



City Council Briefing

Sewer Rates Update

March 25, 2020

Molalla WWTP Upgrade

Presentation Overview:

- ▶ Last look at history.
- ▶ Review of the potential NPDES permit scenarios.
- ▶ Sewer rate implications of the NPDES permit scenarios.
- ▶ 2019 and latest funding strategy for the fixed yearly rate increase.
- ▶ Next steps
- ▶ Questions

Molalla WWTP Upgrade

History:

- ▶ Federal Water Pollution Control Act - 1948
- ▶ 1st WWTP constructed in 1954 with discharge to ditch and seasonal creek.
- ▶ Federal Clean Water Act - 1972
- ▶ 2nd WWTP constructed in 1978 with discharge to Bear Creek.
- ▶ DEQ permit issues related to 10/10 limits and temperature at Bear Creek discharge in the 1990's. DEQ approves Molalla to go to Molalla River.

Molalla WWTP Upgrade

History:

- ▶ Effluent pump station constructed in 2001.
- ▶ Effluent force main constructed to Mathias in 2002.
- ▶ Project stalls with Bear Creek Recovery lawsuit.
- ▶ Effluent force main and discharge improvements constructed to Molalla River in 2007.
- ▶ No discharge limit change to 30/30 meeting basin standard issued by DEQ. Permit issues continue.

Molalla WWTP Upgrade

History:

- ▶ Federal Lawsuit by Bear Creek Recovery/Susan Hansen finalized in Consent Decree in 2015.
- ▶ Sewer rates increased 27.13% in 2015 by Resolution 2015-13 after 10 years of no increases.
- ▶ Sewer study completed in 2016 and adopted by Resolution 2016-10.
- ▶ Sewer rates increased 6.48% in 2017 by Resolution 2017-09. (Fenton Ph 1)
- ▶ Sewer study completed in 2017 and adopted by Resolution 2017-15.

Molalla WWTP Upgrade

History:

- ▶ Sewer rates increased 6.09% in 2017 by Resolution 2017-17.
- ▶ Manhole grouting program and Biosolids removal began in 2018.
- ▶ Attended One-Stop meeting in 2018.
- ▶ Adopted updated Capital Improvement Plan in 2018.
- ▶ Submitted request for permit modification to DEQ in May 2018.

Molalla WWTP Upgrade

History:

- ▶ DEQ requests antidegradation review in Aug 2018.
- ▶ Sewer rates increased 6.09% in 2018 by Resolution 2018-22.
- ▶ Wastewater Master Plan adopted in 2018 by Ordinance 2018-17.
- ▶ High priority I&I projects from smoke testing report mostly completed in 2018.
- ▶ Fenton Ph 1 constructed in 2018.

Molalla WWTP Upgrade

History:

- ▶ Submitted permit modification report to DEQ in Jan 2019.
- ▶ Permit modification denied by DEQ. Directed to submit permit extension for existing plant and new permit request with new WWTP.
- ▶ Submitted permit renewal in March 2019.
- ▶ DEQ requested additional permit renewal information in May 2019.
- ▶ Submitted revised application materials in June 2019.

Molalla WWTP Upgrade

History:

- ▶ Manhole grouting program completed in 2019.
- ▶ 2019 Wastewater SDC Update adopted in 2019.
- ▶ Fenton Ph 2 constructed in 2019.
- ▶ Biosolids removed in 2019.
- ▶ Wastewater SDC's updated by Resolution 2019-18.

Molalla WWTP Upgrade

History:

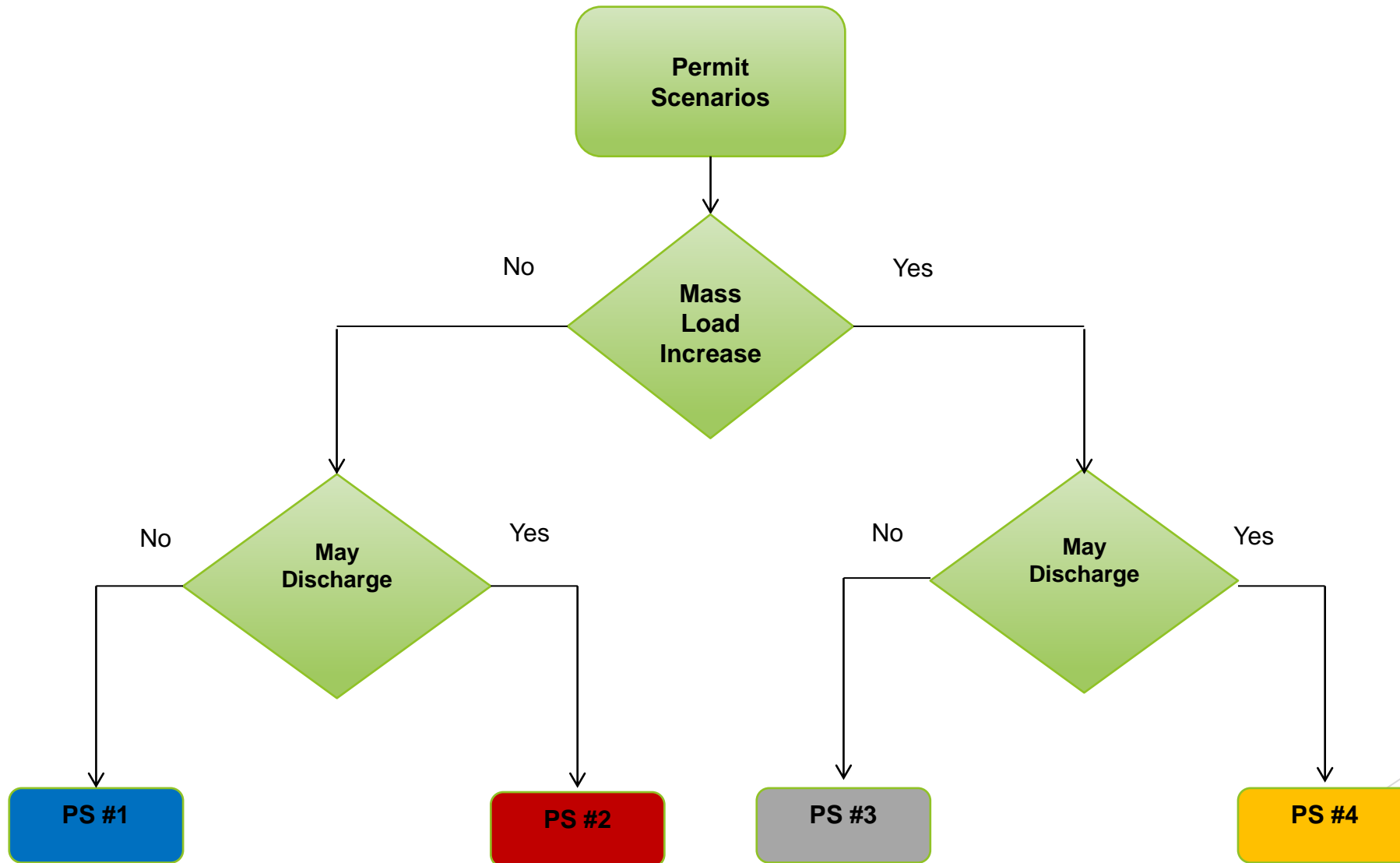
- ▶ Developed draft sewer rates in 2019.
- ▶ Attended One-Stop meeting in 2020.
- ▶ Established pretreatment program in the sewer code in 2020.
- ▶ Updated sewer code in 2020 (Pending).
- ▶ Finalized Value Analysis Report for WWTP (Pending).

Molalla WWTP Upgrade

History:

- ▶ Approval from DEQ on permit extension for existing plant (Pending).
- ▶ Sewer rate update for WWTP upgrade (Pending).

