North Santiam Sewer Project

Detroit, Idanha, Gates, Lyons/Mehama, and Mill City

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Contents of Presentation

- Where is the North Santiam Region?
- History of Economic Woes
- History of Wastewater in NSC
- What Have We Done?
- Business Problem
- Approach to Project
- Lessons Learned... So Far!









Defining the North Santiam Canyon Region

2016 PSU Population

estimates:

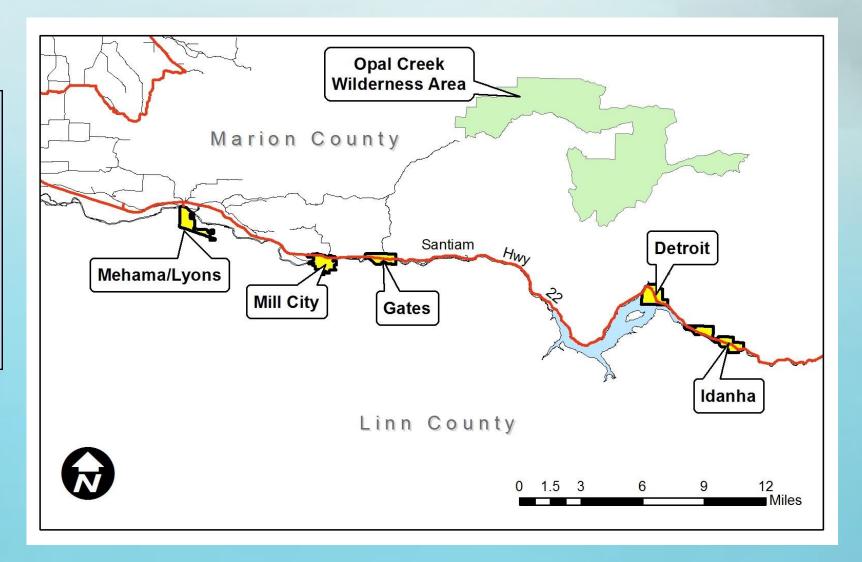
Lyons/Mehama: 1,165

Mill City: 1,860

Gates: 485

Detroit: 210

Idanha: 140



History of Economic Woes



1990s	 Endangered Species Act and Protection of Northern Spotted Owl Northwest Forest Plan Parks and Public Lands Omnibus and Management Act
2000s	 Designation of the Opal Creek Wilderness and Scenic Recreation Area North Santiam Canyon Economic Opportunity \$15 million for the transfer of land impact study (Funds were not appropriated and no funds matriculated)

History of Wastewater in NSC

- Decades of Concern
- Decades of Studies
- Decades of Starts
- Decades of Failures
- Decades of Economic Distress



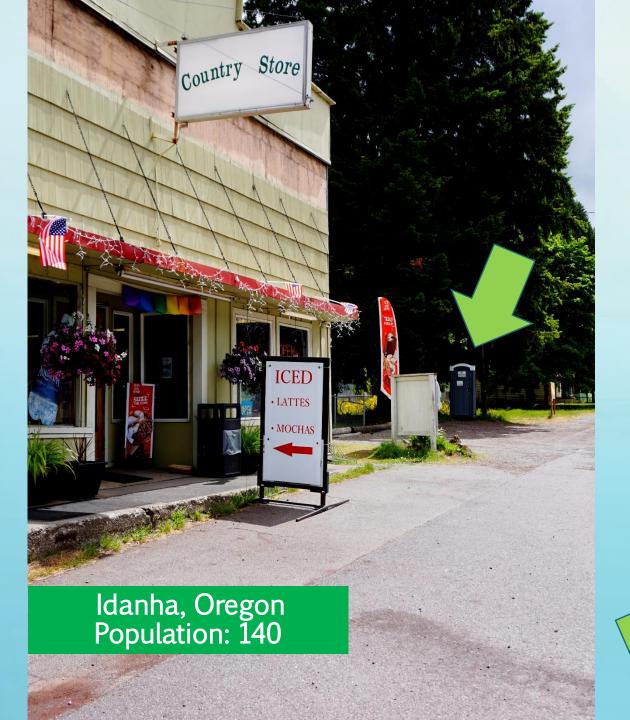
What have we done?

