

MINUTES**MILWAUKIE CITY COUNCIL WORK SESSION
JUNE 1, 2004**

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Councilors present: Barnes, Lancaster, Loomis, and Stone.

Staff present: City Manager Mike Swanson, City Attorney Gary Firestone, Community Development and Public Works Director Alice Rouyer, and Engineering Director Paul Shirey.

Wastewater Treatment Options Study Results

Community Development Director Alice Rouyer introduced and Kent Squires, Water Environment Services (WES) Director and Oak Lodge Sanitary District General Manager and Ted Kyle, WES Planning and Engineering Manager.

Rouyer said the purpose of this work session was for Squires and Kyle to provide the results of the study, and then discuss the City Council's level of commitment and preferred options.

Squires said on April 19, 2004 there was a full presentation of the Wastewater Treatment Options Study to a group of elected officials from the various jurisdictions who either get wholesale or retail sanitary sewer services. About 16 months ago, we started looking wastewater treatment options for the North Clackamas area. The impetus for doing this was the need for additional capacity in the short term. With the growth that is occurring, we are about out of capacity. Secondly, we have aging facilities ranging in age from 42 years to 20 years old. We need to reinvest in those facilities if we continue to operate them. This will be a substantial reinvestment. We thought the best approach would be to take one last look at this before making a commitment to invest in any of the existing facilities or whether or not were options more prudent in terms of delivering long-term waste water treatment services to the North Clackamas area residents.

Kyle discussed the specific options showing the study area and the options considered for service delivery. He noted the study area included everything within the urban growth boundary that is east of the Willamette River and including West Linn. The Tri-City Service District is Oregon City, West Linn, Gladstone, and the area just added to the urban growth boundary (UGB). The study area include the Oak Lodge Sanitary District, Milwaukie, Clackamas County Service District #1 that includes Happy Valley and the new Damascus expansion area. This was a substantial area particularly when compared to the size of the existing service district. It is the UGB as currently adopted

by Metro. This has some impact on how wastewater is provided through the study period, which ranges out to the year 2030.

Kyle reviewed the options.

- Option #1 – expands the Kellogg Plant to serve its current service area and adding Damascus. Oak Lodge would continue to serve Oak Lodge, and Tri-City would serve its current service district.
- Option #2 -- keeps the Kellogg Plant at its current capacity with its service area shrinking to approximately to the I-205 area. Oak Lodge serves Oak Lodge, and Tri-City is expanded to serve the growth in the region.
- Option #3 -- decommissions Kellogg and divert flows to Oak Lodge that would serve everything north of the Clackamas River with the exception of a portion of Gladstone that is connected to Tri-City. Tri-City would serve its current area.
- Option #4 – decommissions Kellogg and diverts flow to an expanded Tri-City plant. Oak Lodge would serve its current area.
- Option #5 – decommissions Kellogg and Oak Lodge and diverts all flows to an expanded Tri-City facility.

Kyle reviewed the capital costs. There is not a lot of divergence between the options. He felt they were within the precision of the estimate. On the capital side, the options are about the same. It does not really where the treatment plant is built; it costs about the same. The minor differences have to do with how much is replaced and plumbing. Option 5 starts showing some savings in operating costs over the study period. The others are almost identical. The study period time frame is out to 2030. These figures are in inflated dollars. All of the costs in the study are inflated with energy inflated at a somewhat different rate.

Kyle discussed the total gross revenue requirements that is all the money taken in including the system development charges (SDC) and operating fees. How much does it take to run the utility? It tips the scales close to \$1.7 billion between now and 2030. One again, there is not a lot of difference between the options.

The next consideration is how much a typical household would pay. He reviewed a chart that showed the years now and 2030 with monthly rates for a typical equivalent dwelling unit (EDU) adding in 3% inflation. For the Tri-City customers, if they opt out and say they are not interested in regionalization, the rates will exceed the 3% and continue climbing. Option #5 drops below the 3% inflation line at the end and appears to start leveling off. If everyone pulls together, operational savings will make a difference once debt is paid.

The next chart showed Oak Lodge ratepayers who for a while could enjoy relatively low rates. Sooner or later, however, it catches up with the need to replace existing facilities, and the trend continues upward. Interestingly, today's rates are about \$20. The high end of the options to regionalize out is still below \$45 in 2030. The next chart showed what that means in terms of the region. Portland is at \$38 per month. The pack is in the \$20 - \$24 range.

