

**GLADSTONE CITY COUNCIL
SPECIAL MEETING/WORK SESSION
CITY HALL COUNCIL CHAMBERS
April 28, 2015**

SPECIAL MEETING

**6:30 p.m. CALL TO ORDER
ROLL CALL
FLAG SALUTE**

BUSINESS FROM THE AUDIENCE

Visitors: Presentations not scheduled on the Agenda are limited to five (3) minutes. Longer presentations should be submitted to the Assistant City Administrator two weeks prior to the Tuesday City Council meeting.

CONSENT AGENDA

1. Approval of March 10, 2015 Minutes

CORRESPONDENCE

2. Letter From Rusty Kunz Regarding Business License Fees

REGULAR AGENDA

3. **Gladstone Community Festival Agreement** Citizens may address City Council for up to 3 minutes at Mayor's discretion.

ADJOURN SPECIAL MEETING

WORK SESSION

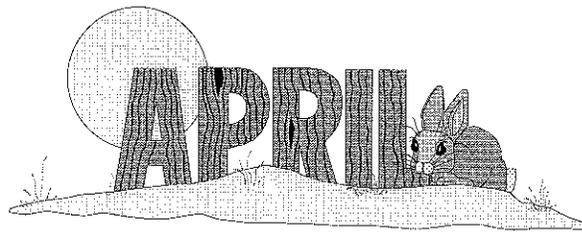
City Council does not take action on Work Session agenda items. Any action required will take place at a subsequent meeting.

REGULAR AGENDA

4. **Discussion Business License and Rental Fee** Citizens may address City Council for up to 3 minutes at Mayor's discretion.
5. **Discussion Tri-City Service District** No public testimony
6. **Discussion Production of Minutes** No public testimony

BUSINESS FROM THE COUNCIL

ADJOURN



CONSENT AGENDA



GLADSTONE REGULAR CITY COUNCIL MEETING MINUTES of March 10, 2015

Meeting was called to order at 7:40 pm.

ROLL CALL:

The following city officials answered roll call: Councilor Nelson; Councilor Mersereau; Councilor Johnson; Councilor Sieckmann; Councilor McMahon; Councilor Reisner; and Mayor Jacobellis

ABSENT:

None

STAFF:

Shane Abma, City Attorney; Pete Boyce, City Administrator; Stan Monte, Fire Chief; Scott Tabor, Public Works Supervisor; Jeff Jolley, Police Lieutenant; and Irene Green, Library Director

PLEDGE OF ALLEGIANCE:

Led by Mayor Jacobellis

BUSINESS FROM THE AUDIENCE:

Jerry Herrmann, River Resource Museum. Jerry introduced Former Senator Vern Duncan, was asked by the current legislature to speak on their behalf. Senator Duncan stated he was a part of this project from the very beginning and has been watching it for many years. He gave some background and highlights of the program saying there have been 1,000 young people have been involved with the program, there have been many learning activities, and volunteer opportunities, and he feels it has helped them become good citizens.

Former Senator Vern Duncan read a letter from former Senator and current Representative Bill Kennemer regarding the possible lease termination with the Earth Crusaders on the "water intake site" on the Oregon City site of the Clackamas River. He wants council to consider the many positive effects this program has had on hundreds if not thousands of lives in Gladstone, surrounding areas and indeed Clackamas County. He understands Mr. Herrmann has provided liability insurance and carried stewardship of the area. The program has provided 40 grants for youth and community beautification. They created the first youth and tourism corps, created numerous tourism and history programs, enhanced natural wildlife habitat and protected our natural resources.

Former Senator Vern Duncan Read a letter from State Representative Brent Barton, District 40. He highlighted the positive impacts of the Earth Crusaders program. Over the last 20 years it has connected 100's of area youth with civic improvement projects throughout Gladstone, West Linn, Oregon City and Milwaukie. Thousands of youth and community volunteers have worked out of the municipal pump station. They have done debris and litter removal from the rivers and educational tours for the general public.

Jerry Herrmann introduced Dan, Jacob, Cody, Juan and Jerry Miller who are the first youth and tourism corps in Oregon. There are 10 of them who have been trained to be tour guides. They are training the young people in the program to be tour guides, in hospitality and to be interpreters on tour busses and cruise vessels. They also work out at the River Resource Museum doing landscaping and did work in your city this weekend.

Jerry Herrmann introduced Kent Ziegler, a developer who wanted to speak. Kent Ziegler lives in Clackamas County and is the President of the Oregon City Business Alliance. He is here on his own behalf and says he met Jerry Herrmann in the mid 1980's when he was doing projects in Lake Oswego and he was so impressed with Jerry's ability to connect, not only with the community but with people who had issues and how they were able to resolve those issues. He feels Jerry has a unique ability to build bridges, to be able to look at an opportunity and fully capitalize it by engaging people. He states it's rare to find an individual who is so willing to give so much of himself, his time and his talents, to not only engage the youth but also the many citizens, organizing Earth Day for 15 years, and so much more. Kent asked the council to ask themselves how they could replace such a valuable resource not just for Gladstone but for the whole region. Jerry has not only been an amazing steward of the land he has to work with but he has been an example to these youth on how to have respect, learn how to work with others in a positive environment and feels those aren't the people you run across every day. Kent said he was putting his hat back on as the President of the Oregon City Business Alliance and asked that if they chose to terminate the lease, to please contact him prior to its termination so that Kent can engage the City Council and the Mayor Oregon City, since this property is in Oregon City on the Clackamas River, to have Oregon City annex the site to continue all of Jerry's amazing endeavors and efforts to engage the community then it would no longer be an issue the Gladstone City Council would have to deal with as Oregon City assumes that control.

Jerry Herrmann wanted the council to meet the people involved who provide future employment opportunities for the youth that are in the program. He introduced Dennis Corwin, General Manager of the Portland Spirit and said he is a resident of Gladstone. Jerry also told the council that Dennis Corwin's company hires approximately 90 of the youth from Jerry's program a year just to keep the program moving. Dennis Corwin stated that he and Jerry have worked together for years. They have done ecotourism out of his location with passengers and had a combined tour with one of their larger vessels coming out to the Oregon City area for the first time and they took the passengers off the boat onto motor coaches to really tour of the surrounding area. Dennis stated that Jerry's youth program has been instrumental in making this work. They are mentoring and training them to be tour guides and work in the tour and hospitality industry. Dennis said that if he can't employ them, which is his intention, they will get them out there to be employable by many others.

Jerry Herrmann, River Resource Museum said that the cities facility has a problem and needs to be closed, he knows that. Jerry said he has known about it for a year when he and City Administrator Boyce started talking about the issue. John Borden who is a civil engineer out of Oregon Department of Environmental Quality (DEQ) and also the water resource division. His division is actually looking at the permit that actually established that facility. Jerry said that John has a willingness to help the council solve a closure issue and asked him to come forward.

1-2

John Borden said he is a private consulting engineer and he lives in West Linn. He stated that he and Jerry go back a long time and Jerry was born one year before he was and that they grew up together on the same street for 69 years. John stated that Jerry had asked him to look at the Ranney collector and he hasn't looked at this in depth, but he was around when it was built, he was around when it became contaminated from the landfill, he was around when the water rights were transferred upstream and Gladstone now gets its water from quasi municipal entity. He said that now the question has become does something need to be done or is there a liability that may prompt the necessity to close that facility. He doesn't know the answers to all of the questions but does know some of them and can comment on them. He is not going to comment on them now but says he will be helping and working with Jerry on this and that as complex as the issue seems, it may be quite simple. He said it could be as simple as taking the pumps out, filling the lateral lines that go out to the underground area with concrete, capping them off, and maybe as a last resort filling the column with concrete. He also said "I suspect that that action, not very costly, could possibly terminate your liability in these areas". He said he's not willing to stake his reputation on it but his guess is that it's probably that simple. He said if he could be of any help in that regard he would do it.

Jerry Herrmann, River Resource Museum introduced Jerry Schmidt, Lead Administrative Pastor at New Hope Community Church which is a large church in the area. Youth and others you have seen participate in work at New Hope. They also participated in the river tours in the past and some of the bus tours that these folks are trained to participate in. Jerry Herrmann requested that Jerry Schmidt to come forward. Jerry Schmidt said he has known Jerry Herrmann for 20 years or so and he has also been a resident of Gladstone for 42 years. Jerry states that Jerry Herrmann has engaged some of the youth in his program to do some of the tours for them as a church. New Hope has had wonderful bus and river tours using the Portland spirit company as well. He said it has been delightful to see the passion Jerry Herrmann has for these young people and see them become all that they can be as he pours his life into them. The youth programs all signify the value he places on young people today and as a part of the property he does that on and apart from that he feels is certainly worth giving it every consideration that the council can in terms of the issue that is at hand.

Jerry Herrmann, River Resource Museum introduced his insurance agent Rod Willett who is a commercial insurance agent for Farmers Insurance. Rod has been involved with all of the projects Jerry has been involved in over the years. Rod Willett said he has been a resident in Gladstone for 25 years. Rod stated that he is there to assure the council that there have been no liability claims with Earth Crusaders and said that if the council has any concerns they are welcome to contact him and he can address those concerns and raise the limits to make sure the Earth Crusaders are covered for whatever the council feels they may be liable for. He also said he had sent a letter last week stating there had been no claims, except for the tree that fell on Jerry's car.

Jerry Herrmann, River Resource Museum said they had no more people there to speak and they didn't want to take up any more of the council's time unless they had questions for him. There were no questions.

CONSENT AGENDA:

Consent Agenda items:

1. Approval of January 27, 2015 Adjourned Meeting, January 30 & 31, 2015 Council Retreat, and February 10, 2015 Minutes
2. Approval of Project List
3. Approval for a Full On-Premises Liquor License – High Rocks Restaurant and Lounge
4. Approval of National Campaign of Senior Center Meals on Wheels Program
5. Payment of February Claims

Councilor McMahon requested Item 4 be removed from the Consent Agenda. Councilor Sieckmann made a motion that they approve items 1, 2, 3 & 5. Councilor Nelson seconded. Motion passed unanimously.

Mayor Jacobellis asked about item 4. Councilor McMahon said that he had spoken to Rhonda Bremmeyer, Senior Center Director earlier and wanted it pulled so it would give Rhonda and some of her coworkers had the opportunity to speak to the council.

4. Approval of National Campaign of Senior Center Meals on Wheels Program:

Rhonda Bremmeyer, Senior Center Director introduced their transportation coordinator Shirley Scrivner and her center assistant Jamie Southworth. Rhonda Bremmeyer said she would be speaking on behalf of Debbie Ferren the nutrition coordinator who caught whatever is taking Mayor Jacobellis' voice away and was unable to be there to speak to the council.

Debbie Ferren has been in charge of the nutrition program for over 20 years. Some of you are aware that we have two different meal programs at the center, we have a congregate lunch that serves three days a week and meals on wheels that is a five day a week program with frozen meals on the weekend that use our services. Debbie wanted to share how our nutrition program has helped develop socialization skills for some seniors who live in their own homes and are unable to get out, and how it benefits them to eat a nutritious meal with us, and how important it is to their mental stability to get out of the house and not be isolated. Some of the seniors say that the senior center is a second home for them. Debbie also says that for their meals on wheels seniors, the person who delivers the meals may be the only person the senior sees all day long. The center has some wonderful drivers and one who has been delivering meals for over 20 years. In fact that driver used to deliver when the programs was delivered out of Oregon City years ago and when the program moved to Gladstone, the driver moved with the program. When Rhonda Bremmeyer goes and does home visits she regularly gets high praise from the seniors for the drivers who deliver the food and they really enjoy their visits. The nutrition program allows many seniors to remain in their homes and it saves the government a lot of money by not having to pay for care facilities.

Shirley Scrivner is the transportation coordinator for the center. She shared how she drives the "TRAM" to go and pick up senior on the days they have the congregate program and how important those programs are. Many of the seniors don't cook and the

one meal they get at or from the center the only hot and nutritious meal they get every day.

Jamie Southworth is the center's office assistant and educated the council on the March for Meals event. It is a national campaign by the Meals on Wheels Association and it is an awareness campaign to promote and educate the community about the program as well as recruit volunteers. It also gives them an opportunity to raise funds to run the program. They have donation jars in several restaurants and stores in the area. Donations can also be made at the US Bank on a debit or credit card. They also do a Burgerville benefit night and that will be Thursday, March 19th from 5 pm to 8 pm, and Burgerville will give the program a percentage of their sales during that time. Jamie has also given the council an invitation to drive a route delivering the meals, as well as to at least to eat at Burgerville and if they have an hour to come down and volunteer to hold a sign, a donation bucket or help promote the program.

Rhonda Bremmeyer, Senior Center Director read a little history on the program because it was sent by the Meals on Wheels headquarters. On March 22, 1972 President Richard Nixon signed into law a measure that amended the Older Americans Act of 1965 and established the national nutrition program for seniors 60 years or older. Meals on Wheels established the national March for Meals campaign in 2002 to recognize the historic month the importance of older American's act the nutrition program, both congregate and home delivered and raise awareness and escalating problem of senior hunger in America. The 2015 observance of March for Meals campaign provides an opportunity to support the Meals on Wheels program country through donations, volunteering and raising awareness about senior hunger and isolation. Our nutrition program in Gladstone has served our community for over 30 years.

Councilor Reisner made a motion to approve Item 4 of the Consent Agenda. Councilor Nelson seconded. The motion passed unanimously.

Correspondence:

6. Letter from Clackamas River Water Providers
7. Letter from Ildiko Nelson – Business License
8. Letter from Chris Binder – Seventh Day Adventists (SDA):
Councilor Johnson stated he had sent City Administrator Boyce an email asking if the city had sent a donation to the Seventh Day Adventist church but he hadn't received an answer. City Administrator Boyce said that the city did not but that the Fire Department Association, which they may have associated with the city, did. Councilor Johnson asked where those funds originated. City Administrator Boyce said the Fire Department does the collection and the toy drive, the Fire Department Association, which is separate from the city fire department, made the donation from that. Councilor Johnson stated that the city made a donation in there somewhere. City Administrator Boyce said the city made a \$500 donation to the toy drive. Councilor McMahon said they could easily say that went

to the over 100 families that they donated toys and food baskets to in the city. He said that they also get a lot of their toy and cash donations at Kmart last year and Target this year so some of the funds are comingled but would say the \$500 that the city donated definitely stayed in the city and the money that the fire department received for the food bank went up to the food bank at the SDA camp. Councilor Johnson said he feels the council needs to be very careful with separation of church and state and would like to discuss it at a later date.