- Define the problem- Shared understanding of problem
- Define opportunities to resolve wastewater issues
- Learn the rules to get there
- ID all who care about topic: stakeholders, agencies, elected officials and potential funders
- Listen to the past, talk to the future
- Throw out wacky and really bad ideas
- All concerns are valid- answer them
- Manage expectations- be honest, realistic and positive
- Create a narrative story and support it with data and financial calculations
- Tell the story

North Santiam Wastewater Challenges

- History
- Cultural
- Site readiness
- Jobs
- Viability of economy
- City budget
- Regulatory









Why is now the right time?

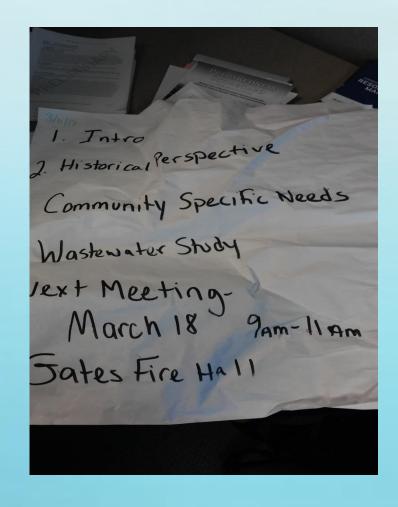
- Water source protection for more than 200,000 residents
- Cost of septic is higher and a greater risk to the health of watershed
- Diminishing property values
- Inability to permit new septic making some properties uninhabitable
- Negative new business climate
- Underutilization of commercial and industrial property
- Potential irreparable damage to tourism industry
- What is the alternative???

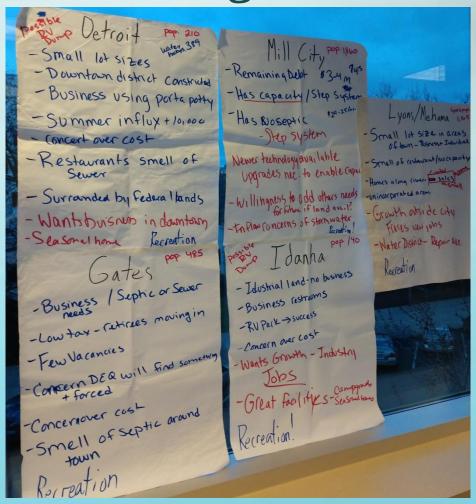
Business Problem- Shared Understanding

- Too few "customers," many end users
- Invest now or invest more later
- Lack of human capital to facilitate
- Geological constraints (35 miles of rock)
- Complex regulatory measures inhibit action
- Economic development ROI value



Honor the past and assume nothing.....





GOAL: A wastewater solution that is geologically suitable, environmentally sustainable, financially feasible, and politically viable.

Project Component: Cultural

- Past failures to get to a solution
- Myth busting: Belief that septic is more expensive than sewer
- Cultural change in paying for a sewer bill
- General wariness of government intervention
- Desire for autonomous governance
- Removal of Lyons/Mehama from initial project

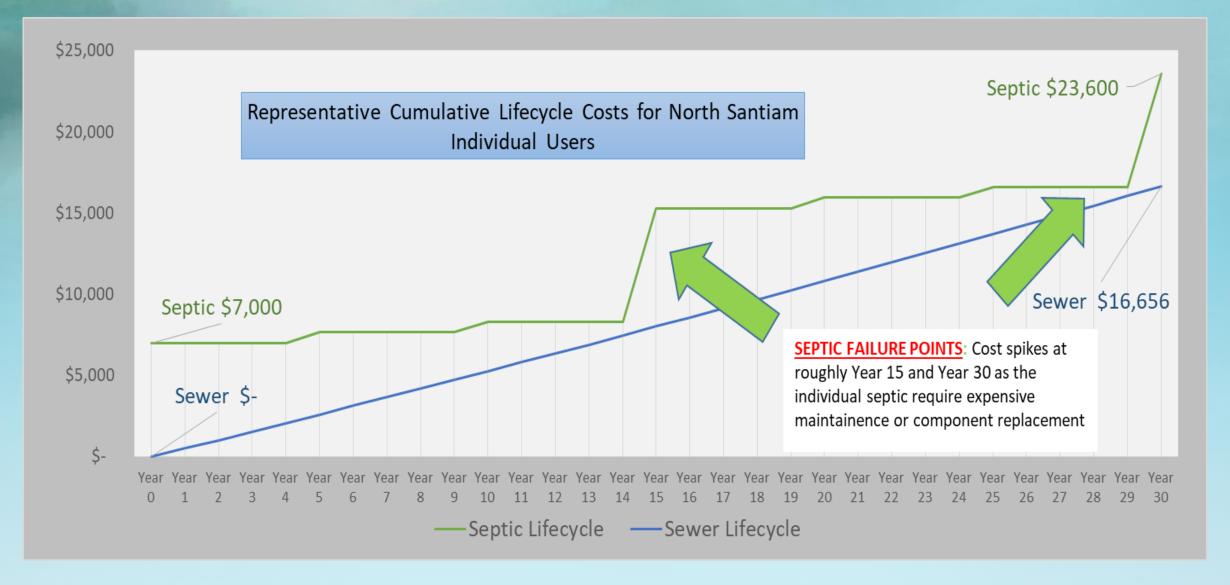


How is it possible that a sewer system is cheaper than a septic system?

	Detroit	Gates	Idanha	Mill City	Local Average	Oregon Average
2011-2015 Median						
Household Income	\$44,792	\$36,875	\$29,464	\$38,689	\$37,455	\$51,243
(MHI)						
1.4 percent Annual						
Sewer Rate Target	\$627.09	\$516.25	\$412.50	\$541.65	\$524.37	\$717.40
Maximum (USDA)						
Monthly Avg. Cost to						
Residential	\$52.26	\$43.02	\$34.37	\$45.14	\$43.70	\$59.78
Consumer						

MHI Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

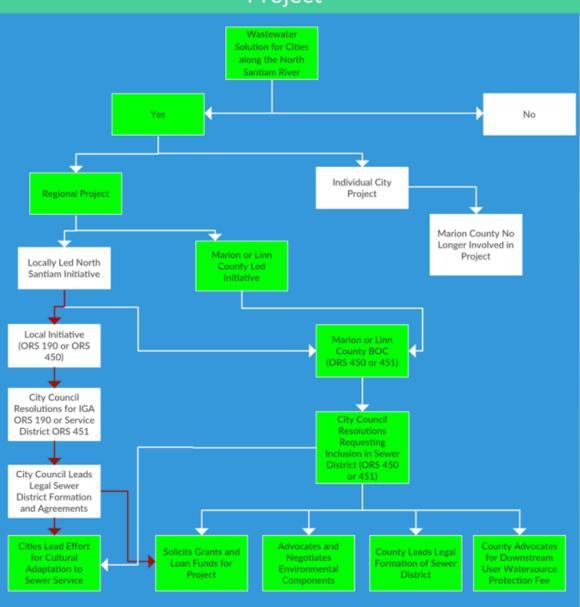
The Real Septic v. Sewer Lifecycle Cost



Problem to Project



North Santiam Joint Sewer Project



Small Decision Points

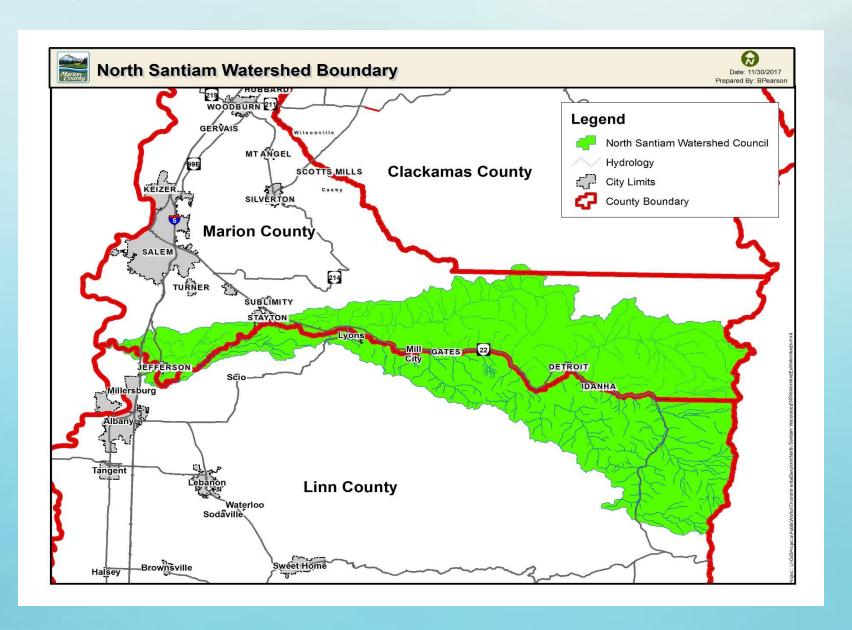
	Description of Action	RESULT	DATE
	Pathway to community decision for solution and governance		
Decision 1	Is a wastewater solution necessary for the North Santiam Canyon?	Yes	April-May 2017
Decision 2	Does the individual cities want to take this on themselves? or a Regional approach?	Regional	June 2017
	With a regional approach, do you want it lead by the local communities or by a county lead		
Decision 3	initiative?	County Lead	July- August 2017
Decision 4	Local agreement (ORS 198), County and or Citizen Petition (ORS 450 ORS 451)	County Petition	
Decision 5	Recommendation to City Councils- Marion County initiative	Marion Co. petition	September 2017
	City Council Resolutions- Request Marion Co to continue planning servicing district for		
Decision 6	North Santiam Joint Sewer District	Resolutions passed	January 2018
	Citizen Petition (signatures, ballot measure) or County Board Order for formation of a		
Decision 7	Service District		
Decision 8	Legal descriptions, mapping of district and governance model of service district		
	Recommendation by Work Group to City Councils for resolution to formally request		
Decision 9	formation of service district		
Decision 10	City Council resolutions to formally request Marion County to form of service district		

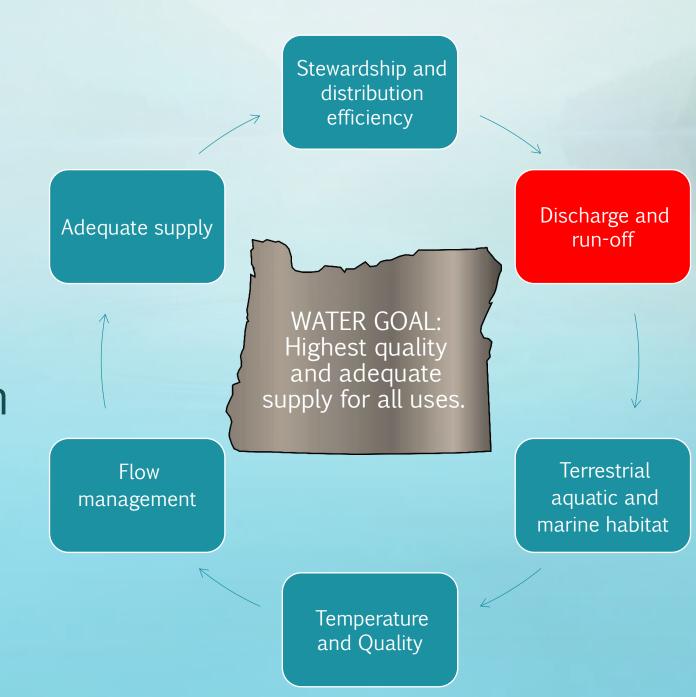
Project Component: Environmental

- Three Basin Rule- modification or variance
- Reduce cost of wastewater solution
- Draft modification or variation with stakeholder groups
- Ensure project can be sustainable to the communities