Kyle reviewed Option #5 costs, which included 30 years of inflation. What we are paying today if just driven by inflation would be \$45, so Option #5 would be about \$6 less than inflation. He reviewed the options:

- Option #1 – assumes that all of the ratepayers' money from all of the participants are pooled; the red line indicated Tri-City's share if it were to pull out.
- Option #2 – looks good until the end where it drops off because it does not get the benefits of the better operating costs.
- Option #3 – looks fairly good
- Option #4 – ends above almost everything of the regional options and would still operate two treatment plants, so the economy of scale is not there.
- Option #5 – initially, it is higher but then goes to about the same.

Squires felt it was important to understand that when one looks at those five options on the chart is that these are pooled. It assumes everyone is homogenous and everybody pays the same rate. For example, it showed Tri-City and Oak Lodge taken out to show what would happen to the rates. It is assumed that would happen with any current jurisdiction because the rates are not being pooled under those scenarios, and there are no economies of scale to be gained.

Squires summarized the study. Wastewater treatment is very expensive over the next 30 years with about \$1.7 billion being spent. About two-thirds of that is operation and maintenance expenses, labor costs with the other one-third capital expense. As Kyle indicated there was no significant difference in how much capital will be invested over the next 30 years. The real saving, and he thought that would be somewhere between \$80 - \$100 million, would come from the operational and maintenance cost savings of regionalizing the facilities. The system would operate more efficiently in terms of staffing levels. He believed 18 positions could be saved by 2030. We are at about 155,000 at this time in the service areas, and by 2030 there will be about 300,000 people. In this case growth not only pays for itself, but it actually ends up reducing everybody's rates through regionalization.

It became a study of not only wastewater but of how to build livable communities. In the regionalization option, Milwaukie gets its waterfront back, which the City has been studying for a number of years. The plans continue to say basically the same thing, and there seems to be long-term community support. The Trolley Trail can be constructed. Metro has acquired the right-of-way and can use as a transmission facility for wastewater flow that is very cost effective. It would be much less expensive and fewer utility costs that going through public streets. The community gets the waterfront and the trail. There can be a regional park facility in Oregon City that will provide championship caliber ballfields, an environmental center, remediation of a hazardous waste site, and finish the floodplain plan. We would end up with affordable wastewater treatment services today and tomorrow. One can see on the graphs, in the years 2027-2038, customers would pay \$35 per month for their sanitary sewer bills. That is

reasonable in context of today's rates. Most of us are in the \$22 neighborhood, and the metropolitan area is in the \$24 - \$25 range. Inflation brings additional costs. Labor rates are increasing at 5% - 8% annually. Energy costs have been substantially higher. Regionalization would allow the members to support concurrency of infrastructure with development of business and industry as well as residential properties. Operation and maintenance costs would go down over time, and we get clean water. The new facility would be more reliable, produces a higher quality effluent, and will contain the amenities one sees in new facilities.

Squires said one of the next steps is to develop a critical mass of support for doing something. He was looking for some level of support from partner cities and elected officials that would trigger the public involvement phase, and use those community values and interests to help develop an implementation plan for elected official review.

Mayor Bernard said the Trolley Trail would be developed fairly quickly, so time is of an essence. Waiting may cost more in the future. He asked how much it would cost if we did not have the Trolley Train?

Squires said the options would be to either tear up the street or tear up the trail and rebuild it. He did not want to see public money not used wisely. One of the time drivers is that the system is out of capacity with an annual growth rate of 2%. Some of the Kellogg flow is already being shipped to Tri-City because that facility had a little extra capacity. Building new capacity is a long-term proposition. It takes a minimum of three years to design, permit and construct that capacity. Kellogg and Oak Lodge are near capacity. Oak Lodge has a confined service area that will not ever achieve the original design capacity. Tri-City is at capacity relatively speaking.

Mayor Bernard understood it was time to make a decision that takes advantage of Trolley Trail and rather than spending money on enlarging Kellogg and potentially expanding into the Island Station neighborhood.

Squires said Oak Lodge would not have to expand. However, it is the oldest of the plants at 42 years, and it needs to be modernized. There is a plan to substantially replace most of the process units currently in use there.

