Court in exchange for sidewalk easements.

The motion passed unanimously.

II. REGULAR AGENDA ITEMS

- 1. Approve a property agreement with Hybrid Energy Group to develop a 130 acre hybrid poplar project using effluent from the wastewater treatment plant and enter into a separate development services agreement with Hybrid Energy Group. ([memo](#))—Regular Agenda (Bruce Bender) (Referred to committee: 01/03/2011) **HELD IN COMMITTEE**

Bruce Bender, Chief Administrative Officer, gave a brief history and background of the wastewater treatment plant ([Power Point](#)) showing the performance levels for phosphorus, nitrogen, and disinfection. He also showed the future treatment options available and a history of the Hybrid Poplar Project from 1991 to 2008.

Steve King, Director of Public Works, continued the power point presentation (see above link) saying that the effluent is a byproduct of the treatment plant and the Hybrid Poplar project would be a process to utilize this product. He said Starr Sullivan, Superintendent of Wastewater Treatment Plant, had worked with Morrison Maierle to develop a plan for creating a pilot project on City property first to see how the trees grow using treated effluent water.

Starr Sullivan said the original trees planted were six to eight inches high and now they are six to eight feet tall after just two growth seasons and with a mortality rate of approximately two percent. He said the project has been very successful.

Marilyn Marler asked if these trees were fertile producing offspring with seeds, she is concerned that they would spread to neighboring properties and become a problem. Starr Sullivan said they used different varieties of trees including native poplars, hybrid poplars, cottonwoods and a few evergreens.

Steve King said the intent for this pilot project, was a feasibility plan to see which trees adapted and where they grew. He used the power point presentation to show how a pipe line could be installed carrying disinfected effluent from the wastewater treatment plant to the Clouse property. The harvest cycle is a twelve year cycle and would produce saw logs, wood chips for bio-fuel, and other potential markets. Steve continued the presentation saying the project scope and costs were primarily two parts, the current contract and those associated costs, and the second part would be the long term costs. The project proposal is to plant approximately 37,000 trees on one hundred thirty acres, seasonally apply approximately six hundred thousand gallons of treated effluent water daily which is about seven percent of our current flow, immediately taking seven percent of our effluent out of the river. All of this is contingent upon the approval of the Department of Environmental Quality permit approval and the Committee's approval. The plantation operations and the initial property and service agreements have an estimated total cost of \$69,325.00 from 2010 to 2012. Using estimates based upon pre-design estimates (which are subject to change) he showed a projection of "potential" future plantation costs with a final net profit of \$193,000.00 at the end of the twelve year cycle. The key point is that treating effluent without some type of program such as the Hybrid Poplar Project, would cost fifteen to twenty million dollars; with this proposed project the City could even show a profit. He concluded the presentation showing the plantation development schedule from July 2010 to spring of 2013.

Bruce Bender introduced Tom Platt, Vice President of Hybrid Energy Group (HEG). He said they have been instrumental in negotiating a lease for the Clouse property.

Tom Platt gave some background information about the Hybrid Energy Group that is based in Colorado. He said they bring investment capital to small distributed renewable energy projects. The Hybrid Poplar trees do not have to be harvested for a long time and that would allow their company to position themselves for improving technology to make their projects more feasible for renewable energy. He said it is their assessment to use this as a business model to bring investors to socially valuable and profitable investments.

Bruce Bender said the key point of this agreement with HEG is that it takes two years to get a permit from the State. He said this firm cannot wait for two years for the permit approval; the City wants to secure this agreement with a one year extension on the lease with the Clouse property. He said the City wants to hold this property until we can get approval from the State for the permit and then we can continue our discussions with Hybrid Energy Group (HEG) to see if they are interested in actually developing and managing this plantation; or to see if the City would want to proceed with the project. Our obligations would be the services HEG would provide us as we move the permit process with a one year extension, and in two years we would be able to enter into a long term agreement with the Clouse family. He said HEG would have the actual lease and the City would supply the effluent.

Bob Jaffe said he supports the project but was interested in the two year transition period to the actual long term agreement. His understanding is the contract spells out that the City has the option to purchase it. He would like clarification of the long term plan. He said if the City spends six or seven hundred thousand dollars for the pipe and to plant the trees then at that point it should be something that just operates. The city would either have their own crews or contract with someone to manage it. He asked if there were any estimates for the fair market value of the operation at that time to purchase it?

Tom Platt explained that between now and two years when the permit is available, they need to secure this land so it is not leased to other parties. At the end of the two year period HEG would make a decision if they would privately fund and develop and operate this project taking effluent from the City to grow the trees. The City would be buying the right for one of three options: 1) HEG would develop and operate it with the City providing the effluent, 2) HEG would develop it and they would offer it to the City at fair market value or 3) HEG would decide that it would not work for them and assign the whole lease over to the City.

Jason Wiener asked how this helps the City to comply with the discharge permit; does a secondary application take effluent out of the equation? Starr Sullivan said if we remove seven percent of the total pounds per day of phosphorus and nitrogen discharge into the river and land apply we will get credit for that amount. Jason asked if the revenue would come from the Research and Depreciation funds.

Jon Wilkins asked who else competes for the money from the Research and Development account and how would that affect future projects. Also the State has banned phosphates, and have the phosphates decreased.

Bruce Bender said sewer Research and Depreciation funds were used for plant upgrades and replacements, and general projects such as equipment replacements like the recent purchase of the jet truck. He said this small dollar amount over two years should not affect other projects.

Starr Sullivan said there was a significant decrease in phosphates when detergent was banned and less of a decrease when dish washing detergent was banned.

Jon Wilkins asked if the trees would be planted in a staggered time frame so they would not all need to be harvested at the same time.

Tom Platt said the trees would be harvested over a period of time. He said by using this project they would be able to solve different problems. He said as a private investment the City would not have any financial commitment except for the initial amount and it would be HEG's issues to solve problems.

Bruce Bender said they want to protect the City's right to be able to continue to provide the effluent for this project. He said time is critical for a decision to be made soon.

Jason Wiener said this discussion would be carried over to the next Public Works committee meeting.

2. Use of \$60,000 allocated by the FY2011 Budget in Road District #1. ([memo](#)) – Regular Agenda (Doug Harby) (Referred to committee: 01/03/2011) **HELD IN COMMITTEE (THIS ITEM WAS NOT DISCUSSED)**

III. HELD AND ONGOING AGENDA ITEMS

1. Discussion on the sizes of grease interceptors for the restaurant industry ([Grease Interceptor PowerPoint](#)) ([memo](#)).— Regular Agenda (Stacy Rye and Bob Jaffe) (Referred to committee: 04/21/08)
2. Review infrastructure conditions at the locations of serious and fatal traffic accidents: 2007-2009 ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 01/25/10)
3. T4 America partner support ([memo](#)) – Regular Agenda (Stacy Rye) (Referred to committee: (Referred to committee: 08/16/10)
4. Presentation from Public Works staff regarding proposed process for finding contractors and awarding bids for reconstruction of Russell Street. ([memo](#))—Regular Agenda (Bob Jaffe) (Referred to committee: 11/15/2010)

III. ADJOURNMENT

Meeting adjourned at 2:30 PM

Respectfully Submitted,
Peggy Diamond, Program Specialist
City Public Works Department