

Sewer Loan Repayment Fee to Increase

By **Bill Haack**
Vernonia City Administrator

The Vernonia City Council asked staff on April 2, 2012 to initiate negotiations with the State of Oregon to assist in the development of a Resolution to adjust the sewer loan repayment fee to pay the outstanding balance on DEQ Loan No R93642. The sewer loan fee is currently established by City Council at \$12.00 per month and is collected as a part of the monthly utility bill. In 2010 the City Council established this fee to cover interest-only on this open loan. The monthly interest accrual is \$10,000 whether we pay on the principle or not.

Over the past two years the City Public Works Committee has discussed adjusting this fee, feeling that Vernonia residents needed to start

paying both principle and interest on a fully amortized repayment schedule. To repay the loan, the City will need to increase the sewer loan repayment fee by approximately \$19.00 bringing the monthly fee to \$31.00 per month. This retires the current debt of \$4,300,000 in twenty years. The question the Public Works Committee raised and which City Council acted on: What is the cost to the community of not paying the fully amortized loan payment?

The following report describes how we got on this path and where it will likely lead us in our journey to build a new wastewater facility and be in compliance with Federal rules.

When did we borrow these funds? In 2005, the City of Vernonia established a line of credit with the Oregon Department of Environmental

Quality (DEQ) accessing the Clean Water State Revolving Fund. The loan was established at \$7,307,991 in April 2005; and was amended in March 2006, adding \$1,292,009, increasing the line of credit to \$8,600,000. The interest rate is established at 2.93 percent per annum. Repayment term is established at twenty years. On this loan, repayment technically begins when construction is complete.

Why did we borrow these funds? The City established this line of credit for the purpose of completing a wastewater facility improvement project by 2007. The City pursued this loan for the purpose of hiring an engineering firm to manage the DEQ predesign and final design process, purchase additional land believed to be required for specific aspects of the scope of the project, and to initiate construction on the proposed project. The City has been out of compliance since the early 1990s and DEQ was in 2005 poised to force the City to make the improvement for the City.

In 2005, the City hired Kennedy-Jenks to complete DEQ predesign and final design for needed facility improvements. The DEQ loan paid Phase One project costs including engineering and construction drawings, installation of two new pump stations, pressure sewer lines from pump stations to new head works at the lagoons, and new head works at the lagoons. In addition, land was acquired contiguous with the wastewater lagoons for \$612,500 in March 2006; this purchase was made using a grant through Oregon Community Economic Development Department under the Community Development Block Grant Program.

Why is a wastewater facility improvement project required? The City of Vernonia has two reasons that direct us to create a wastewater facility improvement:

Compliance – The City releases treated water from the lagoons into the Nehalem River, but we are in violation of our NPDES (National Pollutant Discharge Elimination System) Permit which annually restricts this release during warm weather months.

Capacity – To meet NPDES permitting requirements, the City needs to increase the capacity of the lagoon basin, with our current lagoon design and method of treatment.

The Kennedy-Jenks proposed design would have developed a fourth lagoon

that would have added capacity and allowed the City to be in compliance with EPA NPDES Permitting.

What interrupted the process? As a result of the winter storm and subsequent flooding of December 2007, it became clear that the design proposed by Kennedy-Jenks was flawed due to the inaccuracy of the 1988 Flood Insurance Rate Map in effect at the time. In early 2008, Phase two was scrapped by the City. The direct impacts of the 2007 flood included a sludge removal project of the lagoons as they were over-topped requiring a biosolids removal and reclamation project. Fortunately, the City qualified for a State Special Public Works Fund grant that covered the cost of sludge removal and repairs to the wastewater lagoons. However, there was no modification in the design and thus the search for an alternative design option proceeded. The new cost for a wastewater facility proposed by Brown & Caldwell was estimated at over \$12,000,000 nearly doubling the previous project cost. This cost was seen as extraordinarily high by both the Public Works Committee and the City Council. During the subsequent several years the Public Works Committee worked to find alternate systems and a credible specialist who could propose a more cost effect alternative. In the end, a breakthrough came about from a suggestion to consider hyporheic discharge made by DEQ in September 2011. Thus our path became defined.

What has the City done since the flood on the wastewater facility improvement project? In 2008 the City secured an Emergency Wastewater Facility Improvement Grant from the State of Oregon that was used to complete alternative design options that would assist the City rethink the Kennedy-Jenks design. Brown and Caldwell engineers were selected in 2009. Brown and Caldwell facilitated a discussion with the City in 2009-2010 assisting us prioritize 13 options. This grant fully funded this element of the project.

In 2010 the City negotiated an increase in the State CDBG Grant wastewater facility improvement plan grant increasing it to \$1,213,000. These funds are being used to fund an engineering firm to complete the revised wastewater facility improvement plan that is looking exclusively at hyporheic discharge infiltration. This grant fully funded this element of the project.

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A RESOLUTION OF THE CITY OF VERNONIA SUPPORTING THE FAIR HOUSING PROGRAM

LET IT BE KNOWN TO ALL PERSONS of the City of Vernonia that discrimination in the sale, rental, lease, advertising of sale, rental or lease, financing of housing or land to be used for construction of housing, or in the provision of brokerage, rental services because of race, color, sex disability (physical or mental), familial status (children) or national origin is prohibited by Title VIII of the Federal Fair Housing Amendments Act of 1988. It is the policy of the City of Vernonia to support the Fair Housing Amendments Act of 1988 and to implement a Fair Housing Program to ensure equal opportunity in housing for all persons regardless of race, color, religion, sex disability (physical and mental), familial status (children) or national origin. There, the City does hereby pass the following Resolution:

BE IT RESOLVED that within the resources available to the City of Vernonia through city, county, state, federal and community volunteer sources, the City will assist all persons who feel they have been discriminated against because of race, color, religion, sex, disability (physical or mental), familial status (children) or national origin in the process of filing a complaint with the Oregon Civil rights Division or the U.S. Department of Housing and Urban Development, Seattle Regional Office compliance division, that they may seek equity under federal and state laws.

BE IT FURTHER RESOLVED that the City shall publicize this Resolution and through this publicity shall cause real estate brokers and sellers, private home sellers, rental owners, rental property managers, real estate and rental advertisers, lenders, builders, developers, home buyers and home or apartment renters, to become aware of their respective responsibilities and rights under the Fair Housing Amendments Act of 1988 and any applicable state or local laws or ordinances.

THE FAIR HOUSING PROGRAM, for the purpose of informing those affected of their respective responsibilities and rights concerning Fair Housing law and compliant procedures, will at a minimum include, but not be limited to: 1) the printing, publicizing and distribution of this Resolution; 2) the distribution of posters, flyers, pamphlets and other applicable Fair Housing information provided by local, state and federal sources, through local media of community contacts; and 3) the publicizing of locations where assistance will be provided to those seeking to file a discrimination complaint.

Adopted by the City Council on March 7, 2005.

Vernonia City Council Meetings and Closures

Upcoming City Council Meetings are scheduled for:
Monday, May 21, 2012

Upcoming City Closures are scheduled for:
Monday, May 28, 2012

Dates and times subject to change due to conflicts of schedules

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