

**OAK LODGE SANITARY DISTRICT  
BOARD OF DIRECTORS AND MPCAC  
MINUTES OF THE JOINT SPECIAL MEETING OF THE BOARD  
AND  
THE MASTER PLAN COMMUNITY ADVISORY COMMITTEE  
March 19, 2009**

**CALL TO ORDER**

President Paul Savas called the March 19, 2009 Special Joint Meeting of the Board of Directors and the Master Plan Community Advisory Committee of Oak Lodge Sanitary District in Clackamas County, Oregon to order at 6:03 pm in the District Administrative Building Conference Room, 14611 SE River Road, Milwaukie, Oregon.

**PERSONS PRESENT**

Directors present were Paul Savas, President; William Wild, Vice President; Jim Martin, and Doug Woods. Director Seigneur was absent.

MPCAC members present were Matthew Anderson, Tom Foeller, Gerald Foy, Margaret Pritchard, Leah Robbins, Henry Schmidt, Brad Smith, Charles Stephens, Leonard Waldemar, and William Wild.

Staff present were J. Michael Read, General Manager and Secretary of the District; Brett Arvidson, Manager of Planning and Engineering; and Kay Deines, Administrative Services Specialist

Consultants present were Michelle Burkhart and Dave Green, CH2M Hill; and Libby Barg and Clark Worth, Barney & Worth

**OTHERS PRESENT**

There were no other persons present

**DINNER AND WELCOME**

President Savas  
J. Michael Read

Paul Savas, President of the Oak Lodge Sanitary District Board of Directors welcomed the attendees and thanked everyone for giving of their time and energy to help with the Treatment Plant Predesign Project and to help the Board in the decision-making process. He then turned the meeting over to J. Michael Read, General Manager of the District.

Manager Read added his appreciation that of President Savas. He proceeded to explain the current project situation and explained that this meeting would be dedicated to describing the status of the Predesign effort and the current financing opportunities for the project. Manager Read then turned the meeting over to Michelle Burkhart of CH2M Hill for a brief update on the design status of the project.

**TREATMENT PLANT  
PREDESIGN – Project  
Phasing**

Michelle Burkhart

Michelle Burkhart explained that she would present a very brief update on the progress of the project. She presented a more detailed picture to the Board of Directors at their Special Meeting the previous evening. She explained that the Predesign project will be completed in April and presented to the Board of Directors at their Regular Meeting on April 14, 2009. Ms. Burkhart explained that District staff, District management, the architectural consultants, and CH2M Hill engineers and construction arm have all been

working diligently to come up with ideas to reduce cost, increase operational effectiveness, staff safety and convenience, and maintain the District's commitment to the Good Neighbor Plan. Ms. Burkhart then guided the meeting attendees through a PowerPoint presentation showing the magnitude of the improvements made in the design with the goal of reducing cost and improving treatment efficiencies and effectiveness. She also explained the estimated costs and construction time frames involved in construction and the various phasing and construction options.

Ms. Burkhart then answered questions from the Board and the members of the MPCAC. Items discussed were odor control, the placing and construction of new secondary clarifiers, the new Pump Station No. 1, the estimated project construction costs, contractor input on estimated costs, and disinfection methods and associated construction and operation costs. Michael Read complimented CH2M Hill on how innovative and creative they have been in devising ways to design this project and end up with a bottom line estimate that meets the District's cost limit of a \$50 million project.

FINANCING PLAN:  
Overview  
Discussion  
Feedback to Board  
J. Michael Read

General Manager Michael Read first apologized that the information presented to the MPCAC this evening was not provided to them ahead of time. He explained that much of the information was not completed and available until very close to the meeting. Manager Read explained that a great deal of effort has gone into distilling this information into the form presented tonight. He further explained the possible financing options open to Oak Lodge Sanitary District at this time.

Manager Read explained the various types of bonds, the implications of each as far as public input, the associated costs, the repayment methods, and the required reserves or coverage funds. Manager Read explained General Obligation, Revenue, and Double-Barrel bonds. He stated that Revenue Bonds (funded through sewer service charges so all ratepayers pay the same amount of the bonds) are by far the most common type of bonds sold by public utilities. The public can remonstrate against Revenue Bonds, forcing an election or the Board can refer the bonds to a vote themselves if they wish. If the public does not remonstrate against the bonds and the Board does not refer the bonds to a vote, then no election is required. General Obligation (GO) bonds are repaid through property taxes, which means that owners of more expensive properties pay more than owners of less valuable property. An election is required to sell GO bonds. Double Barrel bonds are revenue bonds which are backed by GO bonds that are referred to a vote of the people, should the rate revenue to repay them not be available because of unforeseen circumstances. No property taxes are levied unless the expected revenue is not available. Double Barrel bonds are the least expensive as far as coverage and interest rates.

