

**OAK LODGE SANITARY DISTRICT  
JOINT MEETING OF THE BOARD OF DIRECTORS  
AND THE  
SURFACE WATER MANAGEMENT CITIZENS ADVISORY COMMITTEE  
Summary of October 22, 2010, Workshop**

The Oak Lodge Sanitary District Surface Water Management Program Citizens Advisory Committee met on Friday, October 22, 2010, from 5:30 p.m. to 8:30 p.m. in the Conference Room of the Administration Building, 14611 SE River Road, Oak Grove, Oregon 97267.

Members of the Board of Directors present:

William Wild  
Tom Foeller  
Jim Martin  
Paul Savas

Members of the Board of Directors absent:

Ginny VanLoo

Committee members present:

Edith Coulter  
Tom Foeller, Board Representative  
Terry Gibson  
Jim Ferriss  
Myron Martwick  
Sylvia Milne  
Leonard Waldemar  
Jerry Foy

Committee members absent:

Matt Anderson  
Jim Brown  
Tom Civiletti  
Lynn Fisher  
Eini Lowell

District staff members present:

Brett Arvidson PE, Manager of Planning and Engineering;  
J. Michael Read, General Manager  
Kay Deines, Administrative Services Specialist  
Jeffrey Voreis, Accounting Specialist

Consultants attending the meeting:

Clark Worth, Barney & Worth  
Libby Barg, Barney & Worth

Representatives from other agencies present:

Susan and Eric Shawn, North Clackamas Urban  
Watersheds Commission (NCUWC)

Members of the public present: Jim Knapp, resident of the District

### Introduction

William Wild, President of the Oak Lodge Sanitary District Board of Directors, called the workshop to order at 5:30 pm. President Wild commented that the Board is seeking the recommendations of the Surface Water Management Citizens Advisory Committee (SWMCAC) to provide guidance in policy and financial decisions the Board will make regarding the Surface Water Management Program. The Board will need to consider both the needs of the community and the District's responsibility for the quality of the surface waters under the MS4 permit.

President Wild turned the workshop over to Clark Worth of Barney and Worth at 5:33. Following introductions, Clark presented a brief history of the District and its services, and the plan for the workshop. He described the printed PowerPoint panels and the schedule matrix provided. The matrix will not be used tonight, but is presented to give an overview of the project. Clark stated that making decisions is not the purpose of this meeting; the purpose is to review and discuss the SWM Strategic Plan, resources available to the District, the current SWM Program and the most current customer survey regarding that plan, existing and upcoming regulatory requirements, and early opportunities of which the Board may be able to take advantage. Most of the time scheduled for the workshop will be used for discussion. In the PowerPoint slides there is a gavel icon denoting items that will require decisions in the future.

### SWM Program Assessment

At 5:38 pm Libby Barg with Barney and Worth gave a brief assessment of the District's SWM Program. Libby pointed out unique features of OLSD. There are six watersheds that are almost completely contained within the District's boundaries. The District encompasses 3500 acres, with most of the surface water infrastructure consisting of open ditches and streams rather than underground pipes. Also, most of the development in the District consists of single family residences, which is generally a lower impact usage than other types of development. She reviewed the concerns of residents of the District, which are: a) Unhappy with program – don't understand what it does, and b) Flooding is an issue for approximately 30% of survey respondents, c) Jurisdictional responsibilities are unclear and customers don't know who to call, and d) Environmental issues are a concern of residents. Other issues presented and discussed at previous meetings are the need to update the District's SWM ordinances, SWM rates are not keeping pace with the need, new regulatory mandates are expected and they may be expensive and difficult to meet, cooperation and coordination between the various jurisdictions with surface water infrastructure within the District is lacking, water quality issues are a main concern for some residents while flooding is the main concern for other residents, and finally there are a lot of opportunities for program improvement. Libby explained that the Strategic Plan will focus in on how solve these challenges.

She reminded the Board and the CAC that, at the March 2010 meeting, Barney and Worth surveyed the Committee members. Their results were that the top priorities remain the same between the original committee members in 1993 and the current members in 2010. Both Libby Barg and Clark Worth stated that the customer survey here showed that the top priorities for surface water management are split 50/50 between water quality and water quantity issues. This split holds true in almost every community. Also, if environmental protection is added in, the split is 1/3 each. Other high priorities shown in the CAC survey were communication between other agencies and the District, and problems in the Boardman Wetlands area.

Libby discussed the SWM Leadership Ladder. She described each rung of the ladder, starting at the bottom with "Avoidance" as a strategy, and moving up through "Reactive", "Proactive", and finally "Leadership".

### Management Assessment

At 5:45, Libby Barg turned the workshop discussion over to J. Michael Read, General Manager of OLSD. Manager Read discussed items to which management is committed.

Those items are:

Dedicate Staff – Manager Read discussed how staff time and cost are allocated within the District's budget. He discussed his goal of accurately tracking time and costs associated with each program.

Clarify legal authority to conduct SWM activities – Manager Read discussed the ongoing frustration in attempting to determine ownership and responsible for specific facilities. He noted that OLSD does not own very many SWM infrastructure facilities. Most are owned by Clackamas County, with a few owned by Oregon Department of Transportation. District staff responds to problems with these facilities in order to serve our residents, but do not have legal authority to work on facilities that are not District-owned, nor are other entities willing to pay OLSD for work performed on their facilities. Part of the process for clarifying legal authority is to update the District's SWM Ordinance.

Preventative program vs. reactive – Manager Read discussed this item as it relates to the Leadership Ladder presented earlier by Libby Barg. Improved oversight of the SWM situations within the District and establishing performance measures will help in addressing the need to establish a program for preventing problems rather than reacting to them. If you can measure performance or results, then it is easier to accomplish them.

Establish clear guidelines for customer response – This item requires a clear agreement between OLSD and Clackamas County regarding ownership and responsibility. Lacking that, it is impossible for either District or County staff to know how to respond. Without clear areas of responsibility, the customer feels (and frequently is) passed from person to person with no resolution of their problem. The difference between public and private

property issues and responsibility needs to be clearly defined for both staff and the community.

Adopt a Maintenance Management Program – This requires compiling a complete asset inventory of the SWM system. Once this is in place it will be possible to prepare a comprehensive schedule for maintenance of the system.

Update development codes – This process will require Board decisions in order to implement. The Board must approve changes to the ordinance and fees following a process of review and public hearings. (Clark Worth and Libby Barg reminded the Board that the gavel icon adjacent to this item will appear at all points in the process that require Board approval.)

Develop a SWM public education program – Manager Read explained that the survey results show that many members of the public do not have a clear understanding of the program's purpose, where and how we interface with the public, where the dollars go, and our long term capital goals. Manager Read believes it is important to do a thorough job educating the public about the SWM program, much as we did regarding the sanitary sewer system's status, challenges and purpose.

### Emerging Regulatory Requirements

At 5:55 Libby Barg spoke on the new regulatory requirements that DEQ has just presented to the SWM community. These new requirements will be applied to all SWM service providers, not only to OLSD. Libby explained that the items in this section of the PowerPoint slides will have a "\$" next to those that are expected to have an impact on the District's budget – those items that are above the current budgeted amount. The expanded monitoring and the bio-assay requirements are far above the current practices of the District. The "Expanded structural requirements" will likely require additional staff, and has a person icon next to it.

Manager Read commented that one requirement of OLSD's permit is unique. The District's attorney and staff have commented to DEQ about this, and will continue to comment and seek relief. The unique requirement makes OLSD responsible for Clackamas County activity within its boundaries. No other entity has a requirement that makes it responsible for another entity's actions.

### Top Priorities

Libby explained these items.

The first item is developing an IGA with Clackamas County. The second is adoption of a SWM SDC. The third is focusing on the Boardman Creek Basin. The main thing that must be addressed for the third item is the River Road Culvert replacement. Without this culvert repair and replacement, no matter what other projects are done they will have to wait for the solution to the culvert crossing before they will work as designed. Michael Read explained

that Clackamas County is working with other groups, including the North Clackamas Urban Watersheds Council, to obtain funding for this very difficult project.

Committee Member Myron Martwick asked if there are any jurisdictional requirements that other entities cooperate with OLSD on this project. General Manager Read stated that there is not, however in order to address the fish passage and hydrology issues of Boardman Creek, the downstream basin must be addressed. Committee Member Jerry Foy asked if this project would address both the culvert at River Rd and the culvert under SE McLoughlin Blvd. General Manager Read explained that it did not. It is necessary to start at the bottom of the drainage basin and work your way upstream to fix these problems. The issue at SE McLoughlin is more difficult to deal with, and also will not help matters until the River Road crossing is replaced. Director Savas noted that the River Rd culvert replacement involves the culvert just below it where the creek turns and flows under SE Walta Vista.

### Clackamas County IGA

Clark Worth reported on Barney & Worth's search for an existing IGA between Clackamas County. They discovered that there is not and never has been an IGA between them. He explained the importance of developing an IGA that, at a bare minimum, describes the responsibilities of each entity for various services. Clark Worth described three options:

- a) Option A - OLSD and CC clearly define SWM duties for which each is responsible.
- b) Option B - OLSD contracts with CC to perform SWM services within the District for the County.
- c) Option C - OLSD takes responsibility and ownership of the SWM facilities within its boundaries, and CC cedes these to OLSD.

Director Savas asked about an Option D where in OLSD cedes responsibility for SWM services to Clackamas County.

Clark Worth discussed the rates and charges, and how OLSD falls within the range of local rates. OLSD monthly rates are near the bottom range of the service charges in the area, and are at the bottom for SDC costs. Currently OLSD is the only entity that does not charge a SWM SDC.

Next, the possible Funding Plan options were explained. Currently the District is funding projects as they can be paid for out of available funds. There is currently \$2 million in the fund now, which is insufficient for even the River Rd Culvert project. No major projects are possible with the current short term funding plan. Committee Member Leonard Waldemar asked if the increased cost of monitoring was considered in the funding plans. Clark Worth explained that in the short term funding plan, the cost of increased monitoring and testing will cause reduced transfer to the CIF, and will eventually prevent any transfer to the CIF.

Possible long term major project funding options are:

- a) Option 1 - No SWM rate increase and no or limited projects constructed.

- b) Option 2 - Increase SWM rate to \$12/month and continue to fund projects on a pay-as-you-go basis.
- c) Option 3 - Increase SWM rate to \$8/month and make use of debt funding to support projects.

Either of the last two methods would move the District up the Leadership Ladder by being proactive solutions. Both would also require extensive community education to make possible, much like the educational efforts made on behalf of the WRF renovation project.

Manager Arvidson informed the Board and the Committee that an additional \$4 million has been offered to the District in low interest loans. He believes this could be used in an inter-fund loan within the District to leverage funds available to the SSS program for use in SWM projects. The funds would be repaid to the SSS fund from SWM revenues.

### Discussion

Comments made by Committee members and Directors of the District, and topics discussed:

#### IGA and Problem/Service Responsibility

- a) Define projects and determine costs.
- b) Define goals and effects of specific projects.
- c) Develop an IGA with Clackamas County – come to an agreement on responsibility. General Manager Read noted that various departments within Clackamas County do not agree on responsibility for various facilities. DTD staff does not believe that they are responsible for maintaining the storm drains within their roadways, but at the same time require that permits must be obtained from them prior to connecting to the storm lines in the roads.
- d) Identify problems in specific basin. Determine which problems are owned by which agency (ODOT, CC, or OLSD). Then ask Watershed Council to bring the agencies together to meet and discuss the problems and the solutions. General Manager Read committed OLSD to do the research, and discuss with NCUWC how best to bring the entities together in a problem-solving format. Attendees feel that NCUWC will be able to bring everyone together in a positive manner.
- e) Organize and define our goals, and the approach CC with our requirements of them (money, actions, etc.). General Manager Read stated that is it staff's intention to produce a plan and then meet with the Board of County Commissioners
- f) Clackamas County has stated they have no funds available for maintenance, and will not be performing maintenance on the storm system within OLSD.
- g) State of Oregon road runoff into District streams? The state has its own MS4 permit, is not part of the District's permit.
- h) Watershed Strategic Plan will drive the SWM 2011 Capital Improvement Plan.
- i) Boardman Basin – Need defined projects with clear explanation of the benefits of each, how they tie together, and how they will improve the system. Use engineering and financial planning tools to produce the information.

- j) Private property – almost all of the streams in the area are on private property. Need to acquire easements. Must educate property owners. Stringfield Family Park re-development shows methods the District would like to use to improve stream quality.
- k) Option B – contract to perform SWM services for County. Is this a viable option? Discussion of trading of services – i.e. street sweeping by CC in return for OLSD cleaning storm lines. Flexibility in negotiation is important, and should focus on the best use of existing staff and tool sets.
- l) Option C – County cedes facility ownership and responsibilities to OLSD. Is this viable? What about failure of systems after taking responsibility? Facilities would need to meet County standards prior to OLSD accepting responsibility. Goal is flexibility in negotiation and most likely result will be a mix of solutions to meet the requirements of the community.
- m) Provide cost estimates during negotiation of an IGA for the education of all parties.
- n) Fourth option – turning all services over to CC for them to provide – must be part of the negotiation. Concern expressed that SWM funds collected, if paid to CC, might not be used expressly for SWM services.
- o) CC focuses on drainage as necessary to maintain roadways, not on surface water quality. OLSD responsibility is water quality under our MS4 permit.
- p) Make efforts to reach agreement on an IGA, but do not take on more than our proper share of expense. District has done repair and maintenance work on County facilities already, and has not been paid for that work.

#### Funding – Long Term Funding Strategy

- a) Rates in the three options – are these rates accurate? Per Clark Worth – these are approximately numbers. Per General Manager Read – at the current rate the District will not be able to construct any projects. At the estimated rate of \$12/month, the District will be able to continue to make contributions to the CIF and construct projects on a pay-as-you-go basis. At the estimated rate of \$8/month, the District will be able to construct projects on a planned basis, using debt funding.
- b) Project list – Independent expert who reviewed the existing project list feels the list is good, and the costs associated with the projects are realistic. Projects have not yet been engineered, so the cost may change after that step.
- c) Cost of projects can vary widely depending on the end goal. If the goal is to efficiently move water the cost would be less than if the goal is to improve riparian habitat and create fish-friendly passages.
- d) Director Savas commented that he would like to see defined projects with clear explanations of their purpose, their effects, and how they will tie together and improve the system. Project costs and funding methods should be defined.
- e) Board members want data to support any specific funding or rate proposals. General Manager Read assured the Board and the Committee that no proposals will be made without supporting data.
- f) Policy decision of Board will be based on funding methodology. Pay-as-you-go with a significant rate increase, or debt funding with a smaller rate increase. Extensive discussion followed on funding methodology. No one is in favor of a large rate increase, and pay-as-you-go is a more attractive option in the poor economic climate. Debt

Joint Board of Directors and SWMCAC Workshop  
October 22, 2010 - Meeting Notes

financing is attractive because it allows projects to be constructed earlier showing customers a result for their money and allowing a smaller rate increase.

Comments from both Board and Committee stressed education, showing value of each project to the public prior to beginning the work, and leveraging funds from SS section reserves. Well-defined costs for each project are imperative in order to accurately portray the value of the work and to educate the public.

Poll the Board on funding:

Director Savas: Uneasy with quoting rates prior to knowing cost of projects and the changing regulatory requirement. Uneasy with debt financing until the proposed projects and the SWM program are better defined. (General Manager Read explained that this poll is not meant to ask for permission to debt fund all projects; it is meant as a process for determining if the Board is philosophically in favor of debt-financing a high profile project. Manager Arvidson explained that this first step is necessary before the District goes out to recruit partners to assist in the projects. Susan Shawn, NCUWC, stated that Metro has requested a letter of intent from NCUWC for a specific project to apply for available grant funds. The letter of intent is due in mid-November. Brett and Michael indicated their willingness to assist in writing the letter of intent.)

Director Foeller: Wants to see leverage of and cooperation with other entities, and to see the District working with the property owners. He is in favor of using debt financing in order to bring about steady progress in solving the surface water problems within the District.

Director Wild: Not in favor of a large rate increase. He expressed his understanding that a rate increase is necessary, but wants to see a very moderate increase but not to follow a “nickel and dime” increase approach. He likes the process followed in the SS side of determining the needed increase and gradually reaching it over time. He also expressed his desire to undertake a high-profile project, and the use debt financing to accomplish the project.

Director Martin: Director Martin expressed his understanding that the lower rate increase is meant to cover the cost of increased requirements in the regulatory environment, and then use debt financing to cover the cost of projects and replace the current funds that are transferred to the CIF. He sees two issues – one is how to pay for the increased regulatory requirements and the other is whether or not to use debt financing to construct projects. General Manager Read explained that the \$2 rate increase is meant to both cover the cost of increased regulatory requirements and then to finance debt service costs rather than transferring funds to the CIF.

Poll the Board and Committee on Program Position:

Director Martin: He feels no need to be seen as a leader, he wants to see us meeting the needs of the community. However, if being a leader means that OLSD serves to bring together other entities and community groups to solve existing problems in both cooperation and communication as well as construct needed projects, then he feels that leadership is a valuable and proper position towards which the District should strive.

Director Wild: Feels that OLSD should take a leadership role in terms of bringing together other entities to work towards solving existing problems.

Directors Savas: Agrees with Director Martin, but would like to know the costs associated with the various steps in striving for higher rungs on the Leadership Ladder. General Manager Read stated his belief that the top two boxes (Proactive and Leadership) can be called “responsible”, and the bottom two can be called “irresponsible”. He agreed that the top box is likely more expensive. He feels that the Proactive box will, in the long run, be the least expensive. Director Savas would like to know the cost of the upcoming regulatory requirements quantified prior to determining any rate increases.

Committee Member Waldemar: Asked whether the Boardman Basin project would be considered proactive or reactive. General Manager Read stated that if the goal is to solve the flooding problems, then it is “reactive”. If the whole project is considered, including likely future requirements and the goals of providing fish-friendly habitat, then it would be “proactive”.

Committee Member Foy: Expressed his agreement with Director Wild regarding OLSD’s policy of responding to emergencies whether or not it is a problem with District facilities. He is strongly in favor of asking the District’s legal counsel determine the District’s responsibilities and needed cooperation and agreement with Clackamas County. He would like the District to show leadership in fixing problems.

Committee Member Gibson: Agrees with Director Savas. He is in favor of educating the public about our permit requirements, the resulting costs to the District, and the work needed to meet those requirements. He wants to see figures showing that the internal financing is viable and reasonable before committing to any debt financing of projects.

Committee Member Ferris: He feels that a rate increase to \$8/month is not onerous. He recommends developing costs and processes for a project, presenting the costs and the process to the public, and working to ensure that everyone understands how the work will progress from one section of the project to another. That will demonstrate to the public progress in solving problems. He is in favor of cultivating cooperation and financial input from other entities.

Committee Member Milne: She stresses the need to educate the public. She feels this is key to getting support from the community for the projects.