North Santiam Watershed





North Santiam Water Continuum

Project Component: Financial

- Affordability of user fees 1.4% MHI estimated at \$43.70/edu
- User fees could generate \$1.3 million for annual operations
- Debt servicing over 25 years, not to exceed 38% of annual user fees is approximately \$8.5 million in debt capacity
- \$2 North Santiam Water Source Protection Fee for downstream water users could net \$17.5 million over 20 years for future investment





Viability of the North Santiam Joint Sewer Project

Constraining Parameters	End User Fees 1.4% MHI	User Fee Annual Estimated Value		Recommended Total Debt	Estimated Value of Potential Water Source Protection Fee after 20 years
	\$44	\$1,309,352	\$458,273 to \$497,554	\$8.5 million	\$17.5 million

How can a \$59 million project like this be funded on \$8.5 million in borrowing capacity?

It can be done, but it will be very hard.

- Modification to the Three Basin Rule
- Diverse grants and funding available for construction from clean water agencies, wastewater agencies, economic development agencies
- Dual engineering designs with modified Three Basin Rule and one without
- Possibility of direct appropriation from state or federal government

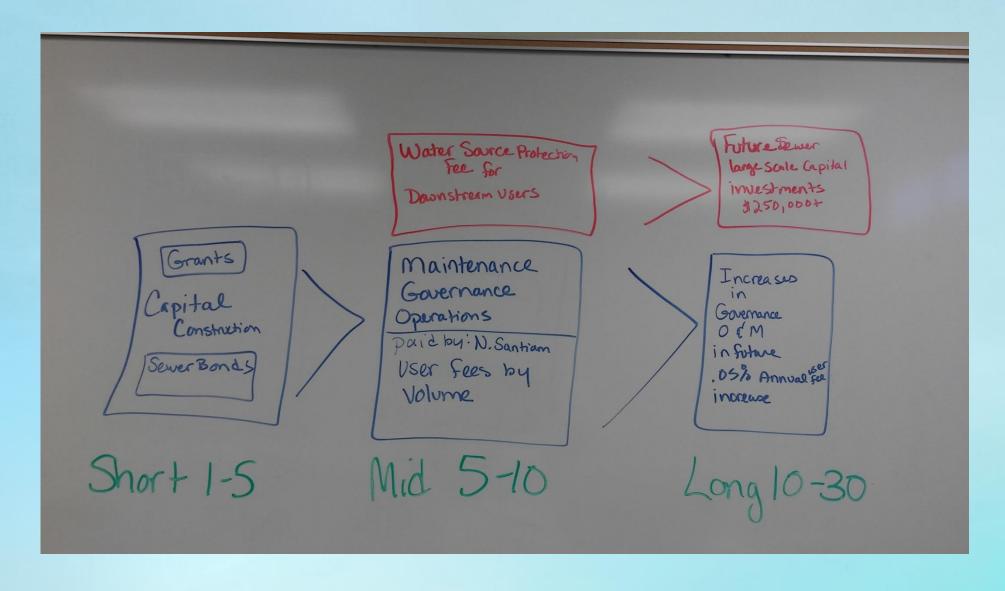
- Downstream users as advocates and sponsors through Water Source Protection Fee
- Shared common interests, investment and user fees among all four communities
- Assumption of current sewer construction debt in exchange for sewer system from Mill City Ex. personnel, infrastructure, capacity, and resources

Balanced Watershed-Wide Approach



- Cultural
 - All direct stakeholder concerns are valid
 - Politically viable
- Environmental
 - Collaborate to remove barriers to protection efforts
- Financial
 - Sustainable cost from construction to reinvestment

Meanwhile.....on the whiteboard



Pathway to Sustainability of North Santiam Sewer Project

Commissioned Sewer Feasibility & Governance Study

Grant: Business
Oregon

Grant: Marion County

Informal Local Task Group

Discuss local needs

Discuss local options

Direction of Project

City Council Resolutions for Inclusion into Sewer Service District

Board Structure

Areas in District

Shared Debt Obligations

Request to Marion County for Formation under ORS 450 Sanitary Authority **Marion County**

