

SUPPLEMENTAL MATERIAL

W. 5b

MEMORANDUM

To: Eugene and Lane County Joint Elected Officials
From: Coburg City Administrator Don Schuessler
Date: 25 October 2005
Re: Consideration of Coburg connection to MWMC

Coburg is asking to connect to MWMC if it is fiscally possible. To start the discussion, Coburg has drafted a "strawman" intergovernmental agreement. This IGA proposes that Coburg pay all the costs associated with connection. This includes the standard MWMC Systems Development Charge, plus a surcharge of three percent, which represents the maximum percentage of the planned additional capacity of the system that Coburg would use. In other words, it is the SDC that a user would pay inside the UGB, plus an additional amount to cover the unplanned capacity that Coburg might use. In this draft Coburg proposes not to pay the possible \$474,000 Eugene SDC, because there is no cost to Eugene when a city user connects to the regional system. All costs are covered by the regional SDC. Finally, Coburg proposes to pay a fee of \$175,000 to the jurisdictions and MWMC, to cover expenses of dealing with the unusual aspects of Coburg's connection (\$200 per EDU). These are costs that are usually covered in the SDCs.

This makes the final cost of connecting to MWMC approximately \$2 million less than the alternative of building a separate system discharging into the McKenzie River. These estimated costs do not include the cost for later users, who would be required to pay separate SDCs to MWMC.

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| Preliminary estimate of costs for initial MWMC connection: | |
| Coburg collection system and connection development costs | \$ 14,365,000 |
| MWMC SDC (with surcharge) | \$ 1,748,000 |
| Extra cost coverage | \$ 175,000 |
| Total estimated anticipated cost | \$ 16,288,000 |

Even this will not be easy for the average Coburg resident. Assuming a state grant of \$1 million, which is twice the usual OECD grant amount, the preliminary projections of how these costs would be paid by Coburg gives a projected monthly bill of approximately \$59.

Staff has also prepared an estimate of Coburg costs, based on discussions with state and local participants in the process. This table is also attached.

DRAFT

Intergovernmental Agreement

Among

The City of Coburg,
an Oregon municipal corporation,

The City of Eugene,
an Oregon municipal corporation,

The City of Springfield,
an Oregon municipal corporation,

Lane County,
an Oregon Home Rule county,

And

The Metropolitan Wastewater Management Commission
an ORS 190 entity.

Recitals

1. ORS 190.010 provides that units of local government may enter into agreements for the performance of any or all functions and activities that a party to the agreements, its officers or agents, have authority to perform, and
2. The cities of Eugene and Springfield and Lane County have formed a system to provide for wastewater collection and treatment, and have by a separate agreement, the Restated and Amended Agreement among Springfield, Eugene and Lane County created a intergovernmental structure, and the Metropolitan Wastewater Management Commission (MWMC) as an entity to govern and operate a wastewater treatment facility.
3. The collection system owned by the City of Eugene, and the regional collection system and the regional treatment system owned and operated by the MWMC, has capacity or can be modified in a way to increase the capacity to deal with the existing and planned flow from the City of Coburg.
4. Coburg lacks an centralized wastewater system but intends to construct a wastewater collection system and wishes to connect its collection system to the MWMC system, and

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5. The groundwater in Coburg and the area immediately surrounding Coburg has been found to be contaminated with nitrates and other human caused contaminants which, in several sampling locales, has been found at concentrations that pose a risk to health and safety, and
6. Groundwater contamination in one part of the central Lane County region represents a serious problem for all the residents of the region and has been one of the major forces leading to the development of a regional wastewater system serving portions of Lane County and Eugene and Springfield.

AGREEMENTS

Section 1. Effective Date

A. This agreement shall become effective upon the date of the last signature of a party affixed hereto.

B. Several of the obligations of this Agreement, including the undertaking to accept and treat wastewater will not become effective and binding on any party until the occurrence of several antecedent events. Where appropriate, the necessary precedent events or actions are identified with regard to each action or obligation. Upon completion of the antecedent terms and conditions of this Agreement, MWMC will begin accepting wastewater flow from the City of Coburg, and will thereafter treat and dispose of the wastewater in the manner provided by applicable law and regulations. The antecedent conditions include:

- Determining a point of connection;
- Coburg securing all necessary permits and approvals, including land use actions, necessary for construction of a transmission line from Coburg to the point of connection;
- Coburg adoption of a sewer use ordinance which includes sewer construction standards, infiltration and inflow (I/I) criteria, sewer maintenance and rehabilitation program, and an industrial pretreatment program;
- Coburg adoption of SDC and sewer rate structures that include collection of costs and charges from MWMC;
- Coburg developing standards and practices concerning monitoring of flows;
- Coburg completing construction of the connection point and transmission line.