Councilor Barnes did not hear anyone mention that the people moving into the area paying. Is that cost figured in and how much they will be paying?

Squires said the rated is homogenous over the region. People moving into the area will pay SDCs of about \$5,000 per dwelling unit. The new growth area does pay 100% of the cost of getting the service and the treatment. An added benefit is that it does not take a proportional number of people to treat a growing population as it might to maintain a collection system. Substantial amounts of flow without doing proportional increase in staff. Ultimately not only does new growth pay for itself, but also help reduce the overall operation and maintenance costs for each of the existing ratepayers.

Councilor Barnes asked Squire if a new treatment facility was considered in the new growth area.

Squires said in the past that option was explored. Building a fourth plant is not cost-effective because it exacerbates the existing situation with three treatment facilities to operate. It takes a critical mass to operate and maintain those facilities, so adding a fourth plant increases everyone's costs.

Councilor Stone on one of the graphs that the Tri-City cost per month was different. Gladstone was \$13, and West Linn was \$22. How is that figured since they would be out of the same plant?

Squires explained the Tri-City Service District provides wholesale wastewater treatment to the cities of Gladstone, Oregon City, and West Linn. The current rate is \$10.60/EDU. In addition to that, the city may add its own charges for operation and maintenance of the collection system, administrative overhead and that sort of thing. Gladstone chooses not to charge at the same level as the other two cities. In order to evaluate these options, an apples-to-apples comparison had to be used. First of all, they looked at the rate over the entire region, and second looked at it as the level collection system and wastewater treatment were being applied to every single system. That is how he came up with the consolidated rate.

Swanson said the market is advantageous, but some of the impetus might go away with Greenspan's reappointment. The gas prices are going crazy. It that another timing element that, in order to capture some of the advantages in a low interest rate market.

Squires said the planets are aligned. There is a dynamic today that has not existed in the past. One, there is a need to invest in new or recapitalized facilities in a variety of places. Two, we have a need to provide additional capacity. Three, we have low interest rates right now, and WES has a AA- bond rating. The last bond issue WES sold was 3-1/4%. It has escalated a little bit, so the rates are still very good. Employees get concerned when there is talk about reduction of the work force through regionalization because it does not take as many bodies to operate one facility as it does three. It will take three to five years to make all of this happen, and in the next five years 20% of the work force will be retiring. There is an opportunity to do staff reductions through attrition rather than layoffs, which is something he wants to avoid. Staff will continue to grow because maintenance of the collection system is proportionate to the number of miles, so that side will grow. In terms of the treatment staffing levels, that can be reduced over time, and that is where the ratepayer savings accrue. Financing costs today are far superior to what they were three or four years ago when alternatives were considered.

Councilor Stone understood it would take three to five years to get all of this done. She read all the facilities would be at or over capacity in the next two years. How do you handle that need since the infrastructure will not be done overnight.

Squires said there are already some plans for Tri-City work that would buy the system a little bit of time. In fact, there will be some design and construction work this year.

Kyle added there is a design complete from an expansion at Tri-City to buy some time, and it would fit into this long-term options. Any of the options that include expansion of Tri-City fits into the plan. That could be done in a couple of years tops and maybe faster. Those who grant the permits would really like to know what the long-term plan is. He did not think it was about absolutely running out per se, but we do need to get on with it and not wait another two or three years. We need to commit to pouring some concrete somewhere.

Squires commented a legacy will be created one way or another. It might be inaction that means reinvesting in the current facilities, which will be there for the next 30 or 40 years. All of them need reinvestment; some are going to need additional capacity. We have delayed investment in these facilities for several years and cannot afford to do so any longer. If we do, we run the risk of not providing the environmental protection we are charged with and creating potential health problems with the receiving streams of the Willamette River.

Swanson added was did not just a seed that was planted six months ago or a year ago. It is a culmination of 30 years of a lot of work looking at options on the other side of the river with Tryon Creek, which is a Portland facility and other ways to provide wastewater treatment. He wanted to make sure the City Council understood one of the benefits of the recommendation of this report is eventual elimination of Kellogg, which is certainly a primary goal of the City. It is not the purpose of this. The purpose is to set the course for the next 24, 30 years in terms of wastewater treatment. It just so happens one of the benefits of that is in fact the elimination of the Kellogg Plant. Something else that has not been mentioned is the certainty of increased environmental regulations, which all of us will be facing. That is partially because that is what people want. Tri-City opened in 1986, and eighteen years later it is at capacity. When it opened it was the state-of-the-art facility. A lot of things have changed. Tri-City still meets its permit requirements, but he would guess over the next 20 to 30 years there will be even more requirements. One of the other benefits of this option is looking at state-of-the-art and being able to anticipate what we will see in terms of regulations in the future.

Rouyer called attention to draft resolution that went to the Oak Lodge Sanitary District Board. It emphasizes and supports regionalization, and Kyle and Squires would like the City Council to consider a similar resolution at a future meeting. She would also look to the Council's discussing the options and supporting one of the options in order to put together the public outreach phase. Finally, there may need to be a financial commitment from Milwaukie to further one of the options. There is a lot of stake in the City because the Kellogg Treatment Plant sits on our riverfront. We see the facility gone in the long-term to fit into the City vision. This will require some leadership from the City Council to ensure whatever option is considered fits into our growth plan.

Councilor Stone already had a favorite. It is a no-brainer that Option #5 is the one. We could get the treatment plant off our riverfront, get the Trolley Trail, and save money in 2030. It is almost too good to be true.

Mayor Bernard said we have some responsibility in the future about what Milwaukie will contribute. Are we going to contribute something to the demolition over 20 – 30 years? Are we going to have a fee to each house of a dollar or two dollars that says we will help push this and get people excited about it? We are talking about lowering sewer rates, but we need to plan for the future and getting rid of the plant to bring in \$70 - \$100 million of reinvestment to the downtown. What is our commitment in the future? He felt our commitment is looking at how the City can help to push this along.

Swanson said, to be realistic, although it looks too good to be true, none of these things are accomplished without a lot of anguish. The word “regionalization” raises a lot of concerns in people’s minds. Washington County for example is served by one entity, and he does not see a lot of weak cities. We are talking about entering the public input phase, and as well all know, that can be rocky. We are talking about change, and it is always pretty when you look at it from a distance. When you get into the middle of it, it can be difficult. He did not want anyone to go into this with the illusion that there will be no potential bumps in the road. He also thought it was the right course of action. We may need to fasten our seatbelts at times.

Squires expanded on the “too good to be true” comment. He has been involved in these discussions since the early 1970’s, and Kyle has been through a number of these as well both as a consultant a public agency engineer, and councilmember. There was always a reason in the past not to do something different – the facilities were too new, there was not enough of a rate benefit, and lots of other reasons. From his personal perspective having been through this over all those years, this is the first time that he has seen such an opportunity existing. He is fairly certain it will not exist again in the future. We have an opportunity within this window to do something that we could not do in the past and probably cannot contemplate doing again in the future. It is not only about bringing wastewater treatment services together but also build some community amenities that are not going to be achieved at the same level in any other fashion. The economy of scale and the critical mass of financing will allow us to do some of the other things at minimal additional cost to the ratepayer. That can be done through lessening the total amount of savings by a small piece. It is an opportunity. The downside is willingness to do business differently. You might have to be willing to contribute to make something happen. If you were the host community, you might want to get a little something. If you are an interim community, you might want to get something out of the existing facility site. It seemed to him there is something in it for everyone in the long term. The only real downside is willingness to business differently.

Mayor Bernard supported Option #5.

Councilor Loomis supported Option #5.

Councilor Lancaster saw no reason to delay and recommended getting the resolution done to get the public process going. We cannot under any circumstances let this window of opportunity escape us. Anything the City Council can do to expedite this without short-changing the important community input process, we need to do that.

Mayor Bernard understood there would be a resolution at the next City Council meeting.

Rouyer said there was a discussion of sewer rates scheduled, so she will work with Swanson on this. The City Council needs to think about the future. She has been thinking without saying much to the City Council. The City might need to make a contribution out of the sewer fund for this effort. That will be one of the things the consultant speaks to the City Council about in addition to the rate question that has been looming for some time.

Councilor Loomis wanted some figures on that, but he was not in agreement with higher rates for this purpose. He was willing to work hard and ask people to pony up, but they should be asked. We should not just take their money.

Mayor Bernard discussed spreading it out over 30 years, and there could be a way to contribute in some other fashion. He understood there would need to be some up-front money.

