



**North Santiam  
Sewer Authority**

northsantiamsewer@gmail.com

northsantiamsewer.net

P.O. Box 256  
444 S 1st Ave  
Mill City, OR 97360

**NSSA Monthly Board Meeting Agenda #81  
September 11, 2023, at 6 PM**

**HYBRID**

**In-Person Location:** Mill City, City Hall 444 S 1<sup>st</sup> Ave, Mill City, Or

**Virtual:** <https://zoom.us/j/93414748822?pwd=MjJkM3Vyb21YS1BDK2doVEplZ25uUT09>

Meeting ID: 934 1474 8822

Passcode: 454959

A. Roll Call and Declarations of Conflicts of Interest

B. Announcements

C. Public Comment and Questions (please limit Public Comments to 3 minutes each)

**Action Agenda**

**A.** August Summary Notes (Motion Needed)

**B.** County Update (Einmo)

a. NSSA Lower Basin Activity (Mill City/Gates)

1. Project activity for Lower Basin

2. Trifold

3. City Council Presentations and Open Houses

b. NSSA Upper Basin Activity (Detroit/Idanha)

1. Project Activity for Upper Basin

c. FSC Report (Wilson)

**C.** Treasurer's Report (Evans)

**D.** COG Staff Report (Dadson/Conroy)

**Upcoming Events:**

Date	Event	Location
September 18th, 6-8 pm	NSSA Work Session	Gates Fire Hall
October 2 <sup>nd</sup> , 6-8 pm	NSSA Board Meeting	TBD
October 16 <sup>th</sup> , 6-8 pm	NSSA Work Session	TBD
November 6 <sup>th</sup> , 6-8 pm	NSSA Board Meeting	TBD
November 20 <sup>th</sup> , 6-8 pm	NSSA Work Meeting	TBD
December 4 <sup>th</sup> , 6-8 pm	NSSA Board Meeting	TBD

No



**North Santiam  
Sewer Authority**

northsantiamsewer@gmail.com

northsantiamsewer.net

P.O. Box 256  
444 S 1st Ave  
Mill City, OR 97360

**NSSA Board Regular Meeting  
Summary Notes**

**# 80 August 7th at 6:12 PM**

<https://zoom.us/j/93414748822?pwd=MjJkM3VyY21YS1BDK2doVEplZ25uUT09>

Meeting ID: 934 1474 8822

Passcode: 454959

**A. Roll Call and Declarations of Conflicts of Interest**

**Present:** Tim Kirsch Mill City; Ken Woodward Detroit; Brian Gander Gates; Ron Evans Gates.

**Zoom:** Denny Nielsen Detroit. Tony Morones Idanha; Janet Zeyen-Hall, Mill City

**Staff:**

Laura Conroy, COG

Silas Lobnibe, COG

Teresa Davis, COG

**B. Announcements**

None

**C. Action Agenda**

**a. July 17th Meeting Summary**

Mayor Brian Gander's motion is to accept the July 17 summary notes. Ron Evans seconded the motion.

**Reject: None**

**Abstain:** Janet Zeyen-Hall; Tony Morones

**Motion Passed**

**b. Treasurer's report:** Ron Evans reported that he has access to the invoices and checkbook. It will be kept at the Mill City Hall.

Ken Woodward asked to have stamps and envelopes purchased.

Mayor Brian Gander's motion is to accept the July Treasure Report. Ken Woodward seconded the motion.

**Approve:** Tim Kirsch Mill City; Ken Woodward Detroit; Denny Nielsen Detroit; Brian Gander Gates; Ron Evans Gates

**Reject:** None

**Abstain:** None

**Motion Passed**

**D. Marion County Update:**

Was reported during the work session.

Brian Gander asked Gordon for a copy of the presentation.

Tim Kirsch recapped the tour at Coburg and Stayton.

Talked about a trifold that might be used as talking points, to use to place on the counter, or to talk to the community.

**E. Adjourn**

6:40 pm

**Upcoming Events:**

Date	Event	Location
August 24, 2023	Work Session	Mill City, City Hall
September 4, 2023	Board Meeting	TBD



## North Santiam Canyon Sewer Project Updated Business Case Analysis



September 11, 2023

# Updated Business Case Analysis



- Limited update last month: \$77/month, no phases, no scenarios
- This version incorporates more updated information and separates Phase 1 from Phase 2
  - Phase 1: Mill City/Gates Basin – \$40 million in State funding
  - Phase 2: Detroit/Idanha Basin – \$5 million funding for design and land acquisition, otherwise unfunded
- Results in a range of projections for average monthly cost per equivalent dwelling unit (EDU)
  - Average monthly cost/EDU approximates the level of monthly rates
- Any financial projection is conditional (“if-then”) – assumptions drive the results, so in this presentation there are many scenarios
  - Some variables are under your control, most are not
  - A “sensitivity analysis” can show which variables have the biggest impact on rates

# Type of Analysis



- This business case analysis is a snapshot in time, not a year-by-year financial forecast
  - Compares potential costs with potential customer base
  - Does not account for the ramp-up over time in the connection of existing buildings
  - Does not incorporate forecasted system growth from new development
- A more sophisticated year-by-year financial forecast is being developed and should be ready to share by the November NSSA board meeting
  - In the meantime, these numbers can help the NSSA Board with its planning and decision-making

- Today's Update – What has changed since last month?
  - Separate forecasts for Phase 1 and Phase 2
    - Phase 2 construction assumed in 2027
  - Updated maintenance cost estimates
    - Previous estimate \$440K/year for all four cities
    - Revised estimate \$1.36 million/year, of which \$734K/year is for Phase 1
  - Updated cost estimates for utility billing and administration
    - Previous estimate \$310K/year for all four cities
    - Revised estimate \$210K/year, of which \$153K/year is for Phase 1
      - Fewer customers in expanded area than previously assumed
      - Assumed economies of scale for Admin costs other than utility billing
  - Loan interest rate assumed at 1.5% instead of 1.0%



# Updated Assumptions

- Updated assumptions about number of EDUs
  - Previous assumption 1,696 EDUs
  - Revised assumption 1,498 EDUs, including 1,039 in Phase 1
    - Updated estimates from cities of Gates and Detroit
    - Same estimate for Mill City; no update yet from Idanha

North Santiam Canyon Sewer Project Business Case Analysis				
Potential Initial Sewer EDUs by City	June 2021 Assumption	Sept 2023 Assumption	Pct of Total	Pct of Phase 1
Phase 1:				
Gates	278	200	13%	19%
Mill City (Existing EDUs)	839	839	56%	81%
Total Phase 1 Potential Initial EDUs	1,117	1,039	69%	100%
Phase 2:				
Detroit	494	374	25%	
Idanha	85	85	6%	
Total Phase 2 Potential Initial EDUs	579	459	31%	
Total NSC Potential Initial EDUs	1,696	1,498	100%	

# Updated Assumptions



- No change since last month to capital construction costs
- Still assumes no connection charge for existing structures with septic systems
- Updated valuation for existing Mill City system
  - Value of fixed assets \$2.4 million instead of \$3.6 million
  - Why?
    - Now we assume that treatment plant must be entirely replaced, therefore is fully depreciated with no residual value
  - Remaining value represents collection system assets only
  - Outstanding Mill City debt is about \$1.9 million, so the reduced value of fixed assets is about \$500,000 above outstanding debt
- Multiple scenarios are shown, assuming varied levels of grant funding in Phase 1 and Phase 2

# Assumed Form of Organization



- Regional partnerships - two main ways to organize
  - Independent organization, with separate headquarters building and separate General Manager reporting to the NSSA Board
    - Examples: Clean Water Services, Rogue Valley Sewer, LOTT Clean Water Alliance
  - Embedded organization, with one of the partners designated as Managing Agency
    - Examples: Hillsboro Water Commission, North Clackamas Water Commission
    - Mill City Public Works Director would report to both City Council and NSSA Board
    - Fractional FTEs - NSSA would continue existing shared responsibilities with Mill City sewer, water, roads; could also contract with other cities for shared personnel
- This analysis continues to assume that NSSA is an embedded organization at first, with Mill City acting as managing agency
  - Initial project cost does not include a headquarters building, and O&M costs do not assume a separate General Manager

# Results for Phase 1

- Phase 1 has a gap in capital funding
  - Estimated up-front cost: \$55.7 million
  - Grant funding awarded so far: \$40 million
  - Gap: \$15.7 million
- Four scenarios, varying based on the percentage of the gap that is funded by additional grants
- Results range from \$123 to \$71 per EDU per month

North Santiam Canyon Sewer Project - Business Case Analysis					September 11, 2023 Update
Summary of Scenarios - Average Monthly Cost per EDU					
Ignores Ramp-up in Connections	Funding of Phase 1 Capital Cost Gap				
	Scenario 1: 0% Grants	Scenario 2: 40% Grants	Scenario 3: 80% Grants	Scenario 4: 100% Grants	
A. Phase 1 Only - Mill City/Gates Basin	\$123	\$102	\$82	\$71	

# Results for Phase 1



## North Santiam Canyon Sewer Project - Business Case Analysis

September 11, 2023 Update

### A. Phase 1 Only - Mill City/Gates Basin

<i> Ignores Ramp-up in Connections </i>	Scenario A1: No Further Grants	Scenario A2: Grants 40% of Gap	Scenario A3: Grants 80% of Gap	Scenario A4: Grants 100% of Gap
<b>Up-front Costs</b>				
<i>Estimates from Sept 2021 NSC Wastewater Master Plan plus inflation</i>				
<b>Phase 1 - Mill City/Gates Basin:</b>				
Total Project Capital Cost (2021 dollars)	\$ 45,157,000	\$ 45,157,000	\$ 45,157,000	\$ 45,157,000
Inflation to 2023 5.1%/year	4,710,000	4,710,000	4,710,000	4,710,000
<i>ENR-CCI 20-City Avg - June 2021-June 2023</i>				
Assumed future ENR Inflation 3.0%/year	3,040,000	3,040,000	3,040,000	3,040,000
Total Project Capital Cost (inflated dollars)	\$ 52,907,000	\$ 52,907,000	\$ 52,907,000	\$ 52,907,000
<b>Mill City System Acquisition:</b>				
Value of Fixed Assets	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Assumed Mill City Vehicles/Equipment	20,000	20,000	20,000	20,000
Assumed Mill City Cash Reserves	303,000	303,000	303,000	303,000
Total Cost of Mill City Utility	\$ 2,723,000	\$ 2,723,000	\$ 2,723,000	\$ 2,723,000
Additional Up-front Minor Capital	50,000	50,000	50,000	50,000
<b>Total Up-Front Cost - Phase 1 only</b>	\$ 55,680,000	\$ 55,680,000	\$ 55,680,000	\$ 55,680,000
<b>Assumed Outside Funding (State/Federal/Local Grants):</b>				
State Direct Appropriation FY 2022-2023	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Remaining Up-front Cost (the "Gap")	\$ 15,680,000	\$ 15,680,000	\$ 15,680,000	\$ 15,680,000
Assumed Grant % of Remaining Up-Front Cost	0%	40%	80%	100%
Grant Funding of Remaining Up-front Cost	\$ -	\$ 6,272,000	\$ 12,544,000	\$ 15,680,000
Total Grant Funding	\$ 40,000,000	\$ 46,272,000	\$ 52,544,000	\$ 55,680,000
Implied Grant % of Total Up-Front Cost	72%	83%	94%	100%
<b>Local Share of Up-front Cost</b>	\$ 15,680,000	\$ 9,408,000	\$ 3,136,000	\$ -

# Results for Phase 1



North Santiam Canyon Sewer Project - Business Case Analysis					September 11, 2023 Update				
A. Phase 1 Only - Mill City/Gates Basin									
<i> Ignores Ramp-up in Connections </i>					Scenario A1: No Further Grants	Scenario A2: Grants 40% of Gap	Scenario A3: Grants 80% of Gap	Scenario A4: Grants 100% of Gap	
<b>Local Share of Up-front Cost</b>					\$ 15,680,000	\$ 9,408,000	\$ 3,136,000	\$ -	
<b>Debt Service:</b>									
Assumed Length of Loan 30 years									
Assumed Interest Rate 1.5%									
Annual Debt Service					\$ 650,000	\$ 390,000	\$ 130,000	\$ -	
<b>O&amp;M Costs:</b>									
Assumed future CPI inflation 3.0%/year									
Maintenance (Source: Keller Associates)					\$ 734,000	\$ 734,000	\$ 734,000	\$ 734,000	
Utility Billing (1.24 x MC Util Billing budget + CPI)					67,000	67,000	67,000	67,000	
Utility Admin (1.1 x MC Admin budget + CPI)					86,000	86,000	86,000	86,000	
Total O&M Costs (in 2025 dollars)					\$ 887,000	\$ 887,000	\$ 887,000	\$ 887,000	
<b>Total Annual Cost</b>					\$ 1,537,000	\$ 1,277,000	\$ 1,017,000	\$ 887,000	
Potential Initial EDUs									
Mill City					839 EDUs	839 EDUs	839 EDUs	839 EDUs	
Gates					200 EDUs	200 EDUs	200 EDUs	200 EDUs	
Potential Initial EDUs - Phase 1 Area					1,039 EDUs	1,039 EDUs	1,039 EDUs	1,039 EDUs	
<b>Average Monthly Cost per EDU - Phase 1</b>					\$ 123	\$ 102	\$ 82	\$ 71	
<i>Monthly Cost per EDU by Cost Component</i>									
Debt Service					\$ 52	\$ 31	\$ 10	\$ -	
O&M					\$ 71	\$ 71	\$ 71	\$ 71	
<b>Total</b>					\$ 123	\$ 102	\$ 82	\$ 71	

# Results after Phase 2



- The results after Phase 2 also depend on how much grant funding is received, for both Phase 1 and Phase 2
- We modeled blended rates for the entire four-city NSSA following Phase 2
  - We built scenarios assuming three alternate levels of capital funding for Phase 2 (0%, 50%, and 100%), in combination with the previous four alternative levels of gap funding for Phase 1
  - Monthly rates range from \$309 (least favorable) to \$88 (most favorable)

# Results after Phase 2



- In addition, we modeled area-specific rates for Detroit and Idanha by themselves, assuming various levels of grant funding for Phase 2 (0%, 40%, 90%, and 100%)
  - Detroit and Idanha on their own would have monthly rates of at least \$115, even if all of the capital funding for Phase 2 came from grants
  - Even if 90% of the capital came from grants and only 10% had to be borrowed, the rates would average \$175 per month.



# Summary of Results

- Monthly cost per EDU for scenarios discussed above



North Santiam Canyon Sewer Project - Business Case Analysis					September 11, 2023 Update	
Summary of Scenarios - Average Monthly Cost per EDU						
Ignores Ramp-up in Connections			Funding of Phase 1 Capital Cost Gap			
			Scenario 1: 0% Grants	Scenario 2: 40% Grants	Scenario 3: 80% Grants	Scenario 4: 100% Grants
A. Phase 1 Only - Mill City/Gates Basin			\$123	\$102	\$82	\$71
After Phase 2 Construction:			Funding of Phase 2 Capital Cost			
B. Blended Rates for All Four Cities			0% Grants	\$309	\$295	\$281
C. Blended Rates for All Four Cities			50% Grants	\$217	\$202	\$188
D. Blended Rates for All Four Cities			100% Grants	\$124	\$109	\$95
			Funding of Phase 2 Capital Cost			
			0% Grants	40% Grants	90% Grants	100% Grants
E. Detroit/Idanha Basin Only - Area-Specific Rates			\$721	\$478	\$175	\$115

# Sensitivity Analysis for Phase 1



- What if there were a \$100,000 reduction in O&M costs?
  - Phase 1 rates would be reduced by \$8 per month
- What if there were to be a \$2.4 million reduction in the up-front capital cost?
  - Phase 1 rates would be reduced by \$8 per month
- What if loan interest rates were 2.5% instead of 1.5%?

Depends on how much borrowing is needed

- With the “No Further Grants” scenario, it would mean an additional \$8/month
- With the “40% Grants” scenario, the difference would be \$5/month
- With the “80% Grants” scenario, the difference would be \$1/month
- With the “100% Grants” scenario, there would be no impact from a higher interest rate

# Sensitivity Analysis for Phase 1



- What if there were an additional 100 EDUs in Phase 1?
  - It depends on the size of the revenue requirement
  - With the “No Further Grants” scenario, 100 more EDUs would reduce the rate by \$9/month
  - With the “40% Grants” scenario, the savings would also be \$9/month
  - With the “80% Grants” scenario, the savings would be \$8/month
  - With the “100% Grants” scenario, the savings would be \$6/month
- Summary of Sensitivity Analysis for Phase 1
  - \$2.4 million of up-front cost is equivalent to about \$100,000 ongoing
  - \$100,000 of ongoing cost is equivalent to about \$8/month in rates
  - 100 more EDUs would save \$6-9 dollars/month on the Phase 1 rate
  - A one-point increase in interest rates would cost anywhere from \$8/month to zero, depending on the size of the borrowing

# Next Steps for FCS GROUP



- Prepare a financial plan that includes assumptions about:
  - Timing of connections
  - Growth resulting from new development
- That will require discussion with the three cities where properties are now on septic, about what steps they are able and willing to take to ensure connection to public sewer after a sewer line is available
  - Require connection only when septic fails?
  - Set a fixed deadline based on age of septic system?
  - Require connection if a property changes hands?
  - Require connection of all properties at the time of sewer availability?
- These are legal and policy choices for the NSSA partners

# Next Steps - Governance Decision



- For the NSSA partners, next steps include making key governance decisions for the short-term and the long-term
  - What is the entity that will own the system assets, issue the debt, and set the rates?
  - The short-term answer may be the City of Mill City, for practical reasons
  - However, is that the long-term goal for NSSA? If not, how does NSSA organize itself and take actions to pursue the long-term goal?
  - If the goal is to “keep the team together,” how can the upper canyon cities stay involved while there is uncertainty about funding for Phase 2?
    - Would it be worth setting up a septic management utility, to provide inspections, contract for regular pumping, perhaps even assume responsibility for repairs as long as sewer service is not available? Are there other ideas?
  - What if Phase 2 never is funded? Is there a future point where it might make sense to end the current partnership? How will we know when that point arrives?

# Summary Observations



- As a result of updated O&M cost estimates, there is now an even narrower balance between the State's willingness to provide "launch aid" and the community's willingness to connect properties as soon as a sewer line is available
- Phase 1 is within range
  - The State may yet have more federal dollars to help close the funding gap, though that won't be known until next year
  - 839 EDUs (over 80% of the potential Phase 1 EDUs) are in Mill City, where customers do not have septic drain fields
- However, Phase 2 prospects seem more remote, for both the State and the local communities
  - The amount of continued State investment would need to be very high
  - Property owners may be hard to persuade, especially if their septic system is relatively new (since the Beachie Creek fire)

# Summary Observations



- Uncertainty about whether Phase 2 could ever be funded raises the question about the long-term expectation for the NSSA partnership
- The governance decision is made more complicated by the funding prospects, and at the same time, the funding prospects are crucial to the rate forecast

# Summary Observations



- What variables are *not* under your control?
  - Outside funding
  - Loan terms
  - Cost inflation
  - Future development of properties after sewer system is built
    - These are variables that most directly drive the rate forecast
- Variables you *can* control or influence
  - The long-term vision, with implications for governance structure
  - Actions to ensure connection of existing structures now on septic after sewer service is available
  - Actions to generate community support and seek State funding
    - These actions can *put you in position* to influence the uncontrollable variables when opportunities arise





100 HIGH STREET S.E., Suite 200 | SALEM, OREGON 97301 | [www.mwvcog.org](http://www.mwvcog.org)  
T: 503.588.6177 | F: 503-588-6094 | E: [mwvcog@mwvcog.org](mailto:mwvcog@mwvcog.org)  
*An equal opportunity lender, provider, and employer*

Date: August 30, 2023

To: Jan Fritz, Chief Administrative Officer, Marion County

From: Scott Dadson, Executive Director of MWVCOG  
Laura Conroy, JD, Project Manager

Re: Update - Development of Operations Plan and Administrative Support to NSSA Board

---

This memo outlines a timeline and strategy for the successful execution of a formal agreement between Marion County and NSSA member agencies for the successful delivery of the North Santiam Canyon Sewer Project

### Key Dates and Partner Updates

- Marion County Construction Manager General Contractor (CMGC) Guaranteed Maximum Price (GMP) agreement executed – December 2024
- Marion County construction Phase I completed – December 2026<sup>[1]</sup>

### Marion County's Critical Objectives as the Project Delivery Partner

- The establishment or designation by NSSA and NSSA member cities of an operational entity capable of successfully accepting and operating the wastewater infrastructure constructed by Marion County with no future financial obligations on Marion County following project completion.
- Successful execution of a project delivery agreement between Marion County and NSSA member cities establishing all terms, conditions and obligations under which the project will be delivered to NSSA and NSSA member cities – **Deadline JUNE 30, 2024.**
- Marion County construction Phase I completed – December 2026<sup>[1]</sup><sup>2</sup>

---

<sup>1</sup> [1] In September of 2021, a Final Feasibility and Master Plan was completed and submitted to the NSSA Board and Marion County. Currently, Marion County, through ARPA Funding, is funding the Planning and Design portion of the Sewer System for the City of Mill City/City of Gates Project which is being led by Keller and Associates.

<sup>2</sup> [1] In September of 2021, a Final Feasibility and Master Plan was completed and submitted to the NSSA Board and Marion County. Currently, Marion County, through ARPA Funding, is

## Updates to NSSA Action Plan and Scope of Work

### Staffing and Administrative Support

The COG has three staff assigned to this project; Executive Director Scott Dadson, Project Manager Laura Conroy and administrative assistant Teresa Davis. Staff assist the Board with visioning and goal setting, public body support to include meeting announcements, website, agenda preparation and monitoring tasks and timelines to ensure the deliverables within the COG Scope of work are delivered promptly.

### Operational Plan

The Operational Plan will describe NSSA's role and responsibilities with regard to sewer systems in the canyon including mechanical plants, trunk lines, pressure mains, intercept systems, collection systems, lift stations etc. The operation plan will include; description of the sewer system, participants to the system including local jurisdictions, users, and regulatory bodies, the division of responsibilities for design, construction, operation and maintenance of the system and the financing thereof, governance of rate setting and collection, employment structure, and financial plans.

COG staff have been working diligently over the past four months to research and prepare information that will inform the board's discussions and decisions regarding elements of the operational plan. The Board started its review of COG staff's information contained in the August 23<sup>rd</sup> memo and began a discussion of options at its August 24<sup>th</sup> work session. It provided direction to staff to work with legal counsel to develop a series of draft agreements that would guide how the systems the County is designing, planning and constructing in both the lower and upper basin will be owned, operated, and maintained in service to the canyon communities. The board will continue to discuss these matters through a series of meetings scheduled for September, October and November.

### Financial Policies and Procedures

In response to NSSA board request for financial services support, COG increased our financial services capacity. COG assisted the Board in the development of its first budget and budget process and ensured all regulatory requirements were satisfied. The board adopted its first budget in June 2023.

### Funding Research

COG staff have engaged in research and conversation with officials regarding funding for operation and maintenance, improvement and capital project planning for the system once delivered. COG has engaged in conversation with Biz Oregon, USDA, DEQ, Oregon Special Districts Association regarding grant and loan possibilities.

COG has also engaged in conversation with and review of relevant documents from like-system organizations including Joint Water Commission and Rogue Valley Sewer System to better

---

funding the Planning and Design portion of the Sewer System for the City of Mill City/City of Gates Project which is being led by Keller and Associates.

understand their governance structures and funding sources for operation, maintenance, improvements and expansion.

COG is continuing to explore private lending, grant, and community support for O & M costs once the lower system is delivered and for support for the construction of the upper basin.

COG has also explored options for local jurisdiction participants to establish reserve funds now with the intent to convert those funds to enterprise funds once the system is delivered as a way to address initial operation costs and build working net capital for use in financing the construction of the future Detroit/Idanha wastewater treatment plant and collection systems.

COG staff has engaged with participant jurisdictions to better understand costs users currently experience including debt service and capital improvements to current sewer systems and utilities.

COG has also initiated talks with downstream users about collaborative ways to support development in the canyon while maintaining water quality.

## Communications

COG continues to implement the communication plan adopted by the Board. Additional work is anticipated as activities related to test sites become more visible and attracts community interest and participation.

## Situational Updates pertinent to NSSA Action Plan and Scope of Work

### Marion County Construction Projects

Mills City/Gates:

- Sewer System for Mill City/Gates Basin, est. cost at \$55 million.
- Money secured, \$40 million.
- Funding opportunities for the remaining \$15 million under active investigation by County.

Detroit/Idanha: Sewer System for Detroit/Idanha Basin.

- Est cost at \$65 million.
- \$5 million in planning and design secured.
- Construction costs will be updated as planning and design continue, and more detail is known about system.

### Septic Repair and Replacement Grant Program

Residential Program

Joint COG and Marion County Program for residential, wildfire affected, septic repair and replacement launched February 14<sup>th</sup>. Total grant funds available through COG is \$1.8 million. Additional grant funding available from Marion County grant program. Funds are available for wildfire affected properties in Detroit, Idanha, Lyons, Gates, Mill City and unincorporated Marion and Linn County.

## Commercial Program

Marion County has launched a commercial septic program for commercial property owners in Detroit. Engaged 66 property owners in conversation and next steps.

### Next Steps

As the construction projects managed by Marion County progress, the NSSA Board will discuss and decide key policies, roles, and responsibilities that will frame the direction of the operation and management of the sewer system.

Discussions will occur on topics and the timeline as follows:

- August 7, 2023.
  - NSSA Board Site Tour and Regular Meeting. NSSA board, staff, and partners will visit the City of Coburg and engage in discussion with the former Mayor and City Manager regarding the process to transition the community from septic to sewer system. Focus is on engagement of community in the transition process, pre-financing of operation and maintenance costs during the design and construction phase of the system, and ongoing financing and support for delivered system.
  - FCS Business Case update. It is anticipated that FCS, the business consultant contract by Kellar will have an update to the Business Case Analysis closely following the August 7<sup>th</sup> meeting.
- August 24.
  - COG staff presented governance and funding research to Board including county service district, sanitary authority and “joint ventures” formed via IGA. Examples included the Joint Water Commission in the Tualatin Valley a cooperation of cities and special district governed by an IGA and the Rogue Valley Sewer System a combination of city and special district collaboration governed by an IGA aka joint venture. Information was also presented on the eligibilities of these structures for loans and grants to fund construction, operation and maintenance and the ability to govern rates, compel connection, tax, levy and lien. This research informed board’s discussions. The board’s conclusion was to continue as a joint venture pursuant to ORS 190 and to seek legal guidance to assist in agreements that will allow them to effectively own, manage, maintain, construct, and operate the entire sewer system for the benefit of the canyon communities.
  - NSSA counsel and COG staff begin work on list of issues for board to address through discussion at September and October meetings that will frame draft agreements.
  - Opinions from USDA rural, Biz Oregon, Special Districts Association, SRLF, DEQ regarding grant and loan eligibility, shared.
- September/October 2023
  - Kellar will host community information sessions in Gates and Mill City regarding the planned system.

- NSSA regular meeting and work sessions. The Board will review and discuss interim operating agreements needed to manage the ownership, operation, and maintenance of the lower and upper basin systems. NSSA legal counsel will participate with Board and staff to support these discussions.
- Presentations will be provided to Mill City and Gates city councils as well.
- FCS updated business case analysis which includes structure recommendation and rates is published and a topic of discussion.
- October/November 2023. The board will continue to address issues presented for discussion and begin narrowing language of interim operating agreements.
- January/February 2024. COG staff to present proposals and process for implementation of models including public body action, agreements, community engagement, pro formas.
- July 2024. Project Delivery Contract with Marion County and participant jurisdictions.

While brief, this memo outlines our progress on the NSSA Action Plan. Staff is assigned to create a plan for coordinating the administrative duties outlined above and will maintain communication with board members consistent with the NSSA operational plan and the Scope of Work