C. The acceptance and signature of any party to this agreement does not imply or create an obligation on the part of any signatory to make any decision or to take any position with regard to a discretionary decision that the signatory may be called upon to make during the process of Coburg securing compliance with the antecedent terms and conditions of this Agreement.

Section 2. Service limited to within Urban Growth Boundaries. The agreement allows only a connection between the Coburg Collection System at a point inside the acknowledged Urban Growth Boundary (UGB) and an appropriate point within the Eugene- Springfield UGB. No party shall allow, encourage or facilitate any connection to any portion of the high pressure transmission line between that point within the Coburg UGB where the collection end of the high pressure line is established, and that point within the established Eugene-Springfield Metropolitan Area Plan UGB where the high pressure line terminates by connection to the

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existing MWMC system. Any subsequent modification of the point of collection or the point of discharge made to facilitate efficient operation of the transmission system shall not deviate from the principle of UGB to UGB only service.

Section 3. No Modification of MWMC governance.

A. Except as provided in this section, this agreement is separate from and does not reflect a modification of the Restated and Amended Agreement among Springfield, Eugene and Lane County regarding operation of the MWMC or the regional sewerage facilities. Because the connection of the Coburg wastewater system to MWMC will take place within the established service boundary of the MWMC system, and because the connection between Coburg and the MWMC service area is made pursuant to this agreement the transfer of wastewater from Coburg to MWMC at a point within the MWMC service area shall be considered to be a service provided by MWMC within the MWMC Service Area for purposes of that Restated and Amended Agreement.

B. At the time the Coburg establishes a connection and begins delivery of wastewater and thereafter Coburg shall not be a member of MWMC, but for purposes of operational consistency with the Restated and Amended Agreement, the point of connection and delivery shall be considered to establish a new point of regional flow, in the same manner and in the same way that the points of delivery from the systems owned and operated by the cities of Eugene and Springfield are connected to and deliver wastewater flow to the MWMC system.

C. As provided in the Section concerning Facilities Planning, after the connection from Coburg is established, future facilities planning for the MWMC system shall include planned capacity for Coburg. The inclusion of capacity for Coburg shall be accomplished through a process that provides Coburg with an opportunity equal to the role of an MWMC member government in forecasting, reviewing and approving capacity plans.

D. MWMC shall provide Coburg, and any Coburg user requesting such notice, with notice of all MWMC meetings. Coburg and Coburg wastewater facilities users shall have the same rights of comment and participation as other MWMC users.

Section 4. Costs of Connection.

A. Coburg shall be responsible for the payment of all extraordinary costs associated with the connection to the MWMC system. Extraordinary costs include all costs not normally associated with the connection of a large new user to the MWMC system, which are covered either by normal rate charges or systems development charges. In addition to providing preliminary and ongoing leadership and assistance from staff and consultants already retained, Coburg will retain special consultants that are acceptable to all parties whenever all parties agree that such additional consultation will further the process. Acceptance of this agreement by all parties will provide Coburg with sufficient preliminary authority to be an applicant to seek all permits or approvals necessary to complete the connection process. Coburg will be responsible for all application costs associated with such applications or requests. Wherever such consultation would not be contrary to the law or compromise the outcome, Coburg shall consult with MWMC staff and the appropriate staff of all other

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jurisdictions prior to initiating any such action. As compensation for additional direct expenses for other parties' staff expenses, and in lieu of reimbursement billing, Coburg shall pay at the time of connection the following amounts: to MWMC \$75,000; to Eugene \$50,000; to Springfield \$25,000; to Lane County \$25,000.

B. The parties recognize the complexities of calculating the true cost of Coburg's connection. The initial projected capacity use increment represented by Coburg is approximately one and one half percent of the wastewater flow currently received at the MWMC regional wastewater treatment plant. Future projections of parallel growth show that Coburg is likely to maintain nearly the same proportion of capacity use over the next 20 years. Coburg's increase may reach a total of approximately three percent of the additional demand for capacity over the next 20 years. Coburg was not included in MWMC capacity projections, so the addition of Coburg will represent a modification of theoretically available capacity. However, Coburg's proportional share of total MWMC capacity is near the margin or error allowed in capacity calculations. State law requires that all systems development charges charged to new users of a system be carefully calculated to represent a fair charge for used capacity. While the charges that Coburg will pay to connect are not a part of the MWMC system, Coburg will, pursuant to this agreement calculate its systems development charges to include a portion that passes the MWMC systems development charge to future connections in Coburg. While MWMC's systems development charges are adequately documented and supported, any additional charges beyond the existing MWMC systems development charges must have a rationale with adequate support to allow Coburg to charge future users in Coburg these costs.