REGULAR AGENDA:

8.1 Update – Rinearson Pond Project – John Runyon:

Was not discussed

9. Ordinance 1455 - An Ordinance Amending Chapter 2.04 of the Gladstone Municipal Code To Change The Meeting Time For City Council Meetings:

City Administrator Boyce explained that the resident expert is not in attendance so he will read it by title. He said that the first step is to read it by title and then he would request a motion for approval of the first reading.

Councilor Reisner asked if it was necessary to have an ordinance saying when they meet. City Attorney Abma the charter mandates that you meet once a month doesn't say when or where. The city code apparently says that that it shall be on the second Tuesday, at 7:30 pm at City Hall. So in some fashion it has to be changed, so either you remove that completely and not have it in the code, which I wouldn't recommend, most cities have it in their code somewhere, so what we are doing here is amending the code. His recommended language is "council finds an emergency exists and therefore this ordinance takes effect immediately" and that is required by charter if that is going to take effect immediately.

Councilor Nelson made a motion to approve the first reading of Chapter 2.04. Councilor McMahan seconded the motion. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahan- yes, Councilor Reisner- no, Mayor Jacobellis - yes.

City Attorney Abma told Mayor Jacobellis that someone needs to make a motion to change section 3 if the intent is to have it take effect immediately which he believed was the intent. Currently section is not listed as an emergency ordinance which means it would take effect in 30 days so a motion needs to be made to remove that sentence so it would take effect for the next meeting in two weeks.

Councilor Reisner made a motion to change section 3 to council finds an emergency exists and therefore this ordinance takes effect immediately. Councilor Nelson seconded the motion.

Councilor Sieckmann requested they discuss it before taking a vote. He asked about the title of "adjourn meeting" and asked if that was in their code. City Attorney Abma said that it is not in the charter or cities code. The word adjourn is used in state statute for corporations who are required to have an annual meeting so if they are not able to complete their business in one meeting because it is too long so they have an adjourn meeting to finish the rest of the business which is different than a separate meeting. Council has been moving towards that having two distinct meetings with separate agenda items. Gladstone has used that term for many years and it's not a proper term, it's just what they have used.

Councilor Sieckmann doesn't feel that making the amendment to call the time change an "emergency" isn't appropriate, it doesn't rise to that level and would rather just wait it out and start the change next month.

Mayor Jacobellis said that was ok and they would move on. City Attorney Abma said that a motion had been made and seconded to change section 3 so to continue they need to take the vote and vote no to remove it if that is what the council wants.

Councilor Reisner asked about paragraph one where City Attorney Abma struck out the city "should" and added "will". City Attorney Abma said that was just extra verbiage and it was just a grammatical change. Councilor Reisner feels it should remain "should" in case of an earthquake or emergency and the building was damages, etc.

Councilor Mersereau said he disagreed with "emergency" comment. He asked if people came tonight because they thought it started at 6:30. Councilor Reisner answered yes. Councilor Mersereau asked why that was. Councilor Reisner said they had advertised it for that time. Councilor Mersereau feels that based on that it could be considered an emergency and they should make it happen.

Mayor Jacobellis requested they take the vote and if it passes it starts right away and if not they wait till next month.

City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - no, Councilor McMahon- no, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed, it will take effect immediately.

City Attorney Abma stated that someone needs to make a motion for the second reading by title before they can move on.

City Administrator Boyce read the ordinance by title. Ordinance 1455 - An Ordinance Amending Chapter 2.04 of the Gladstone Municipal Code To Change The Meeting Time For City Council Meetings.

Councilor Nelson made a motion to approve the second reading of Chapter 2.04. Councilor McMahon seconded the motion. City Administrator Boyce poled the council

and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed unanimously.

10. Transportation System Plan/Street Master Plan – Sewer Master Plan:

City Administrator Boyce stated that the council had asked for additional research to be done and that the city attorney has that for them.

City Attorney Abma stated that City Attorney Doughman, the public contracting expert had provided a memo for the council with those answers. City Attorney Abma the law changed in 2011 and for certain professional services of certain professions such as architects, engineers, the legislature requires cities to go through a qualification based selection, which means you have to first see who is qualified to provide the service and only then can you discuss pricing and that's if it's more than \$100,000. That is why it is a two-step process. He asked for questions.

Councilor Mersereau said he looked up the house bill 3316 and read the entire thing and didn't see anything where it said \$100,000 to \$250,000. City Attorney Abma said it is possible that it had already become a statute but he would have to look at it to tell.

Councilor McMahon asked if, as a capital project, it would be the same process for the Library or if it would be different since the library will be actually building something. City Attorney Abma said it wouldn't apply to the library, it only applies to very specific professional services. But he also said that it would depend on who they were hiring and specifically for what. Councilor McMahon asked even if the project amount was over the \$100,000 amount. City Attorney Abma said that even if you were hiring an architect to do the plans for the project it wouldn't apply because that would still be a contractor as opposed to personal services.

Councilor Johnson asked if the city had previously hired somebody through that process, they used them and negotiated with them, would they still have to go through that process again or can they use the professional services provider directly. It is the consultant who recently did the water and storm water master plans. City Attorney Abma stated that if the work they did for the city was the same type of work they may not have to, but just because the city has used a contractor or consultant in the past doesn't automatically qualify them so they don't have to go through the two-step process. He said it really depends on the work request, if the work request was the same they wouldn't have to. Councilor Johnson said it seems like water and storm water is similar to sewer. City Attorney Abma said it does seem similar and he would look into that for them if they would like to use them again.

Councilor Reisner for confirmation on page 10-7, paragraph 3, if they were asking for four or seven paper originals. City Administrator Boyce answered seven paper originals and four CD/DVD copies. Councilor Reisner said that it states "four (7) paper originals". City Administrator Boyce thanked him for catching that.

Councilor Reisner said that in the sewer master plan request for proposals, it talks about progress reports and billings being paid for the previous months work and he asked if when they receive those reports and bills if someone on staff could actually look at those and tell if in fact the work billed had actually been completed. City Administrator Boyce stated that in the past the progress report have been given to the public works director and from time to time he had been included on that, and the city doesn't have an engineer on staff. He said that to the extent that they are processing the master plans and the development of those, they do have some knowledge of what's going on and what's happening, however if he is asking if someone with engineering knowledge is reviewing those the answer is they have not, but it could be contracted out if council wishes.

Councilor Reisner asked if council would be seeing the contract once they had selected the consultant. City Administrator Boyce said yes, once they went through the scoring process and selected the consultant, then a contract would be negotiated and brought back to council to either approve or reject that contract or modify it.

Councilor Mersereau asked about project schedule on page 10-10 and the dates are already in the past. City Administrator Boyce stated that the schedule needed to be modified for the new solicitation, but this proposal had already been advertised with no success so this still has the original dates on it.

City Administrator Boyce stated that what he needs from the council tonight is approval to re-advertise it and he will modify those dates for the new timeline.

Councilor Sieckmann stated that he believed, from previous conversations with the city attorney, that one of those doesn't qualify as a qualified base selection. City Attorney Abma said that City Attorney Doughman said that for the transportation one, they would not have to go through the qualified base selection if they don't want to because it does not involve the national environment act.

City Administrator Boyce stated that he is working on alternate language to add to that solicitation so they will accept and take into account bids for the project. Councilor Nelson asked if wants them to approve the solicitation even with the dates not being correct. City Administrator Boyce said he would like some latitude with the dates but would really like to get it going as soon as possible. He believes that with the change of the dates he can see it going out no later than Monday. Councilor Sieckmann said that the dates or the same on the second one and asked if City Administrator Boyce would like to approve them both with said changes. City Administrator Boyce answered yes.

Councilor Reisner asked if the completion dates on those would remain the same. City Administrator Boyce said he would still like to shoot for the same dates but will have to discuss it with the consultant selected to see if they are able to meet those dates. He also reminded the council that they had asked for future contracts to have liquidated damages included in those contracts so they will be sensitive to those dates.

Councilor Nelson made a motion to re-advertise. Councilor Sieckmann seconded. The motion passed unanimously.

11. Police Station Seismic Upgrade Grant:

City Administrator Boyce reminded the council that they had been awarded a \$316,000 grant to seismically upgrade the police department but the grant can only be used on the current building, not on new construction. The current plan for the city is to prepare a ballot measure to be voted on in November of 2015, with council approval. Those in charge of giving the grants have said that if the city has not used any of the grant funds by the election date the city can opt out of the grant without a penalty. If in fact the city goes ahead with the grant at that time, the granting agency requires that the police continue using that structure for 10 years following completion. City Administrator Boyce is recommending the city accepts the grant, signs the contract with the granting agency and to have the council revisit this after the November elections, or if the council decides not to go forward with the ballot measure they can revisit it at that time.

City Administrator Boyce said there is preliminary work that will need to be completed prior to the November date to make sure they can complete the work within the time period required. The work must be completed within 24 months of signing the agreement. He stated that they will need to advertise for some professional services and go through the bidding process, as previously discussed, prior to the November date. The cost to the city is pretty limited, its staff time, some advertising and some legal review. He suggests that they proceed with that and they can actually decide after the elections whether or not to go ahead and contract the services to proceed or not to accept the proposals at that time.

Councilor Mersereau asked what the cost would be to the city by the November date. City Administrator Boyce said it would be a several hours of staff time, one to two hours of legal time, and advertisements and what media is chosen. Councilor Mersereau asked if it would be less than \$1,000. The answer was yes.

Mayor Jacobellis asked if those costs would be incurred around September as opposed to the near future. City Administrator Boyce said they would start advertising in September. Mayor Jacobellis clarified that no money would need to be spend until September. The answer was correct.

Councilor Reisner asked the value of the police station. City Administrator Boyce said they did an appraisal on the two buildings combined, technically it is one building, city hall and the police station, and it was approximately \$350,000 as is. Councilor Reisner states that he doesn't feel that putting that money into the building, whether it's taxpayers money, government money or otherwise. The building needs to be replaced even if the ballot measure is voted down. He said he can't support it.

Councilor Sieckmann said that it at least gives them a second option if it's voted down. He said he feels they should go ahead with the ground work and they don't have to make any decisions until November.

Councilor Mersereau said he supports what Councilor Sieckmann said. He said that they had looked at buying other buildings and they may be able to use the grant money on those buildings. He also agrees with Councilor Reisner whole heartedly, the building needs to be replaced. He feels that spending \$1,000 instead of losing \$350,000 is a good investment.

Councilor Nelson made a motion to accept the grant. Councilor McMahon seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- no, Mayor Jacobellis - yes. The motion passed.

12. Approval of the Gladstone Public Library's Policy Manual:

Irene Green, Library Director stated that she had Katie Lewis with her who will address one of the changes the council wanted to be made in the manual. The director stated the biggest change is in the behavior policy. She said that City Attorney Abma suggested the change be made in the policy manual as opposed to an ordinance because it is much easier to change.

Irene Green said that Councilor Sieckmann, Councilor Johnson and Councilor Reisner had all given input on this. This is also why Katie Lewis is here, the first change is on page 12-2, 3.2.3 Powers and Duties. Some of the council members wanted the fifth paragraph, "Recommend to the City Council prospective board members based upon review of a standard application form and possible personal interview as Board vacancies occur", removed to keep it consistent with other committees in the city. However we have some concerns with the library board so that is why Katie is here to voice her concerns.

Katie Lewis, Library Board member and Treasurer. She stated that they are concerned with that and that they have been in a state of flux and they act as a screener for applicants because, some applicants haven't shown up for their interview so their application has been removed from consideration. They want someone who has the best interests of our city and the patrons of the library in mind and without a personal agenda. They feel they should have that oversight and if an applicant doesn't show up for their interview then how are they to know if they will show up and participate in the board meetings. If you miss three board meetings you are off the board. So that is why they feel it is important for them to interview or screen them first and be able to recommend their choice to the council. She felt like it was a fair process for the board to be able to pre-interview the applicants, the council gets all of the applications for their review and selection, but they feel they should have the opportunity to prescreen the applicants.

Councilor McMahon asked what the difference was between the library board and the public library foundation. City Administrator Boyce answered stating that they are two separate entities and while the library foundation helps to support the Gladstone library they are not part of the city and are a standalone entity.

Councilor Sieckmann stated he was one of the ones who brought that up and one of his reasons was consistency throughout the city. He believes the library board does a very good job and he can see merit in it. He continued with, one of the other board and commissions they have is the planning commission and they actually have quasi-judicial authority, which means they are the judge and jury over law. They don't even do formal interviews or recommendations for those people and they are the second highest commission in the city. He has no problem with getting recommendations and feels it is wonderful for them to make recommendations but as far as policy, he feels they need to be consistent. He said that if the council decided that all boards and commissions interview all of the applicants and made recommendations he wouldn't be opposed to it. However he feels that if any board or commission did it, it would be more important for the planning commission to do that. He feels they really need to be consistent or there needs to be a really good reason for them to be inconsistent.

Katie Lewis, Library Board said that perhaps it might be in the best interest of the other boards to take into consideration that they should be screening their applicants as well. She also said that when you start removing and changing bylaws, and these are their bylaws, they were voted on by the council. She feels that if council starts removing bylaws to suit their needs, there may be no end and everything could go out the window. She feels they need to stand their ground and asks the council to look at the other committees and boards and suggests they prescreen their applicants too. It's a way for them to have a voice as well.

Councilor McMahon asked what other bylaws they are talking about. Katie Lewis stated it's in the bylaws of the City of Gladstone and asked if they had a copy of the bylaws. They didn't so she gave her copy to Councilor McMahon and Councilor Sieckmann.

Councilor Johnson said that their goal was to pass that tonight, it has been going on for some time and said that if there is a need for more discussion maybe they should get the library advisory board together with the council to discuss it in more detail.

Rhonda Bremmeyer, Senior Center Director stated that when they have an opening for a board member the applications go straight to the city, she never even sees the applications. When a board member is selected and added to her board, she is surprised and has no idea who they are because they have never been involved with the senior center. She feels that would be great for her and her board to be able to get the applications and be able to screen them as well.

City Attorney Abma wanted to make it clear that council has final authority on selecting board members.

Mayor Jacobellis said they really do need to talk about this because when you prescreen you find those of like mind. We have heard comments that we keep packing the boards with the same people because those are the people who get recommended.