North Santiam Sewer Authority: Action Plan		Month	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Key Priorities		Notes	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec'24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	June '25	July '25
<b>Operational plan</b>								DUE				DUE				DUE											
<input type="checkbox"/>	Board Discussion re Operational Model			Due	Due	Due	Due																				
<input type="checkbox"/>	Initial Proposals and Timeline for implementation							Due	Due																		
<input type="checkbox"/>	Draft operational plan	Set up the action steps and decisions the NSSA shall take to establish the active management, ownership, and operational structure of the NSSA projects (due 12/31/23)								Due																	
<input type="checkbox"/>	Concurrence Review with Marion County							DUE				DUE					DUE										
<input type="checkbox"/>	Project Delivery Contract between MC and NSSA																										
<b>Financial policies</b>																											
<input checked="" type="checkbox"/>	Create budget process, develop budget																										
<input checked="" type="checkbox"/>	Create IGA for cost sharing										DUE													Due	Due	Due	Due
<b>Funding</b>																											
<input type="checkbox"/>	Research loan and grant opportunities to fund O & M																										
<b>Communications</b>																											
<input type="checkbox"/>	Expand and finalize <a href="#">NSSA communications plan</a> , i.e., Public Outreach Strategy	Establish methods and timelines the NSSA will undertake to communicate with impacted City governments, citizens, and businesses (due 6/30/23)																									
<input type="checkbox"/>	Maintain public NSSA website with project updates and meeting announcements																										
<input type="checkbox"/>	Monthly verbal updates to Marion County	Shall include status of NSSA development and next steps																									
<input type="checkbox"/>	Quarterly written updates to the County	Shall include status of NSSA development and financial reporting of the use of funds from this agreement	DUE				DUE			DUE				DUE				DUE				DUE				DUE	



100 HIGH STREET S.E., Suite 200 | SALEM, OREGON 97301 | [www.mwvcog.org](http://www.mwvcog.org)  
T: 503.588.6177 | F: 503-588-6094 | E: [mwvcog@mwvcog.org](mailto:mwvcog@mwvcog.org)  
*An equal opportunity lender, provider, and employer*

---

**Date:** September 7, 2023

**To:** NSSA Board

**From:** Scott Dadson, Executive Director  
Laura Conroy, Project Manager

**Subject:** September Staff Report

---

## Introduction

This memo provides an overview of staff activities for August in support of the NSSA.

### August 7<sup>th</sup> Board education tour

NSSA board members, COG staff, and partners visited the City of Coburg and engaged in discussion with the former Mayor, former City Manager, current city manager and public works staff regarding the process to transition the community from septic to sewer system. The conversation focused on engagement of community in the transition process, pre-financing of operation and maintenance costs during the design and construction phase of the system, and ongoing financing and support for delivered system. The Board and staff also toured the City of Stayton treatment facility.

### August 24<sup>th</sup> Work Session

COG staff presented governance and funding research to Board including county service district, sanitary authority and “joint ventures” formed via IGA. Examples included the Joint Water Commission in the Tualatin Valley a cooperation of cities and special district governed by an IGA and the Rogue Valley Sewer System a combination of city and special district collaboration governed by an IGA aka joint venture. Information was also presented on the eligibilities of these structures for loans and grants to fund construction, operation and maintenance and the ability to govern rates, compel connection, tax, levy and lien. This research informed board’s discussions. The board’s conclusion was to continue as a joint venture pursuant to ORS 190 and to seek legal guidance to assist in agreements that will allow them to effectively own, manage, maintain, construct, and operate the entire sewer system for the benefit of the canyon communities.

## **Legal Services**

Following the August 24<sup>th</sup> work session COG staff reached out to Local Government Law Group and met with Lori Cooper to discuss NSSA's need for operational agreements. COG staff also confirmed with Marion County public works that the County budget was able to cover the costs for legal services for NSSA. The attorney is working on a scope of services and estimate to help the county budget and plans to attend the September 11<sup>th</sup> meeting virtually to hear the FCS report and the board's discussion. The attorney plans to attend the September 18<sup>th</sup> meeting in-person to begin refining the intents of the parties to inform the drafting of operating agreements.

## **County coordination meetings**

County Administrative Officer Jan Fritz requested a meeting with COG staff to discuss progress on the project and operational plan. COG staff met with Fritz, Director Nicholas, Director Eppley and project manager Einmo. The memo prepared and presented to Fritz is attached and summarizes NSSA's efforts towards an operational plan and to being able to enter into a receiving agreement with the county in June 2024.

COG staff met with County public works staff, FCS and Kellar Engineering to discuss updates to the FCS rate study. COG staff coordinated for the FCS consultant to obtain updated data from the NSSA cities. FCS is prepared to present a revised update to the board at the September 11<sup>th</sup> regular meeting. Materials prepared by FCS were sent out in advance of the meeting and posted to the NSSA website.

COG staff met with County public works staff and Kellar engineering to discuss outreach events to provide updates about construction project activity at city council meetings and town hall meetings. Dates for council presentations and open houses are anticipated to be set for mid and late October.