Councilor Loomis did not disagree with that at all. He was willing to go out and ask and work hard to get people to say "yes." He still wants to have that discussion as well as figures, costs, and what Milwaukie's contribution will be.

Firestone understood there may be a request at the regular session during audience participation to discuss the transit center, and the City Council would have to make a decision whether or not it is going to hear people speak on that subject tonight or take the position that the hearing is closed. We do not know if these are the same people or not. There is the question, Is it new? If it is new, is now the right time?

Councilor Stone asked how this could be denied since it says on the agenda audience participation is allowed on any issue not on the agenda.

Firestone said one could take the position it has been on previous agendas, and it will be on future agenda. If people speak now, is it part of the record? This is not an "on the record" decision. It is not governed by land use. You are totally open as to how to do it.

Councilor Loomis has been seeking input from people daily. He is hoping to hear more in helping him to make a decision. If people show up, he has no problem with that.

Firestone said one other consideration is that if one or two people show up, and they have already spoken. He was sure there are a lot of other people who would have liked

to speak again. There is no right or wrong. On the legal side, you have to consider the public's right to present while keeping fairness in mind.

Councilor Barnes thought both sides were given equal time. It was clear at the first two meetings that the City Council would stay to hear people speak. Then the City Council said the hearing was closed. She did not believe the City Council should allow someone who has already spoken reiterate. The Council has heard their points and they are in the record. She did not believe anyone was given adequate time know the hearing would be reopened. She believed that is what the City Council would be doing if it discussed it again tonight. If the City Council wants to reopen the hearing, it should be announced for a separate date so everyone may speak who wishes.

Councilor Loomis said it does not need to be a discussion. He was okay with statements.

Councilor Stone understood June 22 would be the next special meeting. The public testimony portion of the hearing was closed.

Mayor Bernard was willing to reopen public testimony if there were new people wishing to speak.

Councilor Barnes was comfortable with opening up testimony again as long as all parties were aware of that.

Councilor Stone would take comments tonight if it is not looking like it would be another three hour testimony. She does not want people to walk away with a negative impression of the City Council. We made the effort; we came forward; it says on the agenda there is audience participation on issues that are not on the agenda. This is clearly one of those. She would not want people to leave with a negative impression of the City Council.

Councilor Barnes understood there was an executive session tonight and asked how long that would run.

Human Resources Director Mary Rowe said it depends on how much the City Council wants to debate the topic.

Councilor Lancaster said he would not be available on June 22. His computer has been down.

Councilor Loomis recommended being diplomatic.

Councilor Lancaster thought the City Council should hear anyone who has not yet spoken.

Councilor Stone agreed anyone who has spoken already is on the record.

Councilor Lancaster thought it would be cleaner to do it at the next designated meeting.

Firestone said audience participation is limited to items of City business, which are properly the object of Council consideration. One could say the proper time for City Council consideration will be at that special meeting.

The work session adjourned at 6:25 p.m.

Pat DuVal

Pat DuVal, Recorder

AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION JUNE 1, 2004

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

WORK SESSION – 5:30 p.m.

A light dinner will be served.

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m.	Wastewater Treatment Options Study Results	Alice Rouyer, Paul Shirey, and Kent Squires
2.	6:20 p.m.	Adjourn	

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the preceding items.
- Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.

- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.



To: Mayor and City Council

Through: Mike Swanson, City Manager

From: Alice Rouyer, Director of Community Development & Public Works

Subject: Wastewater Treatment Options Study Results

Date: May 28, 2004 for the June 1, 2004 work session

Action Requested

The Council will hear a presentation of the results from the Wastewater Treatment Options Study. Council is asked to provide feedback to the project staff on the City's commitment to the various options analyzed in the study.

Background

Management of wastewater within the North Clackamas region is at an important crossroads. The Clackamas County area is quickly approaching the point where it must move forward with a specific strategy to provide additional treatment capacity for both the existing service areas and the Damascus-Boring urban reserve. Currently three wastewater treatment plants operate in North Clackamas County serving customers in the Clackamas County Service District #1 (CCSD1); Oak Lodge Sanitary District, and Tri-City Service District. The Kellogg Wastewater Plant on the Willamette River in downtown Milwaukie is operated by Clackamas Service District #1 and serves Milwaukie, unincorporated Clackamas County, and Happy Valley.

For many years policymakers in Milwaukie have desired removing the sewage treatment plant in order to better utilize land on the riverfront and encourage downtown redevelopment. The existing sewage treatment plant located along Milwaukie's riverfront does not match land use goals and values outlined in the Downtown Land Use Framework Plan adopted by the Council in September 2000.

The Wastewater Treatment Options Study initiated in 2003 comes at an important time. All of the wastewater plants are nearing capacity. This requires that the service districts initiate long-term capital planning in order to accommodate future service to customers. Projected growth in the Damascus area is also putting pressure on service providers and planners. In addition, the City of Milwaukie will soon begin two important projects that were identified in the Downtown Land Use Framework Plan. These are the McLoughlin Boulevard and the North Main Redevelopment projects. Beginning in 2005, the riverfront and downtown will begin to look different, taking a shape that was anticipated in the plan. Planning for removal of the Kellogg Sewage Treatment Plant is a logical next step in the process of revitalizing the riverfront and downtown.

City staff has been involved in the Wastewater Treatment Options Study since it kicked off in 2003. Engineering Director Paul Shirey is a member of the Technical Advisory Committee offering advice to County staff and project consultants. City Manager Mike Swanson is a member of the study's Management Advisory Committee. Both have been tracking the study's progress over the past year.

Options Considered in Study

The Technical Advisory Committee developed, evaluated, and compared five wastewater management options on both their technical merits and financial impacts. These options will be detailed more in the work session discussion on June 1, 2004. Information regarding the existing service boundaries for the CCSD1, Tri-City, and Oak Lodge Sanitary District will also be available. The five options are:

Option #1: This option is referred to as the "status quo" consideration. This option assumes that the existing systems remain configured as they are today. The only modifying assumption in this case is that the existing diversion of Kellogg flows to Tri-City will be discontinued. All three treatment plants serve their existing service areas independently. Improvements to each treatment plant are based on anticipated growth in their respective service areas. The Damascus Boring urban reserve area will be served at the Kellogg Plant.

Option #2: This option presents the current adopted master plan for providing service to Tri-City and CCSD1. All three existing treatment plants will remain in service. The distinction in this option is that Kellogg is not expanded beyond its existing capacity and footprint. As development occurs in the North Clackamas and Damascus/Boring urban reserve areas, flows over and above the existing Kellogg capacity are diverted to Tri-City for treatment. Oak Lodge remains in service and is expanded to treat future flows from the Oak Lodge service area.

Option #3: This option calls for the decommissioning of the Kellogg plant. The Oak Lodge plant is expanded to accept flows from the existing Kellogg plant and future flows associated with growth from the North Clackamas and

Damascus/Boring areas. The Tri-City plant is expanded to accommodate growth within the Tri-City Service District.

Option #4: This option also calls for the decommissioning of the Kellogg plant. The Tri-City plant is expanded to accept the current flows from Kellogg in addition to flows associated with growth in the North Clackamas and Damascus/Boring areas. Oak Lodge is expanded to serve growth within its existing service area.

Option #5: This option assumes that the Kellogg and Oak Lodge plants are decommissioned and all existing and future flows are transported to and treated at the Tri-City plant.

The results of the financial and technical feasibility of the options will be reviewed with the Council at the June 1 work session. A regional approach to wastewater treatment service in North Clackamas County is the action recommended in the study. Option #5 presents the lowest long-term cost, taking advantage of economies of scale and efficiency offered by consolidating three plants into one regional plant.

Next Steps in the Project

The project staff is seeking Council feedback on the study options and results. By the end of the calendar year, staff is hoping that all participating jurisdictions will have selected a favored option or options, and will be committed to moving forward with seeking public input in 2005. The public input phase will include a rate impact plan and sketch out implementation steps needed to make each favored option a reality.

Since Milwaukie is home to the Kellogg treatment plant, the Council's early commitment to the study options will be needed in order to communicate the City's long-term growth goals to other participating jurisdictions.

CCSD1 staff has forwarded a resolution supporting a regional approach to wastewater consolidation to the Oak Lodge Sanitary District Board of Directors. This draft resolution is attached for the Council's review and consideration. After the June 1 work session, staff is requesting that the Council consider adopting a similar resolution after discussing the various options considered in the study.

Concurrence

Staffs in the City Manager's office, Community Development and Engineering have worked with the CCSD1 study coordinators and consultants since 2003.

Fiscal Impact

At this time, the study has not resulted in any fiscal impact to the City. Fiscal impacts associated with study options will be discussed at the June 1 work session.

Work Load Impacts

Staff participation on the study technical and management advisory committees was anticipated in the 2003-2004 work program.

Attachment

1. Draft Resolution before the Oak Lodge Sanitary District Board of Directors supporting a regional approach to Wastewater treatment.

ATTACHMENT 1

DRAFT

BEFORE THE BOARD OF DIRECTORS
OF
OAK LODGE SANITARY DISTRICT

In the Matter of the Regional Wastewater Treatment Options Study, March 2004 Resolution No. 04-01

THIS MATTER came before the Board of Directors of Oak Lodge Sanitary District, a sanitary district organized under Oregon Revised Statutes Chapter 450, regarding the Regional Wastewater Treatment Options Study dated March 2004.

WHEREAS, Oak Lodge Sanitary District entered into an Intergovernmental Agreement with Clackamas County, Clackamas County Service District No.1, Tri-City Service District, and the Surface Water Management Agency of Clackamas County; and

WHEREAS, said Intergovernmental Agreement required the participating jurisdictions to perform a wastewater study to determine the likely costs of consolidating and/or relocating wastewater treatment at fewer locations, the likely costs of expansion or construction of appropriate facilities to accommodate the redirected flows, and the likely cost to construct additional capacity necessary to serve future growth in the North Clackamas area; and

WHEREAS, the study included a rate and economic analysis designed to assess the probable impacts on customers served by the facilities; and

WHEREAS, the study has been performed and presented to a joint meeting of elected officials representing Oak Lodge Sanitary District, Clackamas County, Clackamas County Service District No.1, Tri-City Service District, and the cities of Gladstone, Happy Valley, Milwaukie Oregon City, and West Linn; and

WHEREAS, the study finds that the continuing to operate, maintain, and reinvest in the three existing wastewater treatment facilities in the North Clackamas County area (Oak Lodge, Kellogg Creek, and Tri-City) is the most expensive for rate payers in the long-term; and

WHEREAS, the study finds that the option to regionalize wastewater treatment at a single facility provides the greatest opportunity to reduce ratepayer costs over the long-term; and

WHEREAS, the Board of Directors has a fiduciary responsibility to act in the best interest of their ratepayers;

NOW, THEREFORE, BE IT RESOLVED, that the Board by this resolution endorses the concept of regionalization of wastewater treatment services at a single location as the apparent best long-term strategy for providing wastewater treatment services to the customers of Oak Lodge Sanitary District; and

BE IT FURTHER RESOLVED, that the Board by this resolution directs the General Manager, in partnership with Clackamas County, Clackamas County Service District No.1, Tri-City Service District, and the cities of Gladstone, Happy Valley, Milwaukie, Oregon City, and West Linn, to begin a process of public information dissemination, stakeholder involvement, and citizen involvement designed to elicit citizen interest and community values; and

BE IT FURTHER RESOLVED, that the Board by this resolution directs the General Manager, in partnership with Clackamas County, Clackamas County Service District No.1, Tri-City Service District, and the cities of Gladstone, Happy Valley, Milwaukie, Oregon City, and West Linn, to develop an implementation plan for regionalization of wastewater treatment services that further defines processes, schedules, rate projections, and related information, and incorporates consideration of the community interests and citizen values determined through the public involvement processes; and

BE IT FURTHER RESOLVED, that the Board by this resolution directs the General Manager, in partnership with Clackamas County, Clackamas County Service District No.1, Tri-City Service District, and the cities of Gladstone, Happy Valley, Milwaukie, Oregon City, and West Linn, to attempt to complete this work by December 1, 2004 and to provide a report to the Board of Directors of Oak Lodge Sanitary District.

IN WITNESS WHEREOF, the undersigned, being members of the Board of Directors and District staff of Oak Lodge Sanitary District, have executed this Resolution effective as of May 11, 2004.

ADOPTED by the affirmative vote of a majority of Board of Directors of Oak Lodge Sanitary District on this 11th day of May 2004.

OAK LODGE SANITARY DISTRICT

Vote: Ayes _____
Nays _____

By: _____
Gerald M. Foy, President

By: _____
R. Kent Squires, Secretary