Irene Green, Library Director said that they give recommendations but the council has the ultimate authority to choose and the council gets all of the applications. Councilor Sieckmann asked for clarification on "all of the applications", he thought they had said there were some they don't get. Katie Lewis stated that the only ones they don't get are those that don't show up for their interviews.

City Administrator Boyce said he believes that the last few times the council was provided with all of the applications. He feels that council should have all of them regardless of whether or not they showed up because they are the ones who make the decision. An application may be noted saying they didn't show up for the interview but council should still get all of them.

Mayor Jacobellis asked what the other changes are.

Irene Green, Library Director said the next changes are on 12-35 and that is the behavior section. Councilor Johnson pointed out a typo where it said age 8 but should be age 10.

Irene Green said there are changes on page 12-44, Councilor Sieckmann suggested "the library recognizes the following holidays" changes to "the library will be closed the following days and such others as proclaimed by the Gladstone City Council", which allow some flexibility in cases when city hall may close early or if council decided to change any of the hours.

Irene Green said Councilor Sieckmann asked why the standards for the Oregon public library were in there and she said she just put them in there for the council's reference, not for them to vote on.

Irene Green said those were the changes.

Councilor Reisner asked for clarification on something the auditor had said at the previous meeting, he thought they had said they didn't audit the library books. City Administrator Boyce said they had gotten the bank statements but they didn't do a full audit. Councilor Reisner asked if there was going to be an audit on the libraries books as well, as is stated on page 12-12 section 3.2.2 second sentence of second paragraph.

Mayor Jacobellis asked if they have a written exclusion form. Irene Green answered no, and stated that this is the policy and they will be looking at procedures after this. Mayor Jacobellis asked if they have talked to the police department to see how it will work if they were to get a call and need their services. Irene Green she said they have not, that will follow the policy.

Mayor Jacobellis asked how they needed to proceed. Councilor Sieckmann said he would like to make a motion. City Attorney Abma said there options are to approve it as drafted with no changes or to accept the policy with whatever changes you want. He said it sounds like number one seems to be the only one that has controversy.

Councilor Johnson feels it should go through the library board one more time in its entirety before it comes to council.

Councilor Sieckmann feels it is a policy decision they are making to make this match the other boards. As was said numbers two, three and four aren't a problem so it's really only number one that is the hang up. He stated he could make a motion and call for a vote on whether or not they include number one in the edits, or not if that is what the council wants.

Councilor Johnson asked what Irene Green, Library Director Preferences were. Irene Green, Library Director she said she would love to have council adopt the policy except section three, library structure and organization. Then they can go over the whole and insert it later. Because that wouldn't affect their daily operations. They are finding out they really need this, staff is looking for something.

Councilor Mersereau asked if they were to enact it tonight, how difficult it would be to go in and change that one thing. City Attorney Abma stated that they would need to put it on the agenda for that one item, then they would vote on.

Mayor Jacobellis said that would give them time to look into that and see if they want to bring everyone else up to the library's speed or the library down to match the other ones. He called for a motion to adopt the whole thing except section three.

City Attorney Abma suggested they make a motion and vote to accept two, three, and four. Then they will talk about 1 shortly.

Councilor Sieckmann made a motion to approve the Gladstone Public Library's Policy Manual with the edits of number two, three and four of the document. Councilor Johnson seconded. The motion passed unanimously.

Councilor Sieckmann made a motion to remove paragraph 5 of section 3.2.3 of the Gladstone Public Library's Policy Manual as recommended by the library board. Councilor Nelson seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- no, Councilor Reisner- no, Mayor Jacobellis - no. The motion passed with a vote of four to three, it will be removed.

Councilor Mersereau told Irene Green, Library Director and her crew did a great job on it, it was a lot of work and they worked very diligently on it.

13. Discussion – Water System High Pressure Zone:

Stan Monte, Fire Chief the stated that this issue could have been done as correspondence but he feels it should be open for discussion. The water system in the upper end of Gladstone, as outlined in this report, it functions today and they will use it if they have to. Their hope is with the new council and the approval with the sewer and water plan and

things are coming together, and they also understand the city's economic status but they want the council to understand that the system up there has serious issues.

Councilor McMahon asked for clarification and said when they had spoken his understanding was that it wasn't "high pressure" per se.

Scott Tabor, Public Works Supervisor answered saying it is the highest elevation in the city and it is in the high pressure system. In 2012 they had two back to back water main breaks. Before that in 2010 and 2011, while the fire department flowing hydrants there were multiple breaks in that area.

Scott Tabor, Public Works has worked with Mike Funk, Fire Marshal and he has reduced the pressure up there by six pounds since 2012 and it's not the system that's bad, it's the piping. They have an exorbitant amount of asbestos, concrete piping in that area. It's installed poorly, behind curbing, with other utilities that they must be aware of. When they are flowing the hydrants the pump station is pumping much harder because it is putting out a lot more water, as well as pumping enough water to make sure the homes in the area have plenty of water when needed. When the hydrants are shut down a lag is created but the pump station is still pumping furiously to provide enough water it creates so much pressure that those pipes burst or delaminate and look like a paper towel roll that has come unraveled.

Scott Tabor is telling the council that in the first picture it shows trees growing on top of their main lines. He states that prior to 2012 they had to remove three forty foot pine trees that were growing over that. Much of this piping is inaccessible because it goes between houses. There is pipe on Devonshire that runs between houses and then runs parallel behind houses as well as on Shadow Court and other areas in town. It's very poor installation and it should be out in the street, there are things they need to do. These issues were addressed in the water master plan.

Scott Tabor, Public Works stated that they need to look at replacing that piping and the good news is that they can put it in the street and not have to disturb the other piping. The reason that is good news is because once you disturb that piping and bring it above ground, it becomes hazardous waste. He said they wanted the council to realize the seriousness and urgency of replacing all of that pipe in the city and starting in that area.

Councilor McMahon said that the hydrant flows aren't as big of a deal but wants to know if a house fire were to occur, do they anticipate the same problems or do they even know. Scott Tabor, Public Works said they don't know but they really hope there are no house fires in those areas to have to use those hydrants.

Councilor Reisner stated that when they start replacing pipes that they start in that area and asked for clarification on what they want from the council. Scott Tabor answered they would like the council to embrace the policy of replacement of those concrete asbestos pipes and do it in an expedient manor over the next six or seven years. And to follow the plan on, not only the type of piping, but also the sizes recommended as well.

He stated that the hydrants will work but what is unknown is if the system will withstand the pressure.

Councilor Reisner wanted to make sure he understood and said that what they are talking about is laying all of the new piping and abandoning the old pipe and do nothing with it. Scott Tabor, Public Works confirmed that.

Scott Tabor, Public Works stated that when they had to shut that area down in the past because of breakage they had to shut the water off to the entire Sherwood Forest area. After the 2012 brake they were able to install a new valve which would allow them to isolate at least that section of street instead of the entire area, but it also depends on where the break took place. People really don't like you digging up their driveways or trees. His big concern is that if they have do have a big break it will tear up sidewalk, driveways and will very possibly destroy an expensive home that the city will have to replace.

Scott Tabor, Public Works he also told the council that the old pipe is in the same ditch as the high power electrical lines, cable, and phone lines as well. He described his crew laying in the bottom of the ditch to make repairs, they are laying in water, holding on to aluminum tubing which is a great conductor as you are also holding onto a high power electrical line. It's very dangerous.

City Administrator Boyce said that the water fund has built up a reserve so they have funds to start on capital projects. However to do it at the level outlined in the master plan would take a change in rates to accomplish that. He said they could prioritize AC pipe replacement and they do need to focus on that area.

14. Senate Bill 2800:

Bill Kabeiseman, City Attorney for Oregon City is here to talk about Tri-City Service District (TCSD). It was formed in the late 1980's and serves the residents of Gladstone, Oregon City, and West Linn with sewer service. He stated that when you usually think about special districts you think about single entity districts, water district, fire district, sewer district, etc. TCSD is a different beast. It is formed by the county through the voters, and by default, the governing body of the district is the county board of governors. You can have districts that are smaller than the county, a board of commissioners to serve as their governing body, and you can have multiple county service districts within the same county doing different things.

He states that it raises some issues and the biggest issue is representational. That means you can have a governing body that doesn't live within the district that is affected by it. You can also have one governing body that may represent multiple districts with competing interests. He believes the map in the presentation shows the first issue quite well. The red dots indicate where the county board of commissioners live and they are not in the district they govern.

The second issue is the rates, they aren't paying the rates, they're not talking to their neighbors about the rates, and it causes issues. The graph shows the green line which is

H16

inflation set at 3 %. The blue line is the rates TCSD went to the advisory with last August and those were the expected rates for the foreseeable future. Then in December they got the red line which gave them the accelerated rate issue. He talked about how difficult it is to plan a budget, whether as a city or business when the actual rates differ significantly from the projected rates. The numbers are significantly different than presented and projected and they figured something was going on and maybe Tri-City is having some cash issues. They found that TCSD's budget was \$8.7 million a year and cash reserves of about \$7.5 million, about 87% of operating expenses. There may reasons for that but they were striking when looking at those rate increases.

The third issue they found is records mismanagement. Clackamas County Water Environment Services (WES) is a county service district and the county has several service districts but they all contract with the county and WES for management and running the district. WES runs TCSD as well as Clackamas County Service District No.1 (CCSD#1). A couple of years ago the director was fired for mishandling funds and improperly procuring some interests. There has also been four directors in two years and hiring a fifth. There was also an illegal firing of a whistle blower that led to a payout near \$1,000,000 and that money came from ratepayers of TCSD and CCSD#1 and other parts of the county.

Another issue they have is they are essentially taking off one hat and putting on the other as they negotiate a contract with one hat and they approve it with the other so you have signatures for the same people on both sides of the contract and there are many contracts that are done the same way. Oregon City has tried on several occasions to have the issue put on the agenda for the TCSD's advisory committee, who is supposed to be the city's voice for TCSD, and the TCSD's advisory committee refused to put it on the agenda unless they were told by the county board to add it.

He summarized with; board members not residing in the district and not subject to the rates, record of management issues, unstable leadership, one commission signing for multiple districts with competing interests, and a county who is not willing to deal with the issues Oregon City has had over the years.

He stated that with Oregon City being unable to get resolution, they introduced Senate Bill 2800 as their solution. The purpose of the bill is to allow the cities within that service district an opportunity to take over the rights and responsibilities of that service district. In this case it would take concerted action of Gladstone as well as Oregon City and West Linn to all decide they want to do that. It empowers the local representatives to have a voice in the decision. It essentially closes a loophole that allows a county service district to provide urban services mainly to city residences. More importantly it doesn't interrupt any contract. It calls for all contracts, either between CCSD and TCSD to remain in place or contracts between CCSD and union. The day to day workings don't change. This is about governance working at the 30,000 foot level looking at rates, and how do we make our deals with people into the future. It's really about governance at a fundamental level. The structure we base this on is south fork. There is a history of intergovernmental agreement between cities between Oregon City, West Linn and south fork that has

provided water for those cities for decades with a pretty good record. Their goal was to have a model that would allow that to happen. So Oregon City adopted resolution 1504 authorizing and supporting the local utility reform act. He said that the Oregon City Business Alliance as well as the Government and Economic Affairs Committee of the Oregon City Chamber of Commerce have endorsed HB2800. They are asking the council's support of HB2800 and looking at providing the opportunity for the change of the governance of TCSD. We are available to answer any questions you may have. TCSD Manager is here as well as the Public Works Director are also here to answer any questions.

Councilor Reisner asked who actually wrote the bill. Bill Kabeiseman said it was the legislative council. The way it works in Salem is, you get a concept to legislative council and they draft a bill. Oregon City put together a concept and gave it to Representative Brett Barton. Councilor Reisner stated a lawyer did. Bill Kabeiseman answered probably. Councilor Reisner said there is a constitution that says it's supposed to be written in plain language and this isn't. His concern is they need Gladstone's buy in but it says city this and city that but it doesn't say what city, so he feels that Oregon City could do whatever they want. Bill Kabeiseman said there are several different layers to that, and he urges they take their concerns to them because they have drafted legislative bills for years and they are the only ones who can draft a bill for legislation. He also urged them to have the city's attorney take a look at it because he feels it is clear that they can't take any action without the approval of their partner cities of Gladstone and West Linn going along with it.

Councilor Johnson asked Oregon City is asking of Gladstone and what the urgency is. Bill Kabeiseman, City Attorney for Oregon City said they would like Gladstone to support HB2800 and the urgency is that the Oregon Legislature is currently in session and the end date is set for June. Councilor Johnson asked what happens if it waits till next legislative session. Bill Kabeiseman answered it stays the same. Bill Kabeiseman said he thinks the session is very fluid, and as far as who will vote for it, they don't know he doesn't believe they have any firm commitments.

Councilor Sieckmann asked for clarification, HB2800 would allow TCSD the opportunity to change governance. Bill Kabeiseman answered it would give the three cities the opportunity to change the governance of TCSD. Councilor Sieckmann asked, wasn't the governance voted on by the people? Bill Kabeiseman the governance was set by the vote of the people back in 1980. Councilor Sieckmann said so this could be another vote of the people being struck away with a government pen? Bill Kabeiseman answered that is one way to look at it. Councilor Sieckmann asked why this session is so urgent. Bill Kabeiseman answered this stuff isn't new, it's been going on for a while, we voiced our concerns and we want it to change.

Greg Geist, WES Interim Director shared some history and current issues they are dealing with. TCSD was formed in 1980 by voters. It was a response to a building moratorium that was put in place by DEQ because of the failing facilities. Gladstone and Oregon City used to share a facility that was located off highway 99 where the

McDonalds is today. TCSD consolidated three facilities, the one for Gladstone and Oregon City and two for West Linn. The TCSD waste and treatment plant was completed in 1986. They are governed by an advisory committee in the form of the Board of Commissioners with the three city managers as well as the WES director. They have a budget committee that approve the budget that are five members of the public as well as the five member board of commissioners.

Greg Geist, WES said he was going to go over intergovernmental agreement in greater detail. He showed them the map of the two districts and how they are currently working in cooperation. The black is what they call intertie one. That was a pipeline that went in, he said there were some problems with the clean water act at the Kellogg wastewater treatment plant. The districts worked together to reduced the output at the Kellogg facility, built a new pipeline and TCSD rented them space. That pipeline went in 1999-2000. Also as a part of the intergovernmental agreement, they put in a new pipeline called intertie 2 in 2011 and the next one will be put in in a few years and will be intertie 3. Which will again bring down more of the sewage from CCSD#1 to the Tri-City facility.

Greg Geist, WES showed them "the facility as it is today with two digesters at the top that were built in 1986 and a new facility down in the lower left corner and that is the facility that CCSD purchased and paid for with \$89,000,000. They also at the time, in addition to having paid rent for treatment capacity, bought into that facility to the tune of \$4,000,000. So that was a transfer of funds from CCSD#1 to TCSD."

Greg Geist, WES said he won't get into the rate issue, too much, other than to say, generally those rent payments and the initial buy in helped keep the TCSD rates low for a number of years, artificially though to the point of not covering operating expenses.

In June 2013 they did their most recent master plan however it had some caveats. One of which, the most important one, is based on population estimates they received in 2011. What they found out was that those estimates haven't played out, at least in the near term. They expect it to be fine on a 20 year cycle but right now they are having a little bit better economic times and have had significant, twice as much growth between the districts as they had anticipated.

He started talking about the digesters that were built in 1986 and said they have accepted the growth that's happened since then. There was a conscious decision that was made by WES to extend the life of those by going to, what they call parallel digestion. They typically run those in series and for anyone who has been to the facility, they have redundancy. They have two of everything in case something breaks or requires maintenance they always have to have the redundancy to protect water quality and public health. So a decision was made to run both of those digesters together to increase their capacity. What that did is gave additional solids capacity for some number of years. What they anticipated, based on that 2011 growth curve, was that would get those 10 to 11 years out into the future. What they are finding is that they could run out of capacity in as little as four years. This raises big red flags and they went to their county board of

commissioners. They did a 20 year growth plan, the digesters were in the plan 10 or 11 years out. If they needed to do that much sooner than planned it would have a significant rate impact, so they wanted to get as much information out to as many people as possible to signal what the consequences here might be and then they needed to have a conversation about how to address this issue.

Greg Geist, WES said he didn't mention it, but the industry standard for looking at capacity is 80%, once you hit 80% of capacity of any treatment process you better start looking for what you are going to add. They are 60% overloaded in their original digester configuration, clearly above the standard of when to look at that. There have been no decisions made about rates or what to do with this digestion capacity issue but they went to the board and said they need to take a hard look at this.

Here is what they recommend. Reconvening a regional capacity advisory committee that comes from both districts, it was originally convened in 2008-2009 to look at mutual investments when it comes to capacity between districts. They are meeting with city councils, having multiple meetings with the river health and tri-city advisory committees and are hoping to get recommendations from a whole list of folks by November 2015. That's when they will know what they are going to do.

Greg Geist, WES said the financial health of WES has been questioned in several venues but wanted council to know that they have a rigorous audit process and have actually received awards for the past 15 years.

Councilor Johnson asked if hypothetically, CCSD did not exist and did not come and use our reserve capacity for future growth, which has been euphemistically called excess capacity, where would TCSD be today? Greg Geist, WES said TCSD would have overloaded digesters. Councilor Johnson asked if they would be building more digesters or more plant. Greg Geist, WES said the liquids handling capacity is still there, it's really the solids handling capacity that's limited at this point. He said that when they saw how far over they were, the flow from CCSD accounts for about 20% of the average annual flow that comes to TCSD so they would be overloaded even without CCSD.

Chris Storey, County Council's Office is here to present the county's position. They have a very urgent need from an infrastructure standpoint to avoid violating the clean water act and to protect public health and environment, in order for economic development to occur. Oregon City has raised the issue with governance and response has been the boards agrees with you but they feel that the other issue of avoiding a moratorium and sewage spills in the river are more important and they would like to discuss that first. That has led to frustration on the part of Oregon City and these are the discussions we are having today. They feel that the county and Oregon City have different perspectives and the counties is lets come up with plans to build the infrastructure and then they can discuss the governance.

Chris Storey, County Council's Office stated there is a third way to change county governance for the service district. Right now there is a procedure you can change from a

1-20

county service district governance which are ORS451 and under ORS450 you can be your own independently elected, such as Oak Lodge Water Reclamation Facility (WRF). That process is available by election right now.

Chris Storey also said that Oregon City had talked about their proposed model of south fork water board, does not require a statutory change, ORS190 would allow the creation that would allow some sort of partnership between municipalities right now without changing a thing. He said this is a third mechanism you could use to address governance. Their position is two mechanisms is a reasonable way, especially making sure that voters have the opportunity to weigh in.

He continued saying that Oregon City raised concern about some big issues and he will discuss those a little later. First he wanted to talk about questions asked by council, what is the urgency, and why now. He said that proposing a bill of this nature is a fairly radical step. TCSD is not the only service district in the county, there are nine and Gladstone is part of two.

Chris Storey made a statement of his own personal opinion, not the county or boards, just his perception. He noticed a significant change of attitude in the advisory committee meetings in which the district was participating, when Oregon City proposed in a right of way ordinance that applied in their view, to TCSD. And the right of way ordinance then levied a charge on TCSD for the use of certain Oregon City right of ways to reach the plant. That charge is approximately \$200,000 a year. When that issue was discussed at the TCSD advisory committee meeting, Oregon Cities proposal was that the TCSD rate payers collectively would pay that \$200,000. The ultimate recommendation that came out of the advisory committee that came to the board was that a surcharge would be applied just to the rate payers of Oregon City so that Gladstone and West Linn would not have to pay that extra surcharge and the vote was three to one. There were a couple of other debates around policy issues in TCSD and again the vote was three to one. His personal opinion was that Oregon City didn't achieve the policies they desired so they felt that a challenge of governance might be an appropriate path right now.

Chris Storey, County Council's Office stated that they want to note that they don't feel the issues raised are inappropriate or wrong and the county is open to the conversation. Part of the process the county has put forth in the letter is that they would like to have a regional conversation around this issue because the options discussed in HB2800 may be too limiting for what Oregon City would like to have on the table.

He explained that part of the challenge and the reason Greg mentioned the \$89,000,000, and their \$4,000,000 equity buy in, is because when you are talking about managing the plant you're not just talking to Gladstone, West Linn, and Oregon City, you are talking to your partners who are co-owners in the facility. And when you are talking about additional investment you might be better off sharing the load rather than concentrating it on a smaller population. He said that whether that is the policy decision that gets made is up to council and their representatives in the regional group but they didn't want to cut off the possibility of that conversation.

Chris Storey, County Council's Office stated that going forward the board has proven their willingness to have that governance discussion. I'm sure that you are aware that in November the board put a measure on the ballot to change the governance North Clackamas Parks and Recreation District (NCPRD). Several citizens approached the board and said they would like to have a different independent governance from the board, the board agreed and put it on the ballot. It didn't pass, but the board has demonstrated, that if there is a serious interest, they're willing to listen to the citizens. And they feel a vote of the citizens is a better mechanism of making that happen than HB2800. Chris Storey said he read the HB2800 the same way Councilor Reisner did as to say one city could make the decision for everyone else. He asked council to oppose HB2800 and said it goes too far and there are more important, immediate issues they need to be addressed first.

Paul Savas, Clackamas County Commissioner gave some of his background on his memory and involvement in this so council understand where he is coming from. He has been observing the sewer discussions for about 15 years. He served on the Oak Lodge WRF board 2001 and started attending the sanitary meetings when discussions were taking place about the regional needs as far as infrastructure in regards to sewer. I ran for Oak Lodge WRF board 2003 and got engaged at the regional discussions at that time as a representative from Oak Lodge sanitary.

Paul Savas said that, despite what council heard tonight, there is quite a bit of confusion about the facts both at the chamber of commerce meeting earlier in the week and again tonight. He stated that the discussion of governance was brought up and discussed and was settled in 2008, 2009 and the Intergovernmental Agreement (IGA) is an example of that. Followed by the bylaws of the wastewater advisory committee, which you are a member of. He said that Oregon City was one of the cities that were the lead in that discussion and chose what they chose today. The structure currently is exactly what they agreed to. So it's a different council, staff and city, and governance is again an issue. He doesn't disagree that it could be improved. He also said that he had talked so some of the council members about that and the county is willing to have that discussion in a more structured fashion. They've sent letters and correspondence to the city of Oregon City and the council was copied on those and the first meeting for the regional discussion is scheduled for March 25th. So the board is ready to go on that.

With how the IGA was done, both parties CCSD#1 and TCSD both negotiated for their position and the Oregon City manager at the time, was quite instrumental in the \$4,000,000 buy in into the plant and that is just one example of where they lobbied. Of course this is a cooperative agreement, the same attorney drafted the agreement but negotiated on both sides. The TCSD advisory committee set the rate, not the board of county commissioners. The board set the rates initially, went to the budget committee and was approved by that. The board has not approved what came out of the advisory committees. The advisory committees are very powerful, you have CCSD and county commissioners don't really live there and TCSD commissions don't live there, and that's why these committees were actually formed. He feels that if Oregon City has governance

1-22

issues it should be with all the partners. The fact that county commissioners do not reside in the district is not uncommon in county service districts but the county commissioners are elected by citizens in each of those districts. Special districts like port and urban renewal districts do not require any connection to the service district they serve.

Paul Savas, Clackamas County Commissioner liked how the West Linn city council referred to the board of commissioner for TCSD as more of a board of trustees, and they unanimously showed their opposition to HB2800. They expressed concerns about environmental responsibility, stewardship, clean water, and healthy rivers. He said \$59,000,000 was spent to rehab our plant and that was approved by the voters in 2009. CCSD stepped up and bonded for over \$100,000,000 between TCSD and all of their other buildings.

He stated that the digesters were due to be built in 2003 and that's why the discussion started in 2003 but they were deferred like your water pipes. That got kicked to 2013, the recession hit, and they were put off even longer and now we are flat out of digester capacity. We are facing serious growth requirements in both districts, CCSD#1 and TCSD as well as stricter DEQ requirements in both districts as well.

Paul Savas said in his opinion it is in the best interests of all of their citizens and the environment to work together, and with both districts working together they can provide the lowest possible rates. TCSD has enjoyed the lowest rates in the region and TCSD residents have been well served by the city manager advisory board model. The decision to run those rates in the red, artificially low for all those years was a decision many years ago.

He stated that when he became a county commissioner he attended all of the TCSD meetings, suggested a different representation model, knowing that this rate shock issue would come up. They did raise the rates to get out of the red and into the black and that was accomplished just this fiscal year. I raised those issues because I knew the digesters were due and they were scheduled. He encourages everyone to attend the regional meeting on March 25th.

Paul Savas, Clackamas County Commissioner said that what he knew about the director of WES, he was hired in 2005 2006 and he was let go for reasons I can't discuss and that happened this summer not two years ago. They have had a couple of interim directors in the meantime and we are in the closing phases of hiring a replacement director and the current interim director is one of those candidates.

Councilor Reisner asked what the meeting on March 25th is about. Paul Savas stated it will be the first regional wastewater advisory board meeting and that will include one seat from Oregon City, one from Gladstone, one from West Linn, Damascus, Milwaukie, Happy Valley, and one from unincorporated.

Councilor Reisner asked how often TCSD advisory committee meet and how many times a year. Paul Savas said usually quarterly, no less than quarterly.

Councilor Sieckmann said he keeps hearing about the \$4,000,000 buy in, I read through the IGA and I'm assuming you are talking about section 2.5 and it lists what comes up close to \$4,000,000 then it specifies the ground lease payment and the ROI payment and the opportunity payment together are the rent for this purpose, it doesn't sound like a buy in.

Chris Storey, County Council's Office said he would be happy to address that. What they did to structure it, because there were concerns from CCSD#1 when this deal was being negotiated and the advisory committee essentially asked, what assurances they had if they spend \$89,000,000 there that they'll be able to own what they're building. It's like do you build a brand new house on someone else's property. So they structured the agreement so that it's a ground lease and they are leasing the property for 25 years. Then they figured in all the infrastructure because the piece of the plant they built is one component but not a whole treatment plant. So you had the headworks, some of the pump works, the outfall, the digesters, so we figured out what the present value of those were and what the use of that share would be and they took that present value and became the return on investment (ROI) basically. TCSD rate payers paid for that infrastructure but it was going to be used by CCSD#1 so they should get their equity so the ground lease component was actually a relatively small portion of it, the ROI is the equity buy in and the opportunity is because TCSD had a plant and CCSD#1 wanted to use it so they paid more than actual cost for the opportunity to make that investment at the plant. Councilor Sieckmann stated so that actually isn't a buy in it's a 25 year rent payment. Chris Storey answered you could phrase it that way. Certainly the calculation for what the ROI was based on the equity position of TCSD for the facility.

Councilor Sieckmann said we're talking about a separate thing needing more capacity and asked what the urgency is? Paul Savas, Clackamas County Commissioner stated that the urgency is the moratorium they may be facing, they have about four years left and will be complete right on time if they start building in the next several months. Councilor Sieckmann asked if he meant a construction moratorium. Chris Storey said yes and continued, you have to realize this was built on a landfill. So we're going to open up a landfill, we're going to drive pilings, it's not like we're building on virgin ground here, it's difficult and very complicated construction here on this project. Councilor Sieckmann asked what effect a moratorium would have on Gladstone. Chris Storey said he knew Councilor Sieckmann was going to ask that question. He replied maybe you couldn't build your city hall, maybe not even your library. He also said he would note that if they don't build the infrastructure wastewater treatment plants have to treat whatever shows up. Their restriction is being able to discharge into the rivers so if it shows up and they can't treat it they will drive up their operating costs because they have to process it somehow, they are going to have to haul it to someone else's digesters, taking it to landfills, all more expensive options. He said there is a possibility of putting off capital for a while but it can show up on the operating side of the house.

Councilor Reisner said earlier in the meeting there was discussion about Gladstone's water pipes that need to be replaced and their stormwater isn't much better either, as they

discussed last year. He asked if there was less water going into the plant it would process easier and have less capacity right? Chris Storey said that there are three different components to capacity and the bottle neck, is where they are tightest on, is solids which is the stuff in the water not the water itself. The liquid side of the house is performing fairly well part of the challenge is low flow toilets so the amount of water has decreased but the amount stuff has not. It is processing the solids, it's the bottleneck they are concerned about. So while there may be real advantages to removing the infiltration and inflow (INI) that you can experience from sewer pipes because of rainwater and older pipes and that could potentially reduce their operating costs, that's not the bottle neck and they wouldn't be there with such urgency with that particular issue. It's the solids handling the conversation.