Committee Member Martwick: Stresses that working towards cooperation and participation between the various entities (Clackamas County, NCUWC, NC Parks and Recreation, Metro) will require expenditure of time and effort rather than capital funds. He feels that a successful cooperative venture will place the District in a leadership role, benefit the community, and produce results – and it is the key to resolving the existing issues.

Committee Member Gibson: Agrees fully with Myron Martwick. He commented that in his ten years on the SWMCAC he has repeatedly seen the lack of cooperation and an IGA between the County and the District act as a stumbling block in forward movement. He asked if the NCUWC can help with that. Eric Shawn responded that the Watershed Council has no regulatory authority, which helps with being able to invite entities to the table to discuss things. Susan Shawn stated that while there are no operating funds available to NCUWC, they do have access to certain funds that are only distributed through watershed councils.

Director Foeller: Feels that the Board received a clear mandate from the community through the customer survey results to address the problems of surface water quantity and quality. He

would like to see OLSD as a leader in coordinating the cooperating of other entities in this area. He mentioned the Watershed Council and CPOs, as well as governmental entities. He wants to see an IGA with Clackamas County developed and signed. He feels that showing creative leadership to solve problems can also save money.

### SWM SDC Discussion

General Manager Read explained to the group that SDC fees collected for SWM projects can be used throughout the District. Previously he believed that those fees must be used for projects in the basin in which they were collected. That was incorrect. The process for determining SWM SDC fees is the same as for determining the SS SDC fees last year. The cost of capital projects needed in the area is needed first, and then the SDC fee can be determined.

Director Savas asked that staff first determine what is needed for a given project (he suggested the River Road culvert project), develop a letter of intent for NCUWC to submit, and then move forward with design and construction of that project as a model of how to proceed.

Director Foeller expressed his belief that it is necessary to support and work with the NCUWC and the OLCC as a way to move toward the goals of all three entities.

### MS4 Permit Discussion

At 8:05 Libby Barg opened discussion of the District's draft MS4 Permit as received from DEQ.

Manager Arvidson stated that on November 19, 2010, comments on the MS4 permit are due to DEQ. He stated that the District will be submitted a letter soon to DEQ. A previous comment letter was sent by Clark Balfour, Attorney for OLSD, but did not result in any modification of the permit. Brett discussed the situation with DEQ staff, and has received assurance that a new letter would be read and considered. The letter will dispute one issue in particular, whereby OLSD is held responsible for activities of Clackamas County staff within District boundaries. That requirement is unique to OLSD's permit. The other two main issues are increased water quality sampling at more sites and a requirement for flow moderation.

### Next Steps

December 2010 – final MS4 Permit is due to the District.  
January 2011 – Strategic Plan presented to Board of Directors  
February 2011 – Draft FY 11-12 Budget to the Board of Directors

Manager Arvidson will break the Boardman Creek Basin project down into individual pieces to be reviewed by the Committee and the Board. General Manager Read stated that the SWM CIP would not be revised until after the Strategic Plan is approved, as that Plan will

Joint Board of Directors and SWMCAC Workshop  
October 22, 2010 - Meeting Notes

drive the Capital Improvement Plan. Director Savas suggested that staff consider a five-year rolling CIP rather than a ten-year plan. Both Manager Arvidson and General Manager Read agreed with this suggestion.

Committee Member Foy asked if SWM SDCs would be in place for FY 12. General Manager Read estimated that if the Board approves SWM SDC fees the process should start in May 2011 and perhaps be in place by July 2011. A placeholder will be put into the budget for expected revenues.

Committee Member Waldemar asked about the cost of the increased regulatory requirements. Manager Arvidson stated that those costs will be in the FY 11-12 budget.

Adjourn:

President Wild expressed gratitude to the members of the SWMCAC for attending the workshop. He adjourned the workshop at 8:30 pm.

---

William Wild, President of the Board

Attest:

---

J. Michael Read, Secretary