Legal Description & Boundary Maps

MC Concurrence with City Council Resolutions

Public Hearings

Adoption of Order of Formation

December 2015 to January 2017

March 2017 to Current

Winter 2017-2018

Spring- Summer 2018

Pathway to Long Term
Sustainability of North Santiam
Sewer

Water source Protection Fees Salem and subusers Future Sewer
Upgrades and Large
Scale Capital
Investments

Engineering & Design Studies

Capital Construction

Governance

Maintenance

Operations

N. Santiam user fees by volume

Future Increasing Governance and O&M costs

User fees increase ½ percent annually

Setting up Sewer Service District

Sewer Bonds

Grants

Short Term:
One to Three Years

Mid Term:
Three to Five Years

Mid to Long Term: Five to Ten Years

Long Term: Ten Plus Years

City Resolutions



BEFORE THE CITY COUNCIL OF THE CITY OF DETROIT, OREGON

RESOLUTION NO. 571

This matter came before the City of Detroit Council at its regularly scheduled public meeting on January 5, 2018

RESOLUTION NO. 818

A RESOLUTION ADDRESSING THE CITY'S COMMITMENT AND CONCERN REGARDING A CREATION OF A REGIONAL SIWER ASSET THAT SERVES THE COMMINITIES OF MILL CITY, GATES, DETROIT, AND IDANIA.

WHEREAS, the communities along the North Santiam River have historical roots as logging

WHEREAS, the North Santiam River communities have experienced a series of economic serbacks since the late 70's, early 80's, and this has significantly changed the sustainability of the communities, specifically dealing with the loss of family wage income from the logging industry

WHEREAS, in 1998, 13,538 acres were designated as the Opal Creek Wilderness and Opal Creek Seemic Recreation Area which further took away from the timber economy and community landscape that the communities in the North Santiam Canyon have enjoyed, and

WHEREAS, the communities along the North Santiam River have not recovered economically WHEREAS, the communities along the North Santiam liver have not recovered economically since the curtailment of the available logging timber in the area, and continues to struggle to find an equilibrium between the commonic needs of the community and the rural timber lifestyle and character that had previously been enjoyed by the communities, and

WHEREAS, the community members have hosted tourists and outdoor recreation visitors to offset the financial losses from the timber industry, and

WHEREAS, the incorporated communities along the North Santiam River must continue to maintain vital and business services to lake and recreation visitors that swell during outdoor

WHEREAS, the City of Mill City, City of Gates, City of Detroit, City of Idanha, have strategic interest in the shared overall social and economical health of the community, the citizens, and the usiness community, and

WHEREAS, the City of Mill City has a vital interest and is committed to providing an overall ositive economic and community and development climate by expanding opportunities for sinesses to thrive in the city core and maximize the availability of commercial property, and

HEREAS, the City of Mill City would economically benefit from increased tax base from new amercial and endeavors within the city, and

HEREAS, the City of Mill City does currently have an adequate wastewater treatment system respond to the immediate business needs, and

BEFORE THE CITY COUNCIL OF THE CITY OF IDANHA OREGON

RESOLUTION NO. 2018-1

This matter came before the City of Idanha Council at its regularly scheduled public meeting on January 10,2018

WHEREAS, the communities along the North Santiam River have historical roots as

WHEREAS, the North Santiam Communities have experienced a series of economic setbacks that have significantly changed the sustainability of the community, and

WHEREAS, in 1998, 13,538 acres were designated as the Opal Creek Wilderness and Opal Creek Scenic Recreation Area which further altered the timber economy and

WHEREAS, the communities along the North Santiam River have not recovered economically since the curtailment of the available logging timber in the area and continues to struggle to find an equilibrium between the economic needs of the community and the rural timber lifestyle and character, and

WHEREAS, the community members have hosted tourists and outdoor recreation visitors to offset the financial losses from the timber industry, and