Councilor Reisner said last June he was at a Clackamas City's association dinner and talked to a couple of cohorts about this and the thought was why don't we get the four entities, Gladstone, Oregon City, West Linn and TCSD, in a room and work it out. Are we beyond that? Chris Storey said he didn't think so, and the hope is that this a blip in the relationship. They've had 30 years in successful service as the utility supporting your city. However the reason they've suggested the regional committee is because after the \$89,000,000 investment the table probably needs to include the representatives from CCSD#1 as well. A note on the advisory committee, you actually have one and one third vote because we wanted to make sure there is equity, so the four from CCSD#1 have the same voting power as the three representatives from TCSD.

Councilor Reisner said that Oregon City brought up that it's pretty much the same representatives for the board and advisory committee so it feels like they have double representation and it stinks.

Chris Storey, County Council's Office said it's awkward and in the IGA that's why the board said you work it out, whatever you mutually propose to us we're going to accept and not change a word. It was essentially shuttle diplomacy, negotiated back and forth. Proposals, counter proposals, how are we going to allocate cost, how are we going to figure it out, the opportunity premium frankly was a proposal that came from the TCSD group that said they should be getting a little something because they're the ones that had the plant and their showing up and asking us for a favor and CCSD#1 didn't like that but they agreed to it because it was a reasonable business term. When the agreement was reached between the two advisory committee's they both recommended to the board an adoption of an IGA they had drafted between the two of them, the board signed it and walked away.

Councilor Reisner asked if the members of the different cities within CCSD#1 have an advisory committee just like they do. Chris Storey answered yes, it's called the river health advisory board. They actually send elected representatives for the most part. And as far as the regional group they'd like you to know it's not a new thing and it shouldn't be too scary, it was convened recently. He said they may remember when the Blue Herron mill shut down there was a lagoon associated with it. DEQ had been putting new regulations on TCSD on the new plant that would have impaired our ability to continue

discharging it in the summer because of temperature discharges and they were anticipating an \$80,000,000 to \$130,000,000 project to try and not have hot water, while people would still have hot showers. The opportunity came up of buying the lagoon and the clean water act permit associated with Blue Herron and that project looked to save us \$60,000 to \$100,000,000. That proposal was not decided by the board, that proposal was brought to the regional committee and asked if the two districts would like to invest in this project together for the opportunity to avoid future investment. It was unanimously agreed and recommended that would be the course, so then the board approved that action and gave instruction to staff to execute.

Paul Savas, Clackamas County Commissioner he feels that the good side or Oregon City bringing this up is this conversation is due. He agrees that they all need to talk about it, he also agrees that they need to improve it, it's a matter of how and it needs to be done in a way that involves all of the partners. The one thing that has been talked about and they can go into it another time but the plant was built in the 1980's and it's nearing rehabilitation time, so in the next 10 to 15 years or so they will need to be making investments into that. Investments similar to what Oak Lodge did and CCSD#1 did with their \$89,000,000 membrane expansion there. The regulations are also changing and becoming stricter so a number of improvements will also need to be made as well. The other benefit of working with the other district is that if there is joint usage of that plant there is also joint responsibility in investing as well, in maintenance, upgrades and new construction. So just bear that in mind.

We are also partners in an ORS190 with Oak Lodge water and north Clackamas county water commission, you have a vote and you are represented. He recommends the ORS190 model of governance as the least complicated and has the right solution for all of the partners in TCSD. He urges the council to oppose HB2800.

Greg Geist, WES Interim Director clarified the earlier question of urgency relating to the digesters. When they put it together, it could be a suite of projects that could cost over \$50,000,000 and it would take a minimum of three years to put together and get online. So with capacity being gone in four years and it's a project that will take three years to complete, that is my sense of urgency. So part of what they did was proposed and the board of county commissioners supported, gathering more information on what we ultimately want to do is now proceed with a request for proposal (RFP) for the design for those, so if they need to build them as soon as possible, and that is the will, and that is the outcome, they have that critical path to make sure they don't run into a real capacity problem.

Kevin Johnson 6970 Winfield Court, Gladstone read a statement regarding HB2800. His thoughts are this is too big and complex to be thrown into a vote tonight with so little information. This bill was written by Oregon City and them alone with no input from Gladstone or West Linn or any of its TCSD partners. Is this a continuation with their ongoing battle with Clackamas County? If the bill was written by Brett Barton he should have contacted the partners. Do they want Gladstone and West Linn to pay for something that is mostly their fault? He would like to know how much of their sewer seed money

1-24

goes into the plant for future expansion and not just the pipes in their city. Make no mistake Gladstone ratepayers will be paying to enhance the TCSD capacity problem that we had very little to do with creating. TCSD was created by a vote of the citizens, then changing the structure to require a vote of the same people. But as they often do, the state thinks they know better than we do. You should say no to HB2800 until you have all the information and fully understand it.

John Lewis, Public Works Director for Oregon City they recognize that there are two issues and the issue they want to focus on is the governance piece and they recognize it's a difficult issue and the timing is such. He said their concern for timing is because they are concern is for some of the recommendations for capital improvements that are coming out and the timing of those. Right now TCSD and WES don't have a lot of debt and it seems like the right timing for that conversation before you jump into a real problem we can't resolve after you've gotten there. Even if council isn't ready to support HB2800 they do want your support in keeping the conversation open. He recommends that if you haven't been to an advisory board meeting, you should try or at least watch it on video. For three small cities in that environment it's a challenge, try getting your city manager to have much influence there, you get beat up there, it's not a healthy environment there at all with agencies like Oregon City who yes is the largest city and has had the most growth in the region, or at least in TCSD. Being in that position, especially when you are getting misinformation, and he will tell you having attended those meetings, the past director for that development really made it difficult to get information, it's like being spoon fed with the information to get you to the conclusion they want you to.

Yes Oregon City has been frustrated and they think the other partners have been frustrated as well but they aren't willing to go to this place, they have other pans in the fire with the county. Keep in mind how this organization is run under the counties full umbrella and there are some inequities there. You read the agreement that was signed in 2008, he doesn't feel Oregon City was there but as you read the agreement, you have to think, who was looking out for TCSD at the time of signing that agreement. They understand if they don't support the bill but they do ask for their support in keeping this conversation alive, and open and stay objective.

Mayor Jacobellis asked if any of the council feel there is need for further conversation.

Councilor Johnson feels like he walked into a vicious dog fight and does feel the need for more discussion. He feels like he doesn't know what he doesn't know and if they are forced to vote there tonight he would vote no because he doesn't have enough information to truly make an informed decision. He represents the people of Gladstone looks out for their interests and he feels he needs to understand things much better before he votes for something new.

Mayor Jacobellis stated that what he is hearing from Oregon City is: 1. Council doesn't vote, they do nothing and let it run its course, 2. Council votes on HB2800 and either supports or opposes it, and 3. Have City Administrator Boyce, at council's direction,

write a letter to Oregon City asking them to pull back HB2800 and give council a chance to start working through the process. Because this is a new city council, there is stuff to discuss, there is a meeting coming up March 25th, council sends representatives there, have more discussion and get more education and then if it does look like it's going down that road they and they get down the road and doesn't look like they are getting anywhere then they can reintroduce the bill. He asked for additional options from council.

Councilor Sieckmann said what he can see is a couple of really strong reasons not to support HB2800, the questions he raised earlier. However he does see some governance issues. The county wearing two hats when signing a contract or agreement. And CCSD#1 is probably getting larger than TCSO is in population. One of the issues that concerns him is different forms of governance and the meeting on March 25th, and it's going to be six or seven different cities. Right now Gladstone is a partial owner in TCSO but at this meeting on the 25th, there will be six cities there and so instead of Gladstone's vote being one in three, it will be one in six. It sounds like there are two or three advisory committees that talk to the board of commissioners all affecting TCSO and Gladstone is only one third of one of those committees. He feels Gladstone's vote keeps getting diluted every day. Although he doesn't support HB2800 he does want the county commissioners, in the near future, after council has had some time to get some of their other housework done, to sit down with them and their partners in Oregon City, West Linn and come up with a governance that will support our ownership in TCSO as well as be good partners with CCSD#1. That is where he stands.

Councilor Reisner said he was with Councilor Sieckmann. He said he has been trying to get the four entities together since last summer. He doesn't like the way HB2800 is written.

Mayor Jacobellis he stated that what he is hearing is that council doesn't support HB2800 but they do want to have a meeting and discussion with all partners about governance. He asked what council would we like to do with HB2800, do we ask Oregon City to rescind it and it sits on a shelf?

Councilor Sieckmann said he doesn't feel they should ask them to rescind it, council wasn't asked for input on writing it, he feels they need to oppose it. He said that if they can't have discussion with the county and can't come to an agreement on governance or if another governance is needed, then we can pull HB2800 off the shelf, it will be out there somewhere and he will definitely keep his copy of it.

City Administrator Boyce said that for the record Oregon City did reach out to him and the Mayor for their input before it was written and talked to them about putting forward a bill and they let them know that they did have a new council and there would have to be an education about it and they were concerned about the timeline. He wanted to make sure that was clear.

Councilor Mersereau said he opposes the bill.

Councilor McMahon made a motion that City Administrator Boyce draft a letter with council's opposition to HB2800 but that they do want to continue the conversation with all of the partners, Oregon City, West Linn, TCSD, and CCSD#1, to discuss governance. Councilor Reisner seconded. City Administrator Boyce poled the council and Councilor Nelson - yes, Councilor Mersereau- yes, Councilor Johnson- yes, Councilor Sieckmann - yes, Councilor McMahon- yes, Councilor Reisner- yes, Mayor Jacobellis - yes. It passed unanimously.

BUSINESS FROM THE COUNCIL

None

ADJOURN

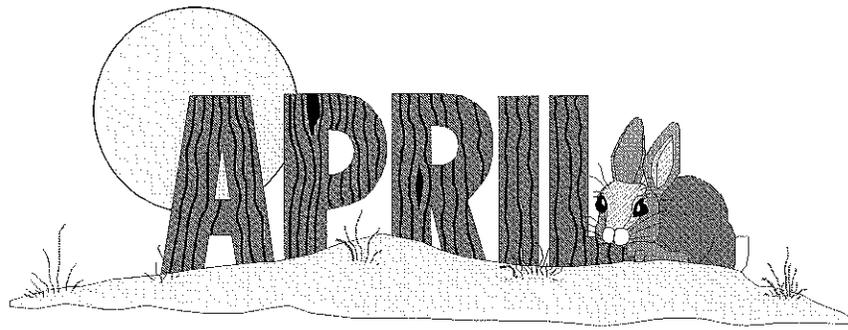
Meeting was adjourned at 10:22 pm.

Approved by the Mayor this _____ day of _____, 2015.

ATTEST:

Dominick Jacobellis, Mayor

Jolene Morishita, Assistant City Administrator



CORRESPONDENCE

769 Nicole Drive
West Linn, Oregon

April 2, 2015



CITY COUNCIL: CITY OF GLADSTONE

COMMENTS REGARDING AN INCREASE IN BUSINESS LICENSE FEES. PROPOSED TO BE PRESENTED BY ME AT THE NEXT CITY COUNCIL MEETING, APRIL 28TH AT 6:30 PM AT GLADSTONE, OREGON. (APPROXIMATELY 3 MINUTES)

AN INCREASE FROM \$35.00 PER YEAR FOR THE LAST 23 YEARS TO THIS YEAR'S INCREASE TO \$405.00 IS AN INCREASE OF ALMOST 1200% (IF MY MATH IS CORRECT). THIS IS AN UNCONSCIONABLE INCREASE IMPOSED BY THE LAST CITY COUNCIL WITHOUT WARNING OR REASON. THIS ALONG WITH 400% INCREASE IN SEWER/WATER FEES, AND OTHER REQUIREMENTS BY THE CITY OF GLADSTONE IS UNFAIR TO THE SMALL BUSINESS OWNERS OF THIS COMMUNITY.

THE ISSUES OF THE WORKING CLASS AND SMALL BUSINESS OWNERS OF THIS COUNTRY IS A NATIONAL ISSUE AND AN ISSUE IN CONGRESS ON BOTH SIDES OF THE AISLE.

TAX INCENTIVES AND SHELTER TO SMALL BUSINESS LIKE MINE ARE LEGALLY IN PLACE BECAUSE WE PROVIDE REASONABLE RENT RATES TO WORKING CLASS PEOPLE WHO MIGHT OTHERWISE BE ON GOVERNMENT ASSISTANCE. I CAN NOT IN ALL FAIR CONSCIENCE INCREASE MY RENTS TO KEEP PACE WITH THE GLADSTONE BUSINESS FEES INCREASE. I MIGHT ADD, AS A 78 YEAR OLD WIDOW, I RELY ON THE INCOME FROM THESE APARTMENTS ALONG WITH A \$1,000. PER MONTH SOCIAL SECURITY CHECK AS MY SOLE INCOME. UNFORTUNATELY, MY LATE HUSBAND'S 30 YEAR PENSION WITH PAN AMERICAN WORLD AIRWAYS

2-1

DISAPPEARED WITH THE DEMISE OF THAT WONDERFUL COMPANY.

I AM VERY MUCH HOPEFUL THE NEW MAYOR AND NEW COUNCIL MEMBERS WILL BE MORE SENSITIVE TO THE SMALL BUSINESS PEOPLE OF GLADSTONE AND RECID THIS CURRENT INCREASE!!!

A REVIEW OF THE CITY OF GLADSTONE'S SEWER/WATER DEPARTMENT WOULD BE APPRECIATIVE ALSO. I AM TOLD A FLAT RATE IS LEVIED FOR THIS BILL REGARDLESS OF THE AMOUNT OF USE --- NO READING OF CONSUMPTION IS TAKEN. CURRENTLY OUT OF MY 12 UNITS, 8 ARE RENTED TO SINGLE PEOPLE, 4 ARE RENTED TO COUPLES WITHOUT CHILDREN.

