



# OAK LODGE SANITARY DISTRICT

*Protecting our valuable water resources*

**AGENDA  
BOARD OF DIRECTORS MEETING  
May 26, 2009  
6:00 p.m.**

1. **Call to Order:** President Savas
2. **Ordinance No. 79: Adopting Sanitary Sewer Rates:** J. Michael Read
  - a. Second Reading
  - b. Public Comment
  - c. Adoption
3. **Public Comment Period:**

*Members of the public are invited to address the Board on any relevant topic. The Board may elect to limit the total time available for public comment or for any single speaker depending on meeting length.*
4. **Other Business:** Directors and Staff
5. **Director Comments:** Directors
6. **Board Requests:** Directors
7. **Adjourn Meeting**

\* Denotes changes in the Agenda after mailing.



# OAK LODGE SANITARY DISTRICT STAFF REPORT

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**To:** Board of Directors  
**From:** J. Michael Read, General Manager  
**Agenda Item:** Ordinance No. 79 – Second Reading Ordinance  
**Item No.:** 2  
**Date:** May 26, 2009

## **Background:**

The Oak Lodge Sanitary District's wastewater treatment facilities are outdated and in need of replacement. The District has developed a new Sanitary Sewer System Master Plan and recently completed the predesign project which details the renovation and replacement costs.

In order to fund the significant costs associated with the wastewater treatment plant upgrade program it is necessary to build capital reserves. These reserves will be used to pay directly for capital projects and to fund the borrowing that will be necessary to finance the bulk of the facility improvements. It is our eventual goal to build the capital transfer portion of the sewer rate to accumulate between \$2.5 million and \$3.3 million each fiscal year. This amount will provide stable capital resources to finance projects and to make bond payments. If the District is successful in gaining funding through the Oregon SRF and/or the Oregon Economic Community Development Department, this needed capital transfer amount will remain on the lower end of that range.

OLSD staff has determined that an 8% rate increase is needed in FY 2010 to appropriately fund the District's sanitary sewer capital fund and to provide General Fund resources for District operations. An 8% rate increase will amount to an increase of \$2.33 on the average monthly sewer service charge and generate approximately \$363,480 in additional revenue.

The proposed FY 2010 budget includes inflationary increases for personnel as well as materials and services expenses. However, we have been able to realize a real 5.2% drop in the Sanitary Sewer Services portion of the General Fund budget by reducing several accounts and moving activities which support the capital improvement program into the capital budget.

## **Sanitary Sewer System Capital Improvement Fund (SSS CIF):**

The proposed FY 2010 budget has a beginning SSS CIF fund balance of \$7,135,338. With the 8% rate increase in sanitary sewer service charges, expected system development charge revenue in the amount of \$50,230, and interest revenue of \$96,327 the District expects to generate \$2,656,699 in additional revenue for purposes of funding sanitary sewer system capital improvement projects. The beginning fund balance and additional revenue provide a grand total of \$9,792,036 in resources for the SSS CIF.

**Operating Expenses:**

Overall, Sanitary Sewer Service operational expenses have decreased by 5.2% over FY 09. Administration expenses that are allocated to the Sanitary Sewer Services accounts are down from FY 09 by 44.2% or \$282,630. These decreases are due to reduced benefits cost; reduced Legal expenses; reduced Engineering/Professional Fees; reduced Materials and Services; and reduced Public Information/Public Relations. All Legal, Engineering, and Public Information expenses related to the capital program have been moved into the Capital Improvement Fund. The reductions in Materials & Services have been achieved through efficiencies and closer budgeting to actual costs.

**Sanitary Sewer Rate Increase Impact on Budget:**

The following table demonstrates the budgeted impact of the additional revenue raised through the requested rate increase:

<b>Additional Revenue from 8% Increase</b>	<b>\$ 363,480</b>
SSS Operations & Administration Decreases	\$ 162,725
<b>SSS CIF \$ Benefit from 8% Increase</b>	<b>\$ 526,205</b>
Percent of Rate Increase to Benefit SSS CIF	100.0%
<b>Actual Increase in Resources to SSS CIF</b>	<b>144.8%</b>

Of the \$2.33 monthly rate increase per average EDU created by an 8% sanitary sewer service fee rate increase, \$2.33 directly benefits the Sanitary Sewer System Capital Improvement Program.

**First Reading:**

The Oak Lodge Sanitary District Board of Directors conducted the first reading of Ordinance No. 79 on May 12, 2009 and opened the meeting for public comment on the proposed rate increase.

**Questions for Consideration:**

1. Does the Board of Directors agree that an 8% sewer service charge rate increase is appropriate for FY 2010 to meet near term needs?
2. Does the Board of Directors agree that service charge rate revenue is the appropriate short term financing mechanism to meet immediate design and equipment replacement and facility needs?