Manager Read then discussed the State Revolving Fund (SRF) money. There is approximately \$40 million available per year, and no entity is eligible for more than 10% of the total. If the District qualifies for the fund, the \$4

million would make a large difference in the cost of this project. Only 5% coverage is required for these funds and no reserves are required. Current SRF interest rates are 3.0%.

Another opportunity for the District is the Federal Stimulus Funds. Those will be issued in \$5 million increments and Oak Lodge Sanitary District is number 13 on the list. Manager Read believes that the funds should make it to us. The money is issued through the SRF, is available one time only, and 50% of it is forgiven with 0% interest on the part that must be paid back, with 5% coverage and no reserves required because it is part of the SRF.

Manager Read explained that at the beginning of this project, with these monies available to the District, would make a huge difference in the cost to the ratepayer in the future.

The problem with qualifying for these funds is in the timing. DEQ must have signed financing agreements for projects to be funded with Federal Stimulus monies by September 1, 2009. The money does not have to be borrowed, but there must be signed agreements showing how the money will be borrowed and demonstrating the authority to borrow it. With the SRF funds, once you are on board that means you are in the queue for subsequent years. Qualifying for Stimulus by September 1 will place OLSD in the pool for SRF in subsequent years. The bottom line is that the District must be qualified for Stimulus in the next few months and cannot wait for the next available election to get authorization for selling bonds. The next election is in November – too late to qualify for either the SRF or the Federal Stimulus money.

Manager Read then explained the funding and rate projection charts. There are two projection lines – a baseline rate that assumes no SRF or Stimulus funds, a rate that assumes receipt of SRF and Stimulus funds. The difference between the two shows a savings of over \$5 per month to the ratepayer in 2011/2012, and increases to over \$8 per month by 2013/214. Those rate savings assume that the project funding is in place in time to qualify for these funds (bond authorization in place before September 1, 2009) and that the SRF funds of \$4 million are available each year once we are in the queue. The baseline assumes that neither the SRF nor the Stimulus funds are available to the District, with the higher reserves and coverage amounts required. Even if we did not get Stimulus Funds but were in place to receive the SRF funding that would still save \$12 million over the course of the project.

Manager Read reported that the opinion Harvey Rogers, the District's bond counsel, said that there is no better deal out in the market today for the District than the SRF and the Stimulus Funds and that the District should make every effort to qualify for those funds.

Discussion followed regarding distribution of the SRF and Stimulus funds

(managed by DEQ); the use of reserve funds retained as required for revenue bonds to fund subsequent years' projects; the advice of the financial consultant regarding the municipal markets and the bond counsel for the SRF and Federal Stimulus funds; the status of the environmental impact statement and its review by EPA (in process, as are all of the other entities' projects); whether or not all of the bonds that might be authorized by the Board of Directors all have to be sold (no, they don't; you only sell the amount you need to sell); and the reliability of the numbers as presented for the projected rates and the cost of the project.

Manager Read explained that the Board had requested this joint meeting in order to hear the opinions and recommendations of the members of the Master Plan Community Advisory Committee. General Manager Read and Manager of Planning and Engineering Arvidson will take two requests to the Board at their regular meeting – they will ask the Board to authorize revenue bonds and to authorize use of CM/GC as the project delivery method. The Board would like advice from the MPCAC on how they believe the community would recommend the District proceed.

Discussion followed between the MPCAC members, the Board of Directors, and staff on the consequences of failing to qualify for the SRF and Federal Stimulus funds.

The Board asked the MPCAC members if they feel that an election regarding this project is necessary. The members of the MPCAC discussed the necessity of an election with the Board. None expressed a belief that an election is a necessity. The members of the MPCAC emphasized their belief that the opportunity to qualify for the SRF and Federal Stimulus Funds was very important. Director Wild expressed his belief that the Board has been developing this project in the most transparent process possible, including the MPCAC volunteers, neighborhood meetings and open house events, and articles in the District's newsletters and on its website.

M/S MPCAC member Margaret Pritchard/MPCAC member Henry Schmidt  
The MPCAC approves authorizing the Board to issue Revenue Bonds in the amount necessary to fund the Wastewater Treatment Plant Expansion and to recommend the CM/GC project delivery method without calling for a public election in order for the District to qualify for both SRF and Federal Stimulus Funds. The question was called and the motion passed unanimously.