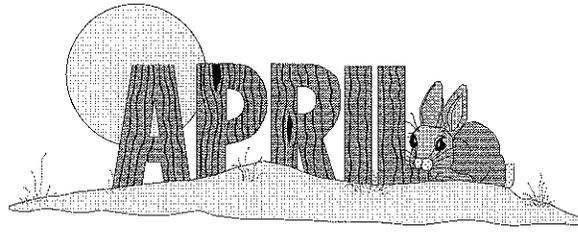
RESPECTFULLY SUBMITTED,



RUSTY KUNZ****
OWNER
THE LYNISA APARTMENTS
RINEARSON ROAD
GLADSTONE

****AKA; JOSEPHA SMITH KUNZ TRUST





REGULAR AGENDA

City of Gladstone Staff Report

Report Date: April 21, 2015
Meeting Date: April 28, 2015
To: City Council
From: Pete Boyce, City Administrator

AGENDA ITEM

Gladstone Community Festival Agreement

History/Background

The Gladstone/Oak Grove Rotary Club took over the annual community festival two years ago. The attached agreement is to augment the special event permit. The agreement is consistent with last year's agreement.

Proposal

Authorize staff to execute the agreement.

Options

City Council could choose not to enter into the agreement which could negatively affect the festival. Council could choose to modify the agreement.

Cost Impact

The expense to the City is estimated between \$1,400 and \$1,500. This includes some in-kind services.

Recommended Staff Action

Staff recommends city council authorize the agreement with the Gladstone/Oak Grove Rotary Club.

Department Head: N/A
Date:

Administration: Pete Boyce
Date: 04/21/2015

EXHIBIT A

I. PROPOSED AGREEMENT

The User shall have the right to use the Premises and a portion of the public right of way during designated times as listed below and in the Permit Application only for the 2015 Gladstone Community Festival (hereinafter "GCF) with City approval. The following dates and times are tentatively planned:

Premise(s): Max Patterson Park
Date(s)/Times(s): Event – July 31, 2015 (Music)
Event – (Movie in the Park)
Event – July 31, 2015 – August 3, 2015 (GCF Event)
Set up – begins July 31, 2015 Noon.
Tear down – complete August 4, 2015 Noon

Premise(s): Parade Route (see Article II.1 for specific streets)
Date(s)/Times(s): Event – August 2, 2015
Set up – begins August 2, 2015- 8:00 a.m.
Tear down – complete August 2, 2015 -
1:00pm

Premise(s): Portland Avenue (street use to be determined with City at
a later date (Cruise-In) Date(s)/Times(s):
Event – August 3, 2015
Set up – begins August 3, 2015 6:00 a.m.
Tear down – complete August 3, 2015 4:00 p.m.

1. The User, its employees, sub-contractors, guests, patrons, and invitees shall use the premises in a safe, careful, and lawful manner, and use reasonable, best efforts to ensure the Premises and other City property are not altered, marred, or defaced.
2. User shall be responsible for all costs, arrangements, and equipment related to production of the Event, including but not limited to removal of trash, renting portable toilets, setting up and tearing down portable stages, and erecting and taking down temporary fencing. All invoices for services provided to User shall be invoiced to User, not City.

II. PARADE

1. The Event will include a parade which will be routed from Portland Avenue to Hereford Street to Harvard Avenue to Gloucester Street to Portland Avenue to

Berkeley Street to Yale Avenue where the parade will end. The streets along the parade route will be temporarily closed from 8:30 a.m. to noon on August 2, 2015.

2. User agrees to notify all owners with property on and adjacent to the parade route and those properties nearby that will be affected by the street closures. Notification will be in writing a minimum of two weeks prior to the parade.

III. ROAD CLOSURES

The City agrees to the following road closures during the Event:

1. Exeter Street between Cornell and Yale for the exclusive use of emergency vehicles.
2. East Fairfield closed between Cornell and Yale for vendor booths.
3. Cornell Street between East Fairfield and East Exeter Street for the main stage.
4. Portland Avenue between Arlington and Jersey (subject to expansion with City approval) on August 3, 2015, from 8:00a.m. to 4:00 pm for Cruise-In event.
5. Road closures for Parade as listed in Section II above.

IV. ROAD CHANGES

(Reserved for later discussion)

V. VENDORS

1. User agrees that all vendors for commercial amusement rides, food, game concessions, novelty stands, shows, support vehicles and equipment (Vendors) shall be fully inspected, permitted or licensed as required by state law and shall strictly comply with every provision of appropriate city, county, state, federal, and other governmental law, rule, or regulation applicable in any manner to its activities. The following vendors are prohibited: bouncy houses or any other game involving bouncy balls, unless approved by the city.
2. User will require all Vendors to obtain a Gladstone business license/mobile vendor permit, unless specifically exempt under state or federal law, to be authorized to operate within the City.
3. User will require that all food Vendors obtain and maintain appropriate restaurant licensing, and must meet all federal, state and local health code requirements.
4. User shall keep all Vendor records on file and provide a copy of them to the Assistant City Administrator by July 15th of each year.
5. User will inform all Vendors that no dumping of any grey water into the storm drains is permitted. User will be responsible for any dumping that occurs during the Event.

6. User must provide City with all Vendor certificates of insurances and endorsements naming the City as an additional insured for the event. All Vendor policies are subject to the same conditions listed in the Insurance section (XIII) below.

VI. SECURITY

User shall hire and assign security as necessary to protect the Premises and patrons during this event. The security company must be licensed and bonded in Oregon. All security personnel must be easily identifiable with a shirt, badge or other item that shows they are Event Staff.

VII. TRAFFIC CONTROL

User shall have traffic control personnel (flaggers) positioned as necessary for Event safety. Flaggers must possess a Certified State Flagger Card that is ODOT approved. Flaggers must be easily identifiable with a reflective vest that shows they are Event Staff.

VIII. ALCOHOL

User agrees that no alcohol will be served or sold on any City property during the Event with the exception of alcohol that would be served and consumed in an age restricted area with City approval.

IX. CITY'S DUTIES

Any work that the City performs for the Event will be reimbursed by the Rotary Club of Gladstone-Oak Grove. An itemized bill will be provided to the Rotary Club of Gladstone-Oak Grove and paid in full to the City within 30 days of invoice. The City may, in its sole discretion, agree to forgive any such invoice for City services or expenses provided to the GCF. City will provide the following services for the Event:

1. The City agrees to loan User barricades and have them available at agreed upon locations. User is responsible for setting up and tearing down barricades, returning them to the agreed upon locations.
2. The City agrees to obtain traffic pylons from the City of Lake Oswego or another municipality should there be a need for the use of pylons.
3. City agrees to provide usage of available electrical hookups and will bill the User for electricity used at Patterson Park.
4. In the past the City's contribution has been up to \$1500 dollars of out of pocket and in-kind. We respectfully request that the City of Gladstone again contribute at this same level.

X. USER'S DUTIES

In addition to other User responsibilities set forth herein:

1. The User will be responsible for actual repair and/or clean-up costs incurred by the City if City property is damaged or vandalized as a result of Users use of the Premises under this Agreement and User agrees to reimburse the City for any such actual expenses.
2. User shall, at its expense, provide an emergency plan which must include a first aid station equipped with Emergency Medical Technicians on standby throughout the scheduled Event hours.
3. User will require all food vendors to have temporary health permits and conform to all regulations as stated by the Clackamas County Health District.
4. User shall prohibit patrons from bringing glass containers of any kind onto the premises.
5. User is responsible for all other Event management issues not specifically enumerated in this Agreement.
6. User is to provide all lighting for the Event including the illumination of parking areas for safety.
7. User is to provide any generators needed and have them inspected and approved by the Fire Marshal after set-up but before usage.
8. User is to provide temporary restroom facilities at all locations including restrooms that are ADA compliant. User is to provide dumping tanks for the disposal of vendor's grey water.
9. Any services contracted by the User are to be billed to and in the name of the User. The City shall not incur any bills on behalf of the User.
10. User is to contract for the disposal of all trash, provide all trash receptacles, and empty trash containers as frequently as needed.
11. User is to provide smoking receptacles for the safe and appropriate disposal of used cigarettes.
12. User will assist City to pick up and return traffic pylons should they become necessary to use at the GCF.

Staff Contact Information

Principal City Contact
Tami Bannick, City Hall
Administrative Assistant
503-557-2769
bannick@ci.gladstone.or.us

Insurance/Contracts
Jolene Morishita 503-
557-2766
morishita@ci.gladstone.or.us

Operations/Road Closures
Scott Tabor, Public Works Supervisor
503-209-5158
tabor@ci.gladstone.or.us

Fire Department
Mike Funk, Fire Marshal 503-557-
2775
funk@ci.gladstone.or.us

Police Department
Jeff Jolley, Lieutenant 503-557-
2765
Email:
Emergency: 911
Non-Emergency Dispatch: 503-655-8211



City of Gladstone
Special Events Permit Application
 525 Portland Avenue
 Gladstone, Oregon 97027
 503-557-2769

Fill out completely and type or print legibly. Completed applications must be submitted at least 30 calendar days in advance. Failure to do so could result in permit denial.

APPLICANT AND SPONSORING ORGANIZATION INFORMATION (Person/Group Responsible)				
Name of Applicant/Person Responsible: Gladstone – Oak Grove Rotary Club				
Applicant Street Address 3416 SE Naef Rd			City, State, ZIP Milwaukie, OR97267	
Applicant Phone: 503-360-5593			Applicant FAX: 877-866-1876	
Sponsoring Organization Name: Gladstone – Oak Grove Rotary Club				
Organization Phone: (office) 503-360-5593		(cell) 503-206-1307	(Email) jqkaufmanlaw@gmail.com	
Name of contact person "on site" day of the event: Joe Kaufman			(cell – required) 503-206-1307	
EVENT INFORMATION				
Event Type <input type="checkbox"/> Run/Walk <input type="checkbox"/> Bike Ride/Race <input checked="" type="checkbox"/> Parade <input checked="" type="checkbox"/> Festival/Fair <input type="checkbox"/> Farmers/Street Market <input checked="" type="checkbox"/> Concert/Performance				
<input checked="" type="checkbox"/> Car Show <input type="checkbox"/> Film Production <input type="checkbox"/> Rally <input type="checkbox"/> Demonstration "First Amendment" Event <input checked="" type="checkbox"/> Street Closure				
<input type="checkbox"/> Construction (construction, road, sewer, water, drilling, blasting, etc) <input type="checkbox"/> Other (please specify):				
Event Name: Gladstone Community Festival			Event Site: Portland Ave, Max Patterson Park	
Event Dates: July 30 – August 3, 2015				
Event Hours: (start) (end) See Attached Exhibit				
Set-up Date: Start Time End Time See Attached Exhibit				
Break-Down Date: Start Time End Time See Attached Exhibit				
Participant type and numbers of each type:	Participants:	Vehicles:	Bands:	Animals:
	Spectators:	Floats:	Bikes:	Other:
Overall Event Description				
Briefly explain event and event details: The Gladstone Community Festival is Gladstone's Signature summer time event. It's focus is to enhance our community through bringing its members together to enjoy summer time activities, Education, economic development and improving overall integrity of our community through service				
STREET CLOSURE INFORMATION See attached exhibits				
Names of streets to be closed (attach further closures on a separate sheet if needed)				
	Between		And	
Provide a detailed map that includes the start point, end point, direction of travel, and street names. Include if the route will be held on sidewalk, street, etc. Barricades, including set up and take down, will be the responsibility of the applicant to obtain (i.e. from a rental store) for the event.				
See attached exhibits				

Are you requesting a complete or rolling street closure? Why are you requesting this street closure?

(A completed Property Owner Notification Form must be completed and submitted with this application for complete street closures)

Complete closures for the car show, parade, and on streets adjacent to Max Patterson Park

See Attached Exhibit

We will notify citizens of closures VIA: City of Gladstone Newsletter, Nextdoor Gladstone, Meanwhile in Gladstone, and the Gladstone Community Festival web pages.

Time of Street Closure

Start:

End:

Will your proposed route cross and/or utilize where TriMet operates? Yes No

For TriMet bus maps please go to: <http://www.trimet.org/schedules/index.htm> (Contact TriMet at 503-962-8117.)

EVENT DETAILS

Does your event involve the sale or consumption of alcoholic beverages? Yes No Oregon Liquor Control: 503-872-5000

If yes, will this activity occur on (or spill into) city streets? Yes No If yes, please describe:

If alcohol will be served in any of the City's parks, applicants must complete a permit request pursuant to Gladstone Municipal Code Section 12.12.100.

Will items, food, drinks, or service be sold at your event? Yes No If yes, will this activity occur on (or spill into) city streets? Yes No Please describe:

Food Vendors located at Max Patterson Park

All vendors must possess a City of Gladstone Temporary Business License. Additionally, all food vendors must have a signed application by the Clackamas County Health Department for the Event. The signed application must be on site as proof of Clackamas County Health Department approval. <http://www.clackamas.us/publichealth/restaurantlicensing.html>

Will the event have amplified sound? Yes No If yes, a completed Noise Variance Application Form must be completed and submitted with this application.

Will the event be posting signs? Yes No If yes, a completed temporary sign application must be completed and submitted with this application.

Safety/Environmental Requirements

Temporary restrooms, hand washing stations, dumping/holding tanks, and recycling/garbage bins will be the responsibility of the applicant to rent. **No grey water may be dumped in storm drains, streets, grass areas, etc.** Violators may be cited and fined with the possibility of the entire event shut down.

Please describe in detail, your restroom, dumping, garbage/recycling, clean-up plan for this event:

See Attached Exhibit

By signing this application, the applicant agrees to meet all requirements of the Oregon Fire Code, ODOT, City Code, and Gladstone Fire Department Permit Guidelines (attached) for the duration of the event.

SECURITY/VOLUNTEERS

Please describe your procedures for crowd control and internal security and any emergency vehicle response plan:
See Attached Exhibit

Are you expecting City police services at intersection and/or for crowd control? Yes No As in the past

Do you plan on utilizing volunteers? Yes No (volunteer/monitors are required) If yes, in what capacity? See Attached Exhibit

Name and phone number of volunteer coordinator: Joe Kaufman 503-206-1307

INDEMNIFICATION

HOLD HARMLESS AGREEMENT: IN CONSIDERATION OF THE CITY OF GLADSTONE GRANTING THIS PERMIT, THE SPONSOR(S) OF THIS EVENT HEREBY AGREE TO HOLD HARMLESS, DEFEND AND INDEMNIFY THE CITY, ITS AGENTS, OFFICIALS, AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, DEMANDS, ACTIONS AND SUITS (INCLUDING ALL ATTORNEY FEES AND COSTS) BROUGHT BY ANY PERSON ALLEGING PERSONAL OR BODILY INJURY OR PROPERTY DAMAGE AS A RESULT OF THIS EVENT OR A PERSON'S PARTICIPATION IN IT AND NOT CAUSED BY THE SOLE NEGLIGENT ACTS OF THE CITY

Signature of Sponsor or Authorized Representative

Joe Q Kaufman Gladstone – Oak Grove Rotary

Date

5-7-15

INSURANCE

The primary sponsor agrees to maintain General Liability insurance that protects the sponsor and the City and its officers, agents and employees from any and all claims, demands, actions and suits arising from the sponsor's event. The insurance shall provide coverage for not less than \$2 million per occurrence – some exceptions may be made down to \$1 million at the discretion of the City based on the risks involved in the event. If alcoholic beverages will be sold or consumed then the same is required for Liquor Liability. Sponsor is required to provide a certificate of insurance and also an endorsement showing the City as an additional insured. Sponsor agrees that any vendors or sub-contractors associated with the event shall be required to do the same.