C. At the time Coburg establishes a connection with the MWMC system Coburg shall pay MWMC an amount equal to the sum of the calculated MWMC SDC for each user from which Coburg will be collecting wastewater for transmission to the MWMC system, plus an additional three percent of the MWMC SDC. The existing MWMC SDCs reflect the cost of a proportionate purchase of capacity of the regional treatment system, calculated to accommodate existing and future users anticipated within the projected service area of the MWMC. The addition of service to Coburg is not within the projected service area for the calculated MWMC system. The maximum projected amount of additional capacity that Coburg is forecast to require from MWMC treatment is three percent. For this reason, the addition of a three percent surcharge to all new Coburg connections will be necessary to compensate the existing MWMC system for the addition of Coburg.

Section 5. Point of Connection.

A. Coburg will deliver wastewater to a point of connection with the MWMC system. The point of connection will be a point chosen jointly by Coburg engineers, MWMC staff and staff of the city where Coburg will connect. The point of connection will be chosen as the point where it is most practical to connect the Coburg system to the MWMC system, taking into account expected flows, long term integrity of the system downflow from the point of connection, the ability of the system downflow to accommodate the flow, and the cost of connection to the MWMC system.

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B. At the most appropriate point upflow from the point of connection, Coburg will install and maintain a monitoring station, which monitoring station shall be able to accommodate flow volume measuring devices and provide opportunities for sampling to allow monitoring of the amount and contents of the wastewater being transferred to the MWMC system.

C. Coburg will measure the volume of flow through the monitoring station called for by this agreement, and will take regular samples to ascertain the quality of the wastewater flowing through the monitoring station. Coburg will report flow volumes to MWMC on a daily basis. Sampling frequency and constituents for analysis will be determined jointly between Coburg and MWMC staff. Coburg will report any unusual flows or wastewater content to MWMC as soon as the situation is discovered.

D. Coburg shall have responsibility for construction, maintenance, repair and operation of the entire Coburg wastewater system up to the point of connection with the MWMC system.

Section 6. Initial Steps to be secured prior to first transfer of wastewater

A. Coburg will adopt a rate structure that parallels the rate system for MWMC and includes MWMC rates for all classifications (strengths) of users. Coburg's rate structure will also include cost recovery for all aspects of operation of the Coburg collection system and transmittal of wastewater to the MWMC system. Coburg will consult with MWMC on the classification of all Coburg users at the time of initial connection and thereafter. Coburg will establish and maintain monthly sewer billing system, charging users based on strength characteristics as determined by Coburg in consultation with MWMC.

B. Coburg shall engage and retain personnel with the training and experience to operate and maintain a wastewater collection system. Among the personnel utilized, Coburg shall include personnel holding Wastewater Collection System Operator certification at a level as required by state regulations.

C. Coburg will adopt an industrial pretreatment ordinance prior to the initiation of wastewater service with MWMC. The Coburg pretreatment ordinance will comply with all state and federal regulations and will include all MWMC pretreatment program requirements.

D. Coburg shall adopt a systems development charge program, governing all users that connect to or use the Coburg wastewater system after the date of the original connection of Coburg's system to MWMC. The initial Coburg SDC shall include a charge equal to three percent more than the then current MWMC SDC. The Coburg SDC may include other charges for the Coburg system, as allowed by law.

E. Coburg shall adopt a wastewater treatment ordinance similar to those in place in the city of Eugene and the city of Springfield. Such an ordinance shall require all properties within Coburg city limits to connect to the Coburg system at the time of initial development of the

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Coburg system or prior to occupancy of the property. The ordinance will include sewer design and construction standards consistent with Eugene and Springfield standards.

E. At the time the construction of the connection point has been completed and all other obligations set forth in this section are completed, MWMC shall accept for processing all wastewater delivered by Coburg to the point of connection.

Section 7. Ongoing Operations.

A. Coburg will remit the MWMC treatment portion of the Coburg sewer charges to MWMC within ten days of the first of each month. The monthly obligation will be calculated based on the monitored flow at the point of transfer from the Coburg system to the MWMC system.

