

MEMORANDUM

TO: Mayor and City Council

FROM: City Manager

DATE: November 13, 2008

SUBJECT: Lease/Purchase of Pump Station

If you will remember our conversation at the time we approved the golf course project, we talked about why we left the pump station out of the project cost. I believe it was Councilman Hendrickson that asked the question about the irrigation system operating as efficiently as it needs to without the pump station. My comment was that it would not operate very efficiently at all. Two things have entered the picture since those conversations. First, the irrigation engineer indicates that our 400 gpm water production will water the greens sufficiently but it will not operate the fairway irrigation efficiently. The system is designed for 910 gpm. That cannot be achieved without a pump station.

Second, the City, just like any other party that remodels, must meet the new code. In this case it is the new requirements of ODEQ. We have modified the system. Now we must meet the new DEQ standards. Our system currently has a "check valve" to prevent any water from flowing back into the well. That was the standard when the system was installed. To meet the new standard we are supposed to have a "back flow preventer." There are three problems with that. First, the back flow preventer cuts the pressure from 400 gpm to 360 gpm. Second it costs \$15,000 and that doesn't include the cost of the anti-freezing shelter, whatever form that would take. Third, you don't need a back flow preventer with a pump station. We have already been asked when we are planning to install the back flow preventer. We also know that to operate our system efficiently we need a pump station. I really hate to spend money on the device only not to need it in the near future.

My thought is that we spend the money toward a pump station rather than buying a piece of equipment we won't need in a couple of years. We could appropriate that money from the Capital Improvement Fund Contingency Line Item and lease purchase the pump station. While interest rates have increased recently, we have already been approved by Government Capital Corporation (they are the same company that did our heating and air conditioning system) over a three, four, or five year term with semi-annual payments at an APR of 4.6%.