**Options for Consideration:**

1. Conduct the second reading of Ordinance No. 79.
2. Remove Ordinance No. 79 from the agenda and defer or eliminate consideration of a sewer service charge rate adjustment.

**Recommendation:**

Staff recommends the Board of Directors conduct the second reading of Ordinance No. 79, and directs the reading of the ordinance by title only.

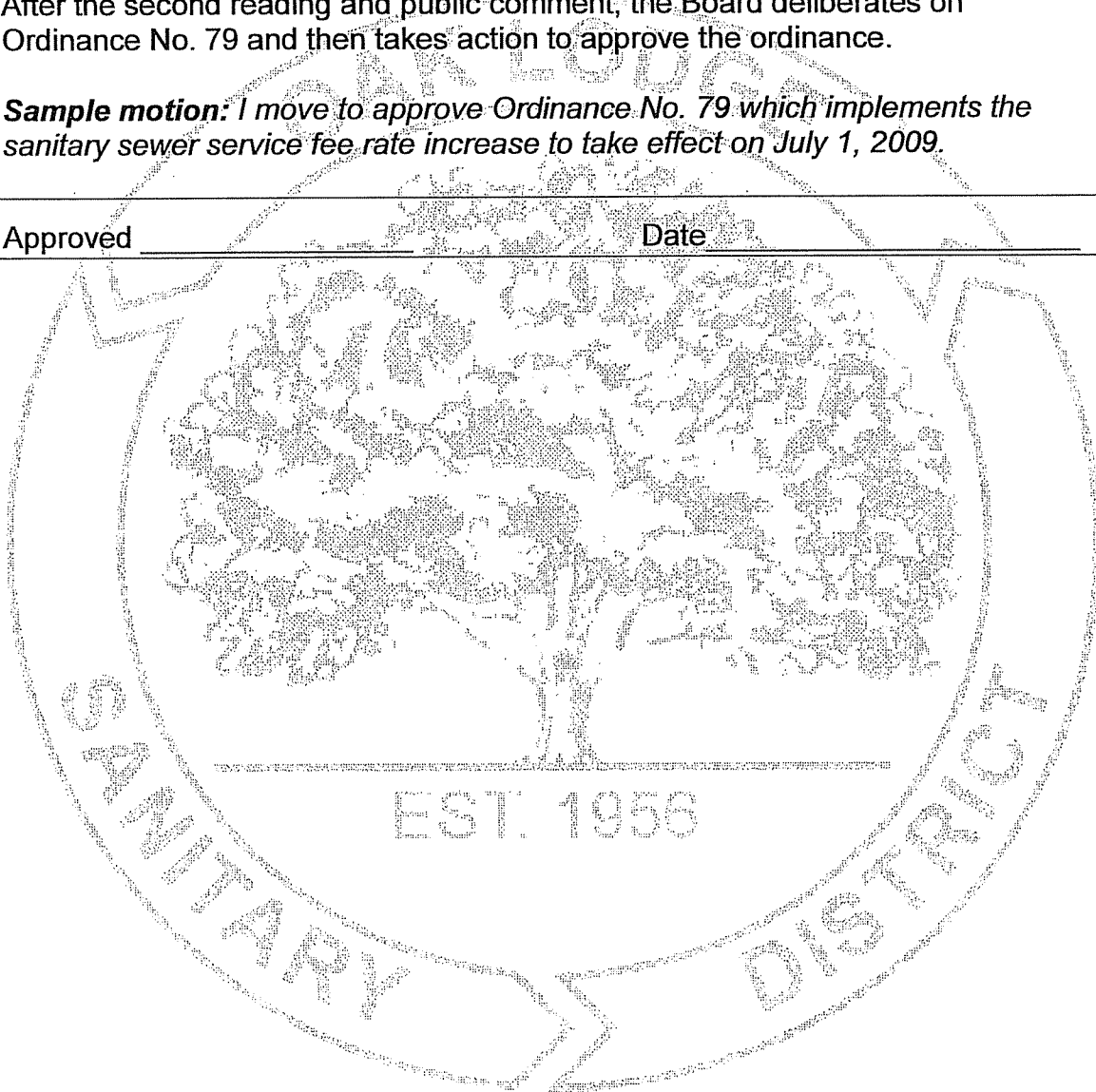
**Sample motion:** *I move to conduct the second reading of Ordinance No. 79 by title only and to accept public comment on the ordinance.*

**Action Required:**

After the second reading and public comment, the Board deliberates on Ordinance No. 79 and then takes action to approve the ordinance.