The Board expressed its appreciation to the members of the MPCAC for the generous gift of their time and effort to Oak Lodge Sanitary District over the last few years in developing this project. Director Martin asked that those members of the MPCAC that are absent from this meeting be informed of the result of this vote and the reasons for it. Manager Read expressed his willingness to meet one on one with any customer or resident of the District to present this same information to them and to discuss the project and the process.

ND USE PERMIT  
APPLICATION  
Brett Arvidson

Manager of Planning and Engineering Arvidson informed the meeting that the Hearings Officer has scheduled the Public Hearing for the District's Land Use Application for 9:30 a.m. on April 16. The attendees asked that Mr. Arvidson send a notification to the Board, the MPCAC, and the SWM CAC prior to this hearing date to remind them of it. Discussion followed on ways to request letters of support from individuals and groups, and to ask that individuals attend the Hearing to testify in favor of the Application. Manager Arvidson expressed his intent to request letters of support from the local Community Planning Organizations and the CIA group, and to make presentations to those groups.

COMMUNICATIONS  
UPDATE  
Clark Worth and Libby Barg,  
Barney & Worth

Clark Worth and Libby Barg, with Barney & Worth, Inc., presented copies of the revised and updated video to all attendees and announced that it is in place on the District's website. He distributed a list of sites where they plan to distribute the video. MPCAC member Charlie Stephens asked Clark Worth what he considers the critical time period for which the information in this video will be useful. Clark agreed that the information will need to be updated in a few months, and estimated that this summer is when the next version would be developed. Brad Smith suggested checking with local movie theaters to see if they would be interested in showing it during the time between the features. Margaret Pritchard suggested distributing it to local schools.

Libby Barg next presented the format for the new bill insert to be included in each billing. The insert will serve as the newsletter. There is no text in this sample, the text is on hold until after this meeting so that staff will have the most current information possible for the customers.

Ms. Barg then presented a matrix of outreach possibilities developed and asked the MPCAC members to fill their names in for the events that they are able to attend. Tom Foeller explained the purpose of the outreach matrix and the discussed the necessity of providing as many residents as possible with information on the project and providing them with a chance to ask questions of staff and volunteers. MPCAC members will assist District staff in presenting the video, answering questions from the public, and in distributing informational materials. They will not be responsible for the presentation.

NEXT STEPS  
J. Michael Read

Stringfield Family Park Grand Opening – May 16 Manager Read informed all present of the Stringfield Family Park grand opening event scheduled for the afternoon of Saturday, May 16. District staff will be present with information about Oak Lodge Sanitary District's part in the park's development and with information about the current projects – both sanitary and storm sewer projects. The District will have a booth and informational materials. President of the Board Savas will speak at the event.

Next MPAC Meeting Following discussion it was decided that the next MPCAC meeting will be held in May. Beginning in April, the Board of Directors is scheduling one regular meeting and one special meeting each

month. The special meeting will be reserved for an ancillary topic that would take up more time than is available in the regular meeting. Several members of the MPCAC are involved in other groups that can conflict with Oak Lodge Sanitary District's meetings. Following a group discussion it was decided that the best day for the next meeting is on a Wednesday. At the suggestion of Margaret Pritchard and Tom Foeller, the group decided to meet next on the first Wednesday in May, which is May 6. That date will avoid the CIA and the Oak Lodge Community Council meetings.

Community Open House Michael Read reported on the possibility of an Oak Lodge Sanitary District open house with informational displays in the Administration Building and provide tours of the wastewater treatment plant and some of the surface water project areas such as Stringfield Park. He asked if anyone thought there should be a District open house prior to that. Discussion followed on having a booth at the proposed Oak Grove Festival tentatively planned for July 18. The MPCAC suggested that tours be scheduled for approximately one hour prior to the start of the festival so that people who wanted a tour would not have to miss any of the festival activities.

Naturescaping Workshop Tom Foeller reminded those attending the meeting that Oak Lodge Sanitary District will be hosting a naturescaping workshop put on by the East Multnomah Soil and Water Conservation District on June 6, 2009. Flyers are available at the front counter in the Administration Building foyer, and interested people can reserve a place at the seminar online.

ADJOURN

There was no further business.

The meeting was adjourned at 8:02 p.m.

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Paul W. Savas, President of the Board

Attest:

  
J. Michael Read, Secretary