I have read the hold harmless agreement and liability agreement and agree the terms herein.

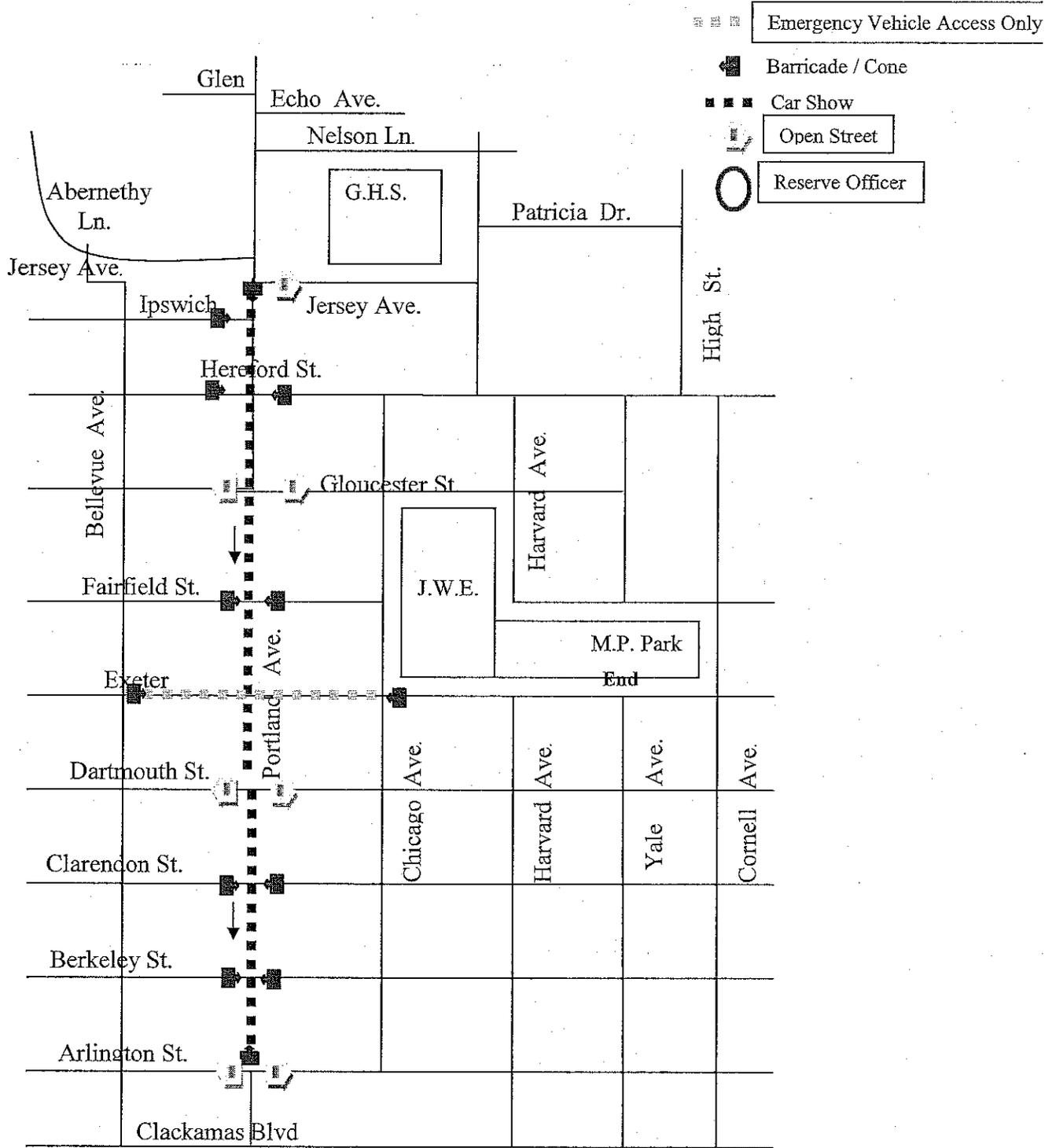
Signature of Sponsor or Authorized Representative

Joe Q Kaufman Gladstone – Oak Grove Rotary

Date

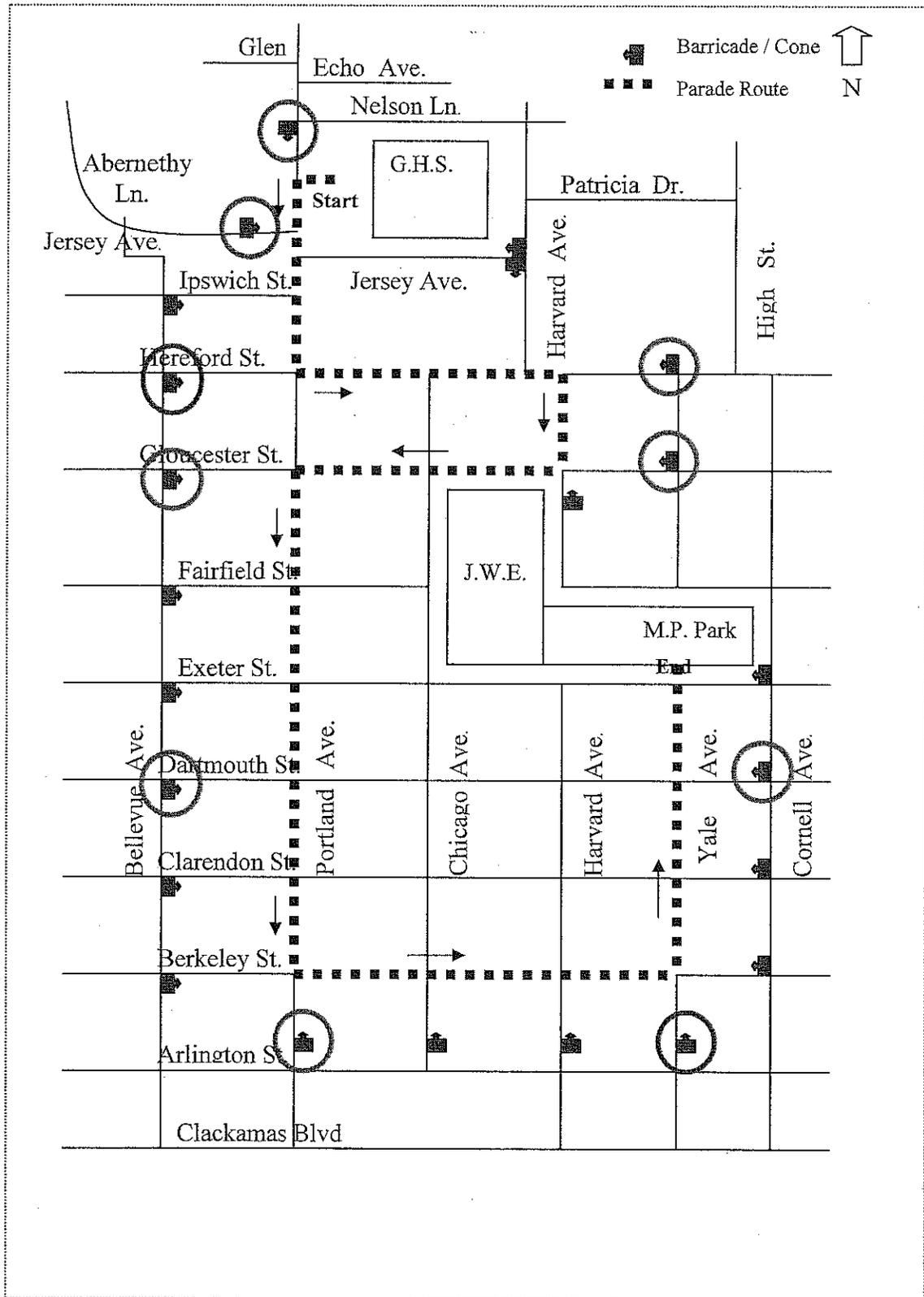
5-7-15

GLADSTONE COMMUNITY FESTIVAL CAR SHOW



3-10

GLADSTONE COMMUNITY FESTIVAL PARADE ROUTE



City of Gladstone Staff Report

Report Date: April 21, 2015
Meeting Date: April 28, 2015
To: City Council
From: Pete Boyce, City Administrator

AGENDA ITEM

Business License Rental Fee Discussion

History/Background

Amended City fees were discussed by City Council and staff presented a draft master fee schedule to City Council on November 12, 2013. The fees included revised business license fees. At its regular meeting on January 14, 2014 City Council adopted master fee schedule resolution 1033. Business license fees totaled \$19,925.86 for fiscal year (FY) 2013; \$21,384.36 in FY 2014; and \$53,821.69 has been collected in FY 2015. The fees are deposited in the General Fund and are used to support services which include the Fire Department, Senior Center, Police, Parks, Recreation, Library, Administration and Municipal Court. City Council and staff have received comments from the public concerned about the effect of the large increase in business license and rental fees.

Proposal

Take testimony from the public. Discuss business license fees. No action may be taken at the work session. Give staff direction regarding possible adjustments to the fee.

Options

N/A

Cost Impact

The amended fees have increased revenue for the City by \$32,437.33 so far this fiscal year compared to FY 2014.

Recommended Staff Action

Staff recommends city council take testimony from the public and discuss the business license fee.

Department Head: N/A
Date:

Administration: Pete Boyce
Date: 04/21/2015

4

City of **GLADSTONE**



Date: January 9, 2014
To: Mayor Byers and City Council
From: Pete Boyce, City Administrator *PB*
Re: Master Fee Schedule Resolution

At its November 12, 2013 regular meeting City Council was presented with a draft master fee resolution for comment. Staff has revised the draft as directed and is presenting the resolution for consideration.

City Hall
525 Portland Avenue
Gladstone, OR 97027
(503) 656-5223
FAX: (503) 650-8938
E-Mail: (last name)@
ci.gladstone.or.us

Municipal Court
525 Portland Avenue
Gladstone, OR 97027
(503) 656-5224 ext. 1
E-Mail: municourt@
ci.gladstone.or.us

Police Department
535 Portland Avenue
Gladstone, OR 97027
(503) 656-4253
E-Mail: (last name)@
ci.gladstone.or.us

Fire Department
555 Portland Avenue
Gladstone, OR 97027
(503) 557-2776
E-Mail: (last name)@
ci.gladstone.or.us

Public Library
135 E. Dartmouth
Gladstone, OR 97027
(503) 656-2411
FAX: (503) 655-2438

Senior Center
1050 Portland Avenue
Gladstone, OR 97027
(503) 655-7701
FAX: (503) 650-4840

City Shop
18595 Portland Avenue
Gladstone, OR 97027
(503) 656-7957
FAX: (503) 722-9078

GLADSTONE CITY COUNCIL MINUTES OF REGULAR MEETING – January 14, 2014

ROLL CALL

The following city officials answered the roll call: Mayor Wade Byers and Councilors Hal Busch, Ray Jaren, Kari Martinez, Thomas Mersereau, Lendon Nelson, and ...Reisner.

ABSENT: None

STAFF

Pete Boyce, City Administrator; Rhonda Bremmeyer, Senior Center Director; Irene Green, Library and Scott Tabor, Public Works Director.

Mayor Byers led the flag salute.

BUSINESS FROM THE AUDIENCE

Mike Madler, Gladstone Fire Department, Members Association, Association President reported last month Council donated \$500 for the Food and Toy Drive. They had a successful year with 140 families they delivered to, two large food boxes for every family, and a bag of toys for the kids. He thanked the Council for their contribution and submitted a letter of appreciation.

Mary Accenttura, 17528 SE Valley View Road, President of New Gladstone Library Foundation explained their Foundation is made up of six directors, three less than their desired number. They all agree on the need for the new and improved library to serve the Gladstone and Oak Lodge Communities. There is a split in the foundation as to the ways and means of obtaining the goal. Their actions are guided by their mission statement, vision statement and values. She read the three statements to the Council. They are committed to following these three statements and to provide all the help and energy they have to benefit the patrons of the Gladstone Public Library. The pact and the foundation are not one in the same.

Pat McMahon, 175 W. Berkeley stated he runs the Santa and the Mac Event concurrently with the Gladstone Fire Department. They were able to donate four full barrels of toys and canned goods that they also gave to the Gladstone Food Bank at the Campgrounds. After the fire-fighters were done at Christmas time, they continued to make up canned goods from the library. There was another two full 55-gallon drums of canned goods that went up to the food bank in Gladstone. They made sure that anything they procured in the City of Gladstone stayed in the City of Gladstone. He thanked the Fire Department, support from citizens, and the library for all their help.

CONSENT AGENDA

Item(s) Removed from the agenda:

1. Approval of October 15, 2013 Work Session Minutes and December 10, 2013 Minutes
3. Approval of Resolution 1034 – Adopting Updates to the City of Gladstone Addendum to the Clackamas County Multi-Jurisdictional Natural Hazards Mitigation Plan
4. Approval of Regional Justice Information Network Intergovernmental Agreement
9. Payment of December Claims

Item 2, Approval of Resolution 1033; Adopting a Revised Master Free Schedule and Repealing Resolution 1003, was removed from the Consent Agenda and placed as Item 22 on the Regular Agenda.

5. Approval of Special Event Temporary Liquor License – Concept Entertainment Two, LLC – Latus Motors
6. Denial of Liquor License – Affordable Catering – Napoleons Deli 455 Portland Avenue
7. Appointments Boards, Commissions and Committees:
 - a. Park and Recreation Board
 - b. Traffic Safety Commission
8. Information Regarding 2013 Gladstone Cultural Festival City Expenses

Councilor Nelson moved and Councilor Busch seconded a motion to approve Consent Agenda items 5 through 8 as presented.

Motion carried unanimously.