WHEREAS, the incorporated communities along the North Santiam River must continue to maintain vital city and business services to lake and recreation visitors that swell during outdoor recreation seasons, and

WHEREAS, the City of Mill City, City of Gates, City of Detroit, and the City of Idanha have strategic interests in the shared overall social and economic health of the community, the citizens and the business community, and

WHEREAS, the City of Idanha has a vital interest and is committed to providing an overall positive economic and community development climate by expanding opportunities for businesses to thrive in the city core and maximize the availability of commercial property, and

WHEREAS, the City of Idanha would economically benefit from an increased tax base from new commercial and endeavors within the city, and

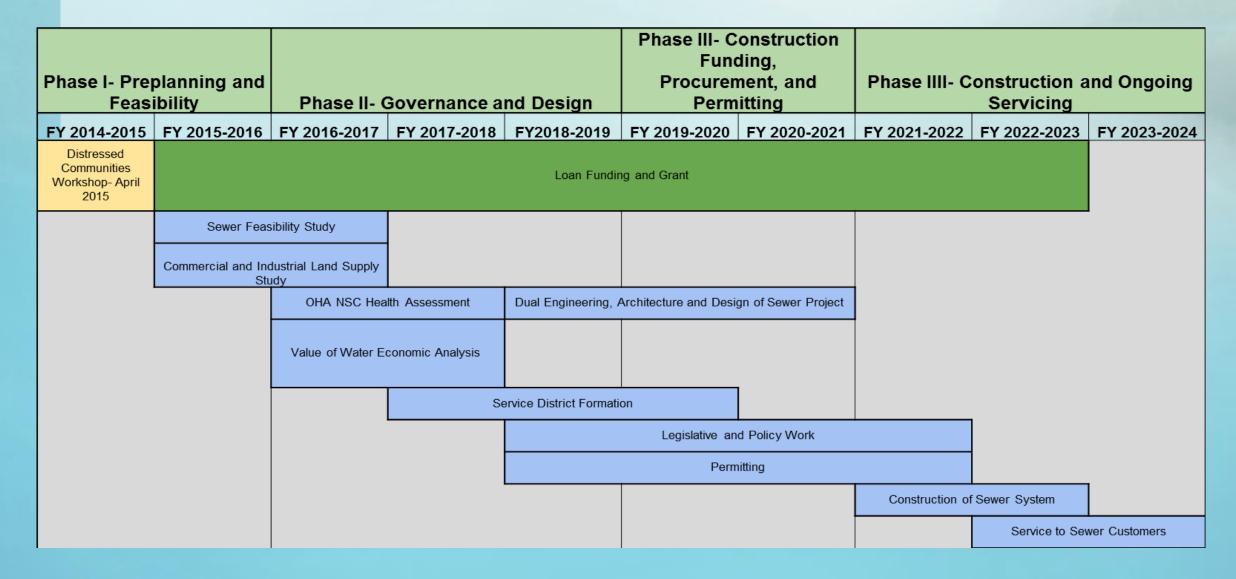
WHEREAS, the City of Idanha does not currently have adequate wastewater resources to respond to the immediate individual and business needs and future

What makes projects "fund-worthy"?

Four Components

- 1. Have vested and diverse stakeholders engaged in advocacy
- 2. Have a plan of action-specific and realistic
- 3. Have tangible (visible) outcomes to the project
- 4. Have a good story on why it is important- such as... Four Rural Communities Conquer Behemoth Wastewater Project!!!

Project Timeline



Next Steps

- Drafting of the Scope of Work and RFP, Procurement process for dual approach engineering and design
- Funding for the Dual Engineering, Architecture and Design Plan
- Watershed partners to help craft viable multi barrier approach to water of protection and complete economic analysis
- Discussions of potential of a water source protection fee
- Draft legal definition of District, Mapping and legal formation
- City Resolutions- Detroit, Gates, Idanha, Mill City
- County Resolutions- Linn and Marion County

Lessons Learned.....so far!



North Santiam Sewer Project



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www.northsantiamsewer.net