Potential NPDES Permit Scenarios



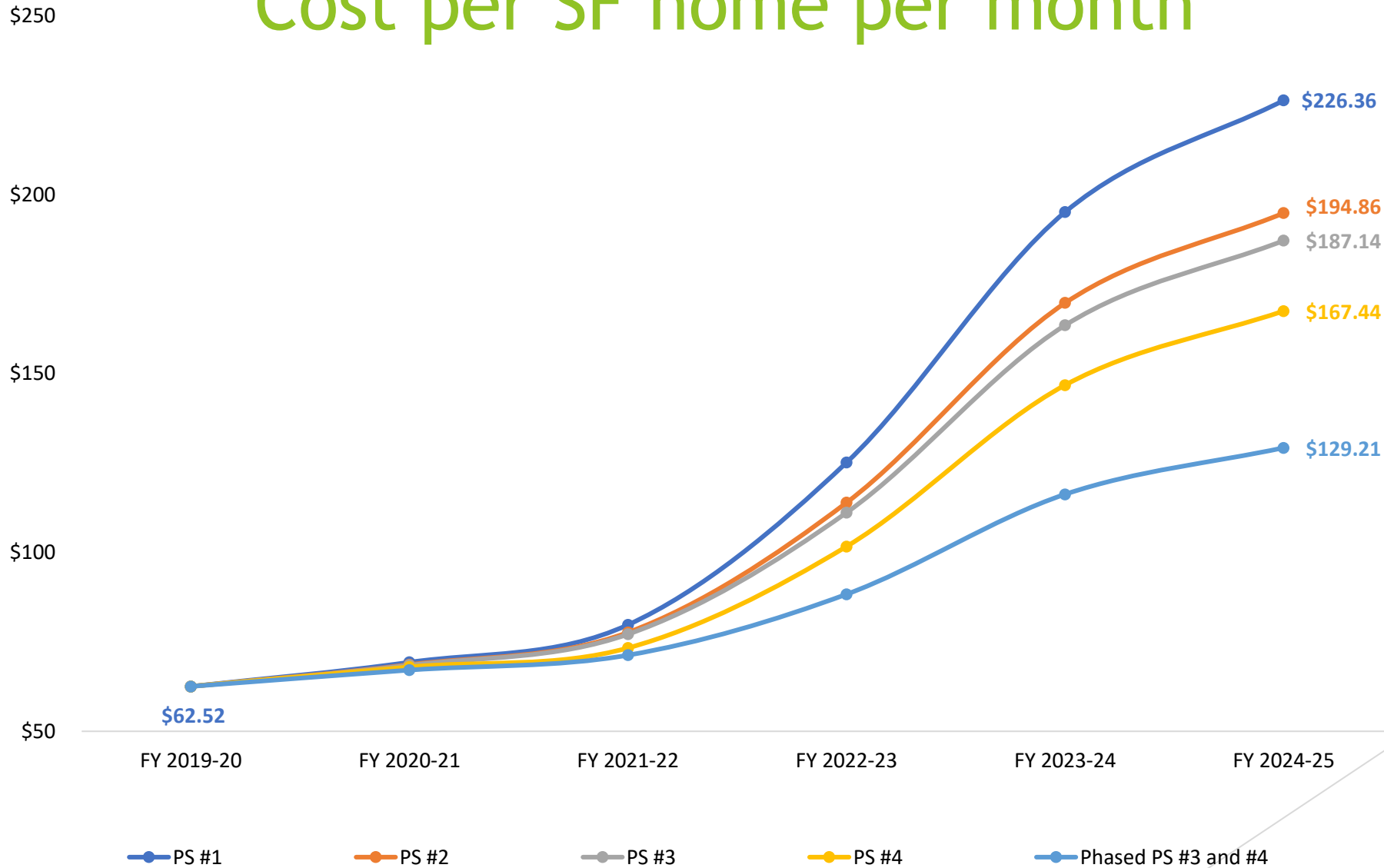
Molalla WWTP Upgrade

Debt Assumptions in 2019:

- ▶ No new connections or SDC's revenue (worst case).
- ▶ Mass load increase for new WWTP permit.
- ▶ 20-year loan through DEQ CWSRF.
- ▶ Phased approach to improvements for PS #3 and #4.
- ▶ Lagoons for #3 and full expansion not required in the near term.