**Sample motion:** *I move to approve Ordinance No. 79 which implements the sanitary sewer service fee rate increase to take effect on July 1, 2009.*

Approved _____	Date _____
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**BEFORE THE BOARD OF DIRECTORS  
OF  
OAK LODGE SANITARY DISTRICT**

AN ORDINANCE AMENDING  
SECTION 6.010 OF THE OAK LODGE  
SANITARY DISTRICT RULES AND  
REGULATIONS FOR THE PURPOSES OF  
ESTABLISHING NEW CHARGES AND  
RATES FOR SEWAGE AND THE USE OF  
THE SANITARY SEWER SYSTEM

ORDINANCE NO. 79

**OAK LODGE SANITARY DISTRICT, CLACKAMAS COUNTY, OREGON  
ORDAINS AS FOLLOWS:**

**Section 1.** That the area known as Oak Lodge Sanitary District is served by a sewerage collection and treatment system and that there has been in the past and will continue to be in the future, a need to regulate the use of, the construction, the fees and charges for connection to the system and the use of it, which have in the past been regulated by a sewer code adopted by General Ordinance No. 45 and amended by General Ordinances No. 46 through 78, and that from time to time there is a need to adopt new or revised regulations for the orderly administration, financing, and operation of the sanitary sewerage collection and treatment system for the benefit and convenience of the public using or contemplating the use of said facilities.

**Section 2.** That **Chapter 6, Charges and Rates** shall be amended as follows:

(a) 6.010 Charges and Rates for Sewage

(1) Delete the following language:

“Charges shall be made for the discharge or availability for discharge of sewage into the sanitary sewer system at a base rate fixed charge of \$16.74 per calendar month per unit, or equivalent thereof, plus a consumption based variable charge computed on water consumption as measured during the non-irrigation season of \$1.77 per one hundred (100) cubic feet of water per calendar month per unit or equivalent thereof, in accordance with Table 6.010 as contained herein. The measured water consumption for the previous non-irrigation period shall form the basis for calculating the monthly sanitary sewer bill for each account for the succeeding twelve (12) month period beginning on or about July 1. Said calculation shall be performed annually to determine sanitary sewer service charge rates for each account. In the event of changes in usage or ownership, disputes in consumption amounts, new additions to the system for which water consumption history is unavailable, and other conditions which may influence rates and charges, rules adopted by Oak Lodge Sanitary District upon a motion, duly made, seconded, and passed by a majority of the governing body shall govern.”

(2) Add the following language in lieu thereof:

“Charges shall be made for the discharge or availability for discharge of sewage into the sanitary sewer system at a base rate fixed charge of \$18.09 per calendar month per unit, or equivalent thereof, plus a

consumption based variable charge computed on water consumption as measured during the non-irrigation season of \$1.91 per one hundred (100) cubic feet of water per calendar month per unit or equivalent thereof, in accordance with Table 6.010 as contained herein. The measured water consumption for the previous non-irrigation period shall form the basis for calculating the monthly sanitary sewer bill for each account for the succeeding twelve (12) month period beginning on or about July 1. Said calculation shall be performed annually to determine sanitary sewer service charge rates for each account. In the event of changes in usage or ownership, disputes in consumption amounts, new additions to the system for which water consumption history is unavailable, and other conditions which may influence rates and charges, rules adopted by Oak Lodge Sanitary District upon a motion, duly made, seconded, and passed by a majority of the governing body shall govern.”

**Section 3.** The remaining portions of the Amended Sewer Code of Oak Lodge Sanitary District as adopted under General Ordinance No. 45, and as amended by Ordinance Nos. 46 through 78, by Oak Lodge Sanitary District, Clackamas County, State of Oregon, are hereby reaffirmed, ratified and shall remain in effect.

**Section 4.** That said Amended Sewer Code and this amendment have been compiled, and are on file at the Sanitary District office within said sanitary district where they may be examined.

**Section 5.** This Ordinance has been included in the published agenda of two regular meetings of the Board of Directors, at least six days apart. The published agenda did state the time, date and place of the meetings and gave a brief description of the Ordinance to be considered, and that copies of the Ordinance was available and are available at the office of the District. The presiding officer caused the agenda to be published not more than ten (10) days nor less than four (4) days before the meetings in a newspaper of general circulation within the District.

**Section 6.** Pursuant to Oregon Revised Statutes, Chapter 198, the Ordinance was read at two regular meetings of the District Board on two different days, at least six (6) days apart, prior to the adoption thereof, to-wit: the 12th day of May 2009 and the 26th day of May 2009.

**Section 7.** This Ordinance was adopted by at least the affirmative vote of a majority of the members of the District Board at its regular meeting on the 26th day of May 2009 and was signed by the presiding officer and attested by the secretary. The secretary of the District is instructed to cause this Ordinance to be filed in the records of the District, and file a certified copy of this Ordinance with the County Clerk.

**Section 8.** This Ordinance becomes effective on July 1, 2009, being at least thirty days after adoption.

**OAK LODGE SANITARY DISTRICT**

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary