

RESOLUTION NO. 2875

A RESOLUTION SETTING FORTH THE POLICY FOR EVALUATING THE CITY'S WASTEWATER COLLECTION SYSTEM AND REVISED APPROACH TO PLANNING FOR NEEDED CAPITAL IMPROVEMENTS AND THE FORMATION OF A CITIZEN STAKEHOLDER GROUP

Findings

A. The City of Bend has long identified deficiencies, both current and anticipated, in its sewage collection system. Comprised of a system of 336 pump stations, it is a high maintenance and labor intensive system, and also includes areas where existing sewer pipes are flowing significantly above their design capacity and in some locations have either overflowed to the surface or routinely approach overflow levels. Additionally, large areas of un-sewered subdivisions and tracts of land, especially in the south part of town, were annexed into the City in the late 1980s. These un-sewered subdivisions depend upon on-site septic systems that are ageing and highly susceptible to failure. Also the product of less than ideal piecemealing of infrastructure improvements due to Bend's explosive growth over the last decade, the system is somewhat unusual and complex and thus poses unique engineering challenges.

B. Existing City plans call for a series of large sewer gravity mains, known as interceptors, as the ideal and most effective long-term engineering approach to shifting sewer flows from the downtown corridor to the City's perimeter. These interceptors would allow the City to address current and anticipated deficiencies and plan for future growth. Current plans include a parallel plant interceptor to provide a secondary connection from the collection system to the Water Reclamation Facility (WRF), and three other interceptors, the Southeast, the North, and the Central Interceptors, to deliver wastewater to the WRF.

C. The City's Finance Department has calculated the effect on rates if all the interceptors are constructed. Since 2007, the City has been implementing annual increases to sewer rates to finance various sewer improvements. The residential sewer charge was \$26 per month in 2007 and is currently \$41 per month (this \$15.00 increase has been implemented over 4 years). If all the interceptors are constructed, the residential sewer charge will need to be increased from the current \$41 per month to \$75-\$81 per month (another \$34-\$40 more) over the next 10 years to finance these improvements.

D. In an effort to phase in rate increases gradually and lessen the impact on utility customers, the City Council is looking to develop a more fiscally constrained interim project list. Furthermore, the large scale projects will take significant time to complete. The Council has previously prioritized the Southeast Interceptor, but the North Interceptor and a portion of the Central Interceptor may be more urgently needed, given that these interceptors would provide additional capacity to an area zoned for

employment uses and economic development. At a minimum, review of the timing of these large projects is warranted.

E. The City Council recognizes that delaying or not constructing various interceptors impacts the City's ability to serve certain employment and residential land in various areas of the City that are at or nearing capacity, which could restrict desirable economic development. Further, delays in planned capital improvements may result in increased operations and maintenance expenditures throughout the collections system.

F. To mitigate these concerns to the greatest extent possible while balancing the desire to maintain affordable utility rates in the City of Bend, the Council wishes to reprioritize projects to address immediate needs and to obtain additional studies to see if lower-cost solutions are possible. Lower costs may still be in the millions of dollars, but until further studied, the options are speculative and should be explored.

G. To further explain this modified approach, the City has been undergoing an urban growth boundary expansion (UGB) process, which included adoption of a sewer public facility plan (PFP) for the UGB 20 year planning period (2008-2028). The sewer PFP analyzed the current UGB as well as possible future expansion areas. However, on appeal, the State Land Conservation and Development Commission (LCDDC) did not acknowledge the sewer PFP, finding the plans were based on assumptions relating to the location and intensity of future development both inside and outside of the prior UGB that were likely to change as a result of the UGB remand. LCDDC further found that the sewer PFP for the existing UGB could not be bifurcated and therefore remanded the plan back to the City.

H. In 2011, the City produced a document entitled "Addendum 4" to the 2007 Collection System Master Plan (CSMP) Final Report as part of the planning process for the current UGB, which is based on data input of the large diameter collection system mains, or modeling of approximately 30% of the City's wastewater treatment system. Addendum 4 has not been adopted by the City Council, but was put on hold to reconsider a more comprehensive review of the entire system as described below.

I. The Council desires to engage in a more comprehensive planning process for its wastewater collection system that fully identifies the geographic location(s), asset conditions, scope and scale of deficiencies, and focusses on affordable short term solutions as well as optimal long term planning for system wide infrastructure for the existing UGB. This planning process would also provide data and analysis as the foundation for analyzing any future UGB expansion. Therefore, the City believes that funds for modeling and analyzing an updated and comprehensive CSMP for the 20-year planning period is money and time well spent. In addition, the City is fast approaching the usual time for starting the update of the 2007 CSMP, which is done every five years.

J. The intent of the new CSMP is to consider a wide range of system improvement concepts and options, including previously recommended solutions as well as new, innovative ideas that would result in a prioritized and focused CSMP that promotes

strategic economic development while correcting existing deficiencies. Traditional approaches to master planning require many variables to be eliminated prior to an in depth evaluation simply because it was not possible for someone to run all of the potential model scenarios that are involved with multiple solutions. Traditional modeling could evaluate about six potential solutions out of many thousands of potential solutions. New modeling approaches gives engineers a new tool that does not require the elimination of variables, but in fact performs better with more variables. The new approach can evaluate hundreds of thousands of solutions searching for the optimal solution allowing all potential solutions to be evaluated in a transparent fashion.

K. To date, the City has completed 100% design of the SE Interceptor and has spent approximately \$12 million to date on design and construction of the project. The City Council remains committed to the project, but desires to review the timing in light of a reassessment of priorities and the overall system needs. The estimated remaining cost of construction is \$43 million, so it makes sense to put the project on pause for approximately one year pending the CSMP and reassessment of the sewer system as a whole.

L. In pausing the SE Interceptor and undergoing the CSMP process, the City Council understands that rate increases will still be necessary in the future, barring other funding sources. The City recognizes that under any scenario, given the deficiencies in the existing system, significant expenditures are needed. Sewer projects are critical for current and future infrastructure to serve valuable employment land as well as residential areas of the City currently on septic systems. By pausing to reassess the City does not want to deflect from the hard truth that rates support the very real need to correct current deficiencies and plan for future growth. However, the timing of rate increases in this economy is difficult and the City desires to be sure that the community has a full understanding and awareness of the problems as well as buy-in of the various solutions, so that government and the community are working together to resolve the various competing interests, and collectively devising the path forward.

M. This resolution addresses only the sewer collection system. Planned expansion improvements to the WRF are critical and are to proceed as scheduled.

N. The CSMP process will be followed by the adoption of a sewer PFP, which is a planning document that will rely on the CSMP as an engineering document to develop a timely, efficient and orderly arrangement of public facilities to support urban development within the City's UGB. The sewer PFP amends the City's comprehensive plan and must be consistent with the Statewide Planning Goals, particularly Goal 11. A PFP is subject to a public process and Planning Commission review and City Council review and adoption. A sewer PFP is necessary to continue work on the City's UGB remand. This resolution provides guidance for the amendment of that plan; it is not a plan or a substitute for the required planning document which, as stated, will be subject to an extensive public process prior to adoption.

O. The Council recognizes that the process outlined in this Resolution for the adoption of a new CSMP will cause a corresponding delay in the sewer PFP process and the UGB remand tasks, but believes that the delay is warranted to achieve greater community engagement in critical infrastructure planning decisions.

Based on these findings, the Bend City Council resolves as follows:

1. The City will further study this current condition of the existing plant interceptor (Yeoman Line) and the timing need for a parallel plant interceptor. The main focus of the study will be the condition of the Yeoman Line. The results of the study may allow the construction of the parallel plant interceptor to be deferred and possibly delay or reduce the rehabilitation costs to the Yeoman Line.
2. There are several smaller critical portions of the proposed Southeast Interceptor that Council acknowledges are ideal to complete now based on prudent financial advantages. These include administrative costs associated with existing expiring permits and right-of-way negotiations.
3. The City will hire a qualified engineering firm to study existing plans as well as the timing of the construction of the Southeast Interceptor, and potential alternatives to and/or alternative timing and design for construction of the, North, and Central Interceptors, as part of a new CSMP for the 20-year planning period (2008-2028). Design and construction of these interceptors will be placed on hold pending the results of the study, which is anticipated to take up to 18 months. The study should focus on cost-effective solutions to existing and anticipated deficiencies, and also include analysis of new and innovative ideas with the goal of resulting in a prioritized and focused CSMP that promotes strategic economic development. To the extent that interceptors or other costly improvements are identified as necessary, the study is to include recommendations on timing of construction of those improvements.
4. The CSMP study should make every effort to also identify short term solutions in a shorter timeframe for areas of the City with known deficiencies, which could be implemented prior to the completion of the entire study. The process to implement any solutions would be brought back to Council at a later date.
5. The focus of the initial effort will be for the existing city limits/UGB, and will be used to form the basis for the sewer PFP for the UGB planning process. The sewer PFP will then go through the public process, including the process before the UGB remand task force, for ultimate adoption as a comprehensive plan amendment by the City Council. Further capacity studies will be done at a later date to comply with the Remand Order related to the locational analysis for the UGB expansion process.
6. The City will work with the Bend Chamber and others to solicit input on the forming of a citizen stakeholder group comprised of a cross-section of citizens to help facilitate the review of the sewer projects and the CSMP process referenced in this Resolution and provide advice and consultation to the City Council and staff. In

general, the goals of the stakeholder group are to: foster communication between the community and the City, identify community priorities, assure that the community understands the problems that need to be addressed, review and evaluate long and short term goals including rate tolerance for those goals, consider the financial, engineering, economic development, growth management and political implications of various alternatives, build a broad base of support in choosing solutions based on community priorities, and make recommendations to City Council. These goals may be further refined as the group is formed and undertakes its tasks.

The Infrastructure Advisory Committee (IAC) should also be used as a resource for consultation and advice to the City Council and staff as the technical review branch of the process. The City should also engage other standing city committees with interest and expertise, such as the Planning Commission and Budget Committee, as appropriate.

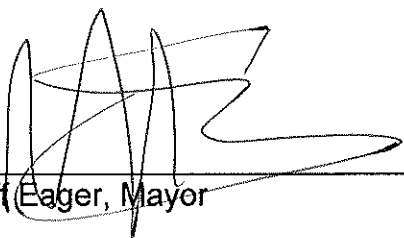
7. The mid-biennial Capital Improvement Project (CIP) review shall reflect the actions referenced in this Resolution related to infrastructure projects, which is scheduled to be brought before Council in June of 2012. At a minimum, proposed amendments to the CIP project list should be brought back before Council as part of the annual budget review to reflect the recommendations that result from the work of the stakeholder citizen group and IAC, proposed short term solutions, and the CSMP once adopted.

8. It is anticipated that this process could help lead to the development of a comprehensive strategy for investment in infrastructure, including water, sewer and transportation, with the potential to focus on strategic areas of the city for economic development and smart, efficient growth. Community involvement is the key to such a strategy and this process is a building block to such future planning.

Adopted by roll call vote of the Bend City Council on May 16, 2012.

YES: Tom Greene
Scott Ramsay
Mark Capell
Jodie Barram
Jim Clinton
Kathie Eckman
Mayor Jeff Eager

NO: None



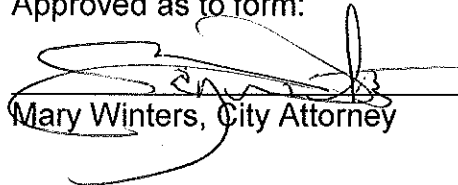
Jeff Eager, Mayor

ATTEST:



Robyn Christie, City Recorder

Approved as to form:



Mary Winters, City Attorney