Sewer Rate Implications of Scenarios

Cost per SF home per month

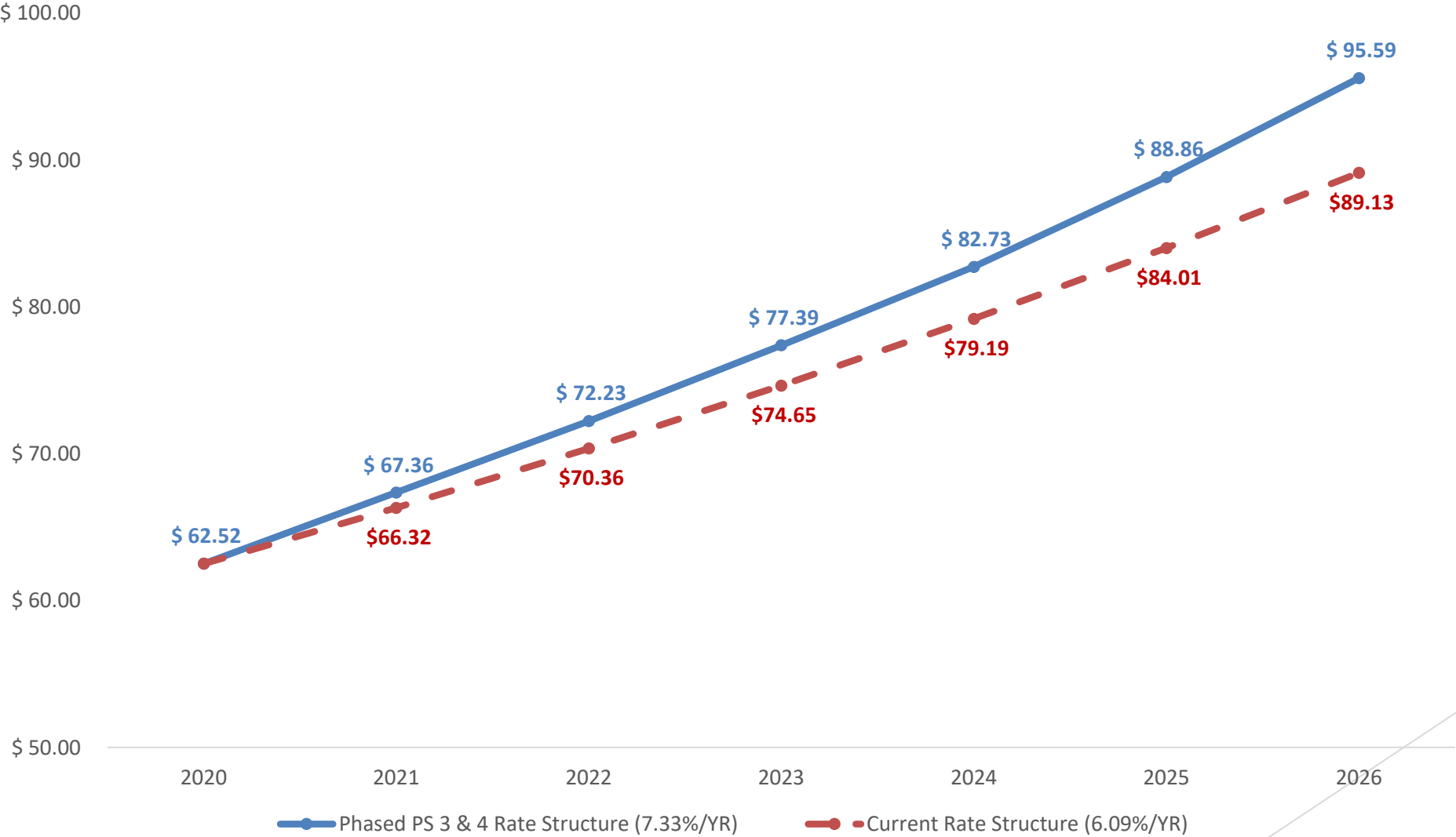


Molalla WWTP Upgrade

Debt Adjustment:

- ▶ Restructured debt based on life expectancy of improvements
- ▶ Life >40 years for 75% of improvements (structural). Life 20 years for 25% of the improvements (mechanical).

Latest Funding Strategy for Set Yearly Rate Increase (March 2020)



Next Steps

- ▶ Implement sewer rate increase for years 2020 through plant construction.
- ▶ Secure financing with funding agencies:
 - ▶ DEQ Clean Water State Revolving Loan program for interim financing and for a 20-year loan for 25% of total project costs upon completion of the project
 - ▶ USDA Rural Utility Service for a 40-year loan on 75% of total project cost upon completion of the project and contractual performance testing
- ▶ Conclude NPDES permit for new WWTP with DEQ and construct WWTP.
- ▶ Closeout Federal Consent Decree with Bear Cr Recovery/Susan Hansen and Mutual Agreement & Order (MAO) with DEQ once WWTP is complete.



Questions ??