B. Coburg will make all necessary amendments to its pretreatment ordinance to maintain wastewater quality standards at the same levels and character as those established by ordinances of MWMC members. Coburg will enforce its pretreatment ordinance through inspections, monitoring and other actions required by MWMC's pretreatment program.

C. Coburg will establish and maintain a profile of current users, and make this list and all other aspects of Coburg's discharge limitation program available to MWMC for inspection at any time. Coburg will participate in all pollution management practices programs, will adopt all relevant standards and guidelines and will encourage all users to limit discharges, and mandate compliance if discussions between MWMC and Coburg determine that such mandate is necessary to achieve or maintain compliance with DEQ regulations or other requirements.

D. Coburg will monitor flows and conduct regular testing for all measurable attributes of the MWMC NPDES permit. Coburg will participate with MWMC in all programs to encourage users to control discharges, and will undertake enforcement actions in the event that any inappropriate actions are traced to Coburg.

E. At any time after the connection between the Coburg system and MWMC is established when any property within the Coburg Urban Growth Boundary, as it then exists, establishes a new connection or a change in use of an existing connection such that a systems development charge is owed under the MWMC criteria which are adopted and made a part of the Coburg SDC rules, Coburg shall levy an SDC charge for the new use in an amount at least equal to an equivalent MWMC SDC charge. Such a charge must be paid in full, or have satisfactory arrangements for payment secured, prior to occupancy of the use, or prior to the practical availability of the connection to the Coburg system. Coburg shall remit to MWMC that portion of the Coburg SDC that is the equivalent amount for an MWMC SDC for a like user within the MWMC jurisdiction in a manner similar to the process used by the Cities of Springfield and Eugene. With this transmittal Coburg shall supply MWMC with any information MWMC requests regarding the amount and type of use subject to an SDC. If Coburg or MWMC later discovers an error in the Coburg SDC remittal, the party discovering the error shall immediately bring it to the attention of the other party. Where possible the error will be corrected through direct payment to correct the error. Where such direct

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payment is not possible, the parties will develop a system of credits or installment payments to correct the error.

F. MWMC will inform Coburg of any planned changes to its SDC rates. Coburg, and the property owners of Coburg, shall have the same rights of comment as other property owners within the MWMC service area. MWMC will notify Coburg of any changes in the MWMC SDC charges within 30 days of the completion of the process. Coburg shall reflect these changes in Coburg's SDC as soon as allowed by law.

G. Coburg will take all appropriate steps to ensure the integrity of the Coburg wastewater system to protect against inflow and infiltration (I & I) and related peak wet weather flow problems, including adoption of the MWMC wet weather flow management program. Coburg shall establish and enforce high standards for constructing and development of wastewater connections or additional wastewater collection facilities. Such standards shall be equivalent to or more stringent than standards adopted by MWMC members. Coburg agrees to adopt and implement any I&I policies and programs adopted by an MWMC member where such a program would reduce or eliminate I & I problems in the Coburg system.

Additional provisions

- 1 Coburg will indemnify and hold harmless MWMC for all liability or claims of liability for any incident, claim or alleged claim related to the operation of the Coburg wastewater system, specifically including all portions of the system within the Eugene-Springfield Urban Growth Boundary upstream of the connection point. Coburg will indemnify and hold harmless the City of Eugene, the City of Springfield and Lane County for all liability or claims of liability for any incident, claim or alleged claim related to the operation of the Coburg wastewater system, specifically including all portions of the system within the Eugene-Springfield Urban Growth Boundary, upflow of the connection point.
- 2 Coburg will indemnify and hold harmless MWMC for any loss or damage to the MWMC system resulting from negligent or more culpable acts on the part of Coburg or Coburg personnel. The obligation of indemnification does not include claims arising after normal mixing of Coburg's wastewater with MWMC system, unless those relate to failures to comply with specified standards jointly agreed to by MWMC and Coburg at the time of the original connection. MWMC will hold the City of Coburg harmless for any loss or damage to the system, and to legal challenges for any aspect of the operation of the MWMC system for all aspects of the operation of the system down stream of the point of Coburg's connection to the MWMC system.
- 3 MWMC shall have, and all Coburg ordinances and regulations concerning the operation of the Coburg wastewater system will include, directly or indirectly, provisions providing that MWMC shall have all possible rights to take protective or remedial action against any user of the Coburg wastewater system that has taken or appears likely to take any action that will adversely affect the operation of the MWMC system. Coburg shall provide MWMC all appropriate assistance in any such action.

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- 4 MWMC shall provide Coburg with projections of new uses, and related matters regarding the continued operation of the MWMC system. Coburg shall inform MWMC of any significant change in use in Coburg, or anticipated change in use, and shall consult with MWMC regarding any new user in Coburg that will or is likely to change the nature of the flow to the connection point. This consultation shall include discussions regarding any possible conditions or requirements to be imposed during the permitting process to facilitate protection of the system.
- 5 Coburg shall participate with MWMC and MWMC members in wet weather flow, temperature management, mass load limit and pollutant control measures. Although Coburg is not a member of MWMC, for purposes of participation in these programs, responsibility will be apportioned among members and Coburg as if Coburg were a member. This responsibility includes cost for programs and improvements to the system, assessments or charges for NPDES compliance matters and the development of interruptability controls for violation avoidance.
- 6 The Coburg wastewater collection system will be installed as an entirely new system and will adopt strict inspection and maintenance controls. Coburg anticipates that inflow and infiltration problems will be avoided or minimized for the life of the system. Coburg receives all of its water supply from deep groundwater wells. Coburg anticipates that its wastewater flows will at or below acceptable thermal load standards.
- 7 After the addition of Coburg as a user, MWMC will continue to operate the treatment facilities in the manner that it had previously. MWMC will retain all operational obligations established by other agreements or state or federal regulations. Coburg will be a user of the system and as a user will not be assigned any responsibilities or obligations different than other users, except as specifically stated in this agreement. As the operator of the facility, MWMC's obligations regarding discharge and state and federal permitting will not be changes as a result of the addition of Coburg as a user of the system.

Additional language from the current MWMC IGA to create consistency of processes and provisions.

DEFINITIONS

For purposes of this intergovernmental agreement the following terms shall have the meaning ascribed to them in this section, unless the context clearly indicates that an alternate definition is necessary to achieve the intended effects of the sentence.

Downflow. The MWMC system and related facilities through which wastewater flow will occur, located at any point after the point of connection where the Coburg system connects with the MWMC system.

MWMC system. The collection of wastewater pipes, pumps, pumping stations and treatment facilities controlled by or within the responsibility of MWMC, which, for the purposes of this

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agreement, will include all pipes, pumps, pumping stations and treatment facilities located along the route that Coburg wastewater will need to travel to get from the point of connection to the MWMC treatment facility.

Point of connection. The location point at which the Coburg system connects to the MWMC system, to be established by technical staff of Coburg, Eugene and MWMC. For purposes of this agreement and later analysis, the point of connection and downflow from the point of connection shall be considered a part of the regional system.

Coburg – MWMC connection
Action Issues

| Issue | Does a template exist | Comment | Estimated time | Estimated cost |
|---------------------------------------|-----------------------|---|----------------|----------------|
| Modifications to MWMC Facilities Plan | Yes | Preliminary indications are that a letter will be sufficient | 3 months | \$20,000 |
| Determining connection point | No | Initial discussions have been held with Eugene staff. | 4 months | \$50,000 |
| Dealing with MWMC SDCs | Yes | In the IGA | 2-4 months | \$10,000 |
| Dealing with rates | Yes | In the IGA | 2-4 months | \$10,000 |
| Developing an IGA | Yes | This 5 way agreement should set the terms of the relationship, would probably be contingent on completion of other steps. | 2-4 months | \$50,000 |
| Metro Plan Amendment | No | This is a discretionary decision by each of the 3 jurisdictions. This is one place where no outside connections can be assured. | 6-8 months | \$60,000 |
| Lane County Rural Permit | Yes | This will be necessary to cover the pipe between Coburg and MWMC | 4 months | \$20,000 |
| Coburg Comp Plan amendment | Yes | This should be completed upon adoption of the new plan | 2 months | |
| Pretreatment Ordinance | Yes | Coburg can adopt the Eugene – MWMC ordinance to assure continuity | 5 months | \$10,000 |

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| | | with MWMC | | |
| Sewer Ordinance | Yes | This ordinance is required no matter what the treatment will be. It will require new development to connect, set the terms of connection. | 5 months | \$15,000 |
| SDC Ordinance | Yes | This ordinance will need to incorporate the MWMC SDCs, plus charge new development a portion of the cost of the collection system | 6-8 months | \$40,000 |
| Totals | | | 8 months | \$275,000 |