Discussion of Items 1, 3, 4, and 9:

1. Approval of October 15, 2013 Work Session Minutes and December 10, 2013 Minutes. Revisions were made to the December 10, 2013 Minutes.

3. Approval of Resolution 1034 – Adopting Updates to the City of Gladstone Addendum to the Clackamas County Multi-Jurisdictional Natural Hazards Mitigation Plan. Councilor Mersereau asked that the acronyms be defined in the document. City Administrator Boyce will have staff make the corrections.

4. Approval of Regional Justice Information Network Intergovernmental Agreement. Councilor Mersereau suggested there be a cost associated with each group that is involved with this Agreement. He asked who would be Gladstone's representative and alternate. Administrator Boyce stated the representative would be Chief Pryde and alternate would be Lieutenant or designee.

Councilor Reisner noted the cost sharing formula is attached as Exhibit A; however there was no Exhibit A in the Agreement.

Jeff Jolly, Gladstone Police Department explained Master IGA Exhibit A has the formula for the pre-implementation of the program. He submitted a copy for the Council. According to the latest newsletter, November 2013, they estimate currently the per-user cost is \$55 per sworn officer. Portland Police Bureau is picking up \$6 million major infrastructure cost and each user-agency will be charged the \$55 fee. The network is estimating that the fee could go up to \$59 per user; which would be approximately \$700-1,000. more per year than what Gladstone is currently paying for 14 officers. For 16 officers the cost will be \$10,600 and if the cost does go up \$4 the cost will \$768 – 1,000.

Questions from the Councilors:

- Are more departments anticipating joining this network than what is currently being offered through Portland? Answer: Officer Jolly thinks absolutely more people will join as this system continues to build. Right now the number is at 40 in five different counties and two different states.
- Will the information from the current system that is retiring be absorbed into the new system? Answer: Officer Jolly stated they will transfer the information over to the

new system and make it available. The system will be replaced with the PPDS system that is maintained by Portland.

- Page 414 indicates an effective date of 7/1/2012; is that correct? Answer: Officer Jolly stated this is the effective date of the agreement. The initial phase will not begin until March and Gladstone will be involved in the early roll-out period. The goal is to make it fully implemented later in the year.
9. Payment of December Claims. Councilor Reisner noted there were bills from Back Flow Management and Timberline Development and asked if there was a sewer overflow? City Administrator Boyce reported there was a sewer lateral that was discharging sewerage into the public right of way on West Arlington. The City went in and took care of it; they hired Timberline to come in and take care of the public health hazard. The property owner has 60 days to repay the City for that cost or have a lien put on the property.

Councilor Martinez moved and Councilor Busch seconded a motion to approve the Consent Agenda consisting of Items 1 and 3 as revised and Items 4 and 9 as presented.

Motion Passed unanimously.

CORRESPONDENCE

10. Letter from Dewo M. Yadeto Regarding Municipal Court
11. Rose Johnson's Response Memo from City Attorney Concerning the Agenda
12. Additional Correspondence

REGULAR AGENDA

13. Exit Audits – Merina and Company, 5499 Amy Street, West Linn. Tonya Moffitt, Partner and Linn Pope, Audit Manager, Marina and Company presented the results of their June 30, 2013 Audit. They have completed the audit and issued a Clean Opinion which is the best opinion that the City can receive. The opinion is limited to the basic financial statement, the supplementary information, and the audit comments. They do not audit the introductory section therefore they don't issue an opinion on that. There were no restrictions placed on the audit and no disagreements with management. There were no significant difficulties in conducting the audit.

There were four new accounting pronouncements that were implemented in the fiscal year ending in 2013 and those were government auditing standards 61, 62, 63 and 65. One of the pronouncements is for the way component units are treated (relationship with the City, but not inside the city—library foundation). There is a pronouncement for GASB 63 and 65 which changes the look of the financial statements. The government accounting standards created deferred inflows and deferred outflows (previously referred to as deferred revenue). The City has implemented these policies and procedures correctly and the financial statements are representative of what the government accounting standards require.

There are estimates in the financial statements for depreciation, compensated absences payable, and other post employment benefits. There were no transactions the City entered into that lacked authoritative guidance. There were some uncorrected misstatements with the total financial statement in effect of \$69,000 and \$113,000. As there were changes in the accounting

rules so what could have been presented in the financial statement and if it became material, it would need to be presented in the financial statement, the City chose not present those at this time as they are immaterial to the financial statement.

Merina & Company assisted the City in material audit adjustments for closing journal entries for the year end and the City has another CPA that reviews those journal entries that they repair to ensure the company is still independent to be able to issue an auditor's report.

Ms. Moffitt reported they also review collateral, public purchasing, how the City spends their highway funds, and making sure they are in compliance with the Oregon State minimum standards. There was one budget violation where the budget resolution did not agree to the budget document. The approved column in the budget was the numbers that appeared in the resolution and not the adopted numbers. There were variances between the approved and the adopted budget. This was noted when they did the budget testing. The City will revise this.

Questions from the Council:

- Councilor Reisner noted this year's letter to management was longer than previous years. He asked if they compare years past when drafting the letter. Answer: The letter represents their recommendations and things they noted during the audit. Previously they were verbally communicated to management; however, they have changed their practices and are now putting them in writing.
- Were the previous letters viewed to determine if those recommendations were completed or corrected? Answer: Some of the comments reflect corrections from the past with recommended purchasing policies be implemented, a cash handling policy be implemented, etc. They do go back and review them from the prior year to see if they have been implemented or not.

Urban Renewal Agency Exit Audit. Merina and Company completed this audit December 27, 2013 and issued a Clean Opinion. The opinion is limited to the basic financial statements and the audit comments. They do not audit the introductory section and do not form an opinion on it. There were no restrictions on the audit scope, there were no disagreements with management, and there were no significant difficulties occurred during the course of the audit. There were three new accounting policies, GASB 61, 63 and 65. There were no transactions found entered by the Urban Renewal that lacked authoritative guidance. There were some audit adjustments for proper presentation of the financial statement (property taxes). For Oregon State regulations, they test for Urban Renewal to make sure they comply and they were in compliance with everything they tested.

Questions from the Council: None.

Mayor Byers asked staff to convey appreciation to those who work hard all year to make sure the financial matters of the City are proper, current and correct.

14. Appointment to Planning Commission (three applications received for two vacant positions). Mayor Byers reported that applications to the Planning Commission have been received from: Jerry Herrmann, Kevin Johnson, and Tammy Stempel.

Roll: Councilor Jaren, Herrmann, Stempel; Councilor Mersereau, Johnson, Stempel; Councilor Martinez, Herrmann, Stempel; Councilor Reisner, Johnson, Stempel; Busch, Herrmann, Stempel; Nelson, Johnson, Stempel; and Mayor Byers, Johnson, Stempel. Kevin Johnson and Tamara Stempel have been appointed to the Planning Commission.

15. Appointment to Budget Committee (four applicants and three vacant positions). Mayor Byers reported that applications to the Budget Committee have been received from: Dave Kruse, Steve Johnson, Kevin Johnson, and Jerry Herrmann.

Roll: Councilor Jaren, Kruse, Steve Johnson, Herrmann; Councilor Mersereau, Kruse, Steve Johnson, Kevin Johnson, Councilor Martinez, Kruse, Steve Johnson, Herrmann; Councilor Reisner, Kruse, Steve Johnson, Kevin Johnson; Busch, Kruse, Kevin Johnson, Herrmann; Nelson, Kruse, Steve Johnson, Kevin Johnson; and Mayor Byers, Herrmann, Steve Johnson, Kruse.

Dave Kruse, Steve Johnson and Jerry Herrmann have been appointed to the Budget Committee and Kevin Johnson, Alternate.

16. Appointment to Senior Center Advisory Board (three applicants for one vacant position). Mayor Byers reported that applications to the Senior Center Advisory Board have been received from: Diane Berreth, Katherine Ellerby and Noreda C.B. May. He asked the Council to vote on two applicants for the terms that expire in 2013 and one applicant for the term that expires 2014.

Roll: Councilor Jaren, Berreth, May; Councilor Mersereau, Berreth, May; Councilor Martinez, Berreth, Ellerby; Councilor Reisner, Berreth, May; Busch, Berreth, May; Nelson, Berreth, May; and Mayor Byers, Berreth, May.

Diane Berreth and Noreda May have been appointed to the Senior Center Advisory Board for the terms expiring December 31, 2016. Katherine Ellerby will be appointed to the Senior Center Advisory Board for the term expiring December 31, 2014.

17. Suggested Municipal Code Review Procedure Adopted by the Planning Commission. City Administrator Boyce reported the Planning Commission took up the directive of City Council to review the current Gladstone Municipal Code and how they will approach that directive.

Tami Stempel, 6960 Winfield Court, Planning Commission Chair reported the Planning Commission spent some time reviewing different titles and sections and put together a review procedure. Time for a worksession will be set aside at each scheduled Planning Commission meeting to address this review. It was decided to approach the subjects of clear vision and nuisance codes first. All the titles other than 17 the Commission will send recommendations

to the Council as they are addressed. Because of notice procedures quarterly updates will be presented on Title 17. Important documents will be submitted in advance, through the City and through the proper process.

Questions from the Councilors:

- Have the changes/update suggested regarding ORSs indicated in the Code Analysis Ordinance Review in January 2012 been made? Answer: City Administrator Boyce reported they have not been changed. The entire municipal code was reviewed and suggestions were made. It will require legal research on the City Attorney's part.
- Do some of the suggestions have time restraints? Answer: City Administrator Boyce reported he has asked the City Attorney to prioritize the issues and that list has been submitted to the City.
- When does the Council get the list and when will they start working on it? City Administrator Boyce stated the City is moving forward on implementing. The Planning Commission with the new directive from City Council will consider the report and send it forward also.
- Why has it taken two years to set out priorities; doesn't it put us in a liability situation with the State in that some of these ordinances haven't been updated and not in compliance with state law? Answer: City Administrator Boyce reported the analysis was done and they are moving forward. The Planning Commission will take it into consideration as they move forward.

18. Discussion – Complaint and Request for Disciplinary Hearing from Planning Commissioner Craig Seghers. City Administrator Boyce reported this is an evolving issue. A copy of an agreement between Tamara Stempel and Craig Seghers was provided to the Council. He asked the two involved if they will agree to participate in mediation and they agreed to do so. There were three separate sessions involving the complainant and each individual listed on the document. He met with both Mr. Seghers and Ms. Stempel and they presented an agreement to him which talks about setting up some rules that the Planning Commission and other committees could follow regarding behavior of committee members. There could be a mechanism set up to deal with violations of committee rules. In return Craig Seghers has decided to retract his complaint.

Craig Seghers stated this situation exposed a lack of procedures to deal with this sort of situation. He feels someone was abused at the meeting. He and Ms. Stempel have agreed to put it behind them if there is a serious effort to come up with a process to keep this from happening again. Tamara Stempel stated their intent is to look at what other municipalities have in place. She thanked the Council for their patience and understanding throughout this process. It was suggested that as a basis, the Council Guidebook that was adopted has a section called Council discussions and decorum should be reviewed.

Councilor Sieckmann asked if this agreement is public record or does it fall under confidentiality of the agreement? City Attorney Martin stated it is public record. Councilor Sieckmann thinks it's a good idea to go forward with the idea of preparing rules for the future.

However he doesn't want people to think he is trying to skirt around his obligations or did something wrong and this is a way out of it.

19. Ordinance 1442 – Adding a New Chapter 12.22 Regarding Special Events to the Gladstone Municipal Code. Mayor Byers asked Assistant City Administrator Morishita to read Ordinance No. 1442 by title only. The Ordinance was read.

Councilor Martinez moved and Councilor Nelson seconded a motion for first reading of Ordinance No. 1442.

Discussion Among the Commissioners: It was noted on Page 19-2, the second line of 12.22.020(1) should read, "...the City Administrator upon a form available..."

It was asked if the homecoming parade or John Wetten parade would have to follow these conditions. City Attorney Martin explained if the parade is in a public right-of-way and shutting down streets, they have to come in for a permit. A system can be put in place where the fee can be waived for individual event.

Kirk Stempel noted on National Night Out a lot of people block off their street and do their event in the street. Is there something in this Ordinance that addresses National Night Out? This event would be covered under the City of Gladstone.

Mr. Stempel asked for clarification of 19-4, 12.22.060(1) (c) and (d). City Attorney Martin stated for example, if someone came in for a building permit and the City already knows that some of the right-of-way will not be available, (c) is included to take that into account. Section (d) for example the Cultural Festival is one week and the grass is worn down and muddy and someone wants to have an event the next week and the site is unusable.

When there is a large construction project it can be tight in some spots and an emergency vehicle could not get through. Does an applicant come in to report what will be closed off? City Administrator Boyce stated applicants report to Public Works what activity is involved and how much of the street will be blocked.

Public Testimony – None.

Councilor Martinez moved and Councilor Nelson seconded a motion to approve Ordinance No. 1442, An Ordinance Adding a New Chapter 12.22 Regarding Special Events to the Gladstone Municipal Code.

Roll: Councilor Busch: Yes; Councilor Jaren: Yes; Councilor Martinez: Yes; Councilor Mersereau: Yes; Councilor Nelson: Yes; Councilor Reisner: Yes; Mayor Byers: Yes.
The motion carried 7-0.

Mayor Byers asked that the Assistant City Administrator Morishita to read the Ordinance by title only for the second time. The Ordinance was read.

Councilor Martinez moved and Councilor Jaren seconded a motion to approve Ordinance No. 1442, An Ordinance Adding a New Chapter 12.22 Regarding Special Events to the Gladstone Municipal Code.

Roll: Councilor Busch: Yes; Councilor Jaren: Yes; Councilor Martinez: Yes; Councilor Mersereau: Yes; Councilor Nelson: Yes; Councilor Reisner: No; Mayor Byers: Yes.
The motion failed 6-1.

The second reading will be held at the next Council meeting. Staff was asked to include information about Ordinance 1442 in the City Newsletter.

20. Ordinance 1443 – An Ordinance adopting a new chapter 5.60 of the Gladstone Municipal Code Regarding Permit Requirements for Security Alarm Systems. Mayor Byers asked Assistant City Administrator Morishita to read Ordinance No. 1443 by title only. The Ordinance was read.

Discussion Among the Commissioners: It was asked why this ordinance was necessary? Answer: Jeff Jolly, Gladstone Police Department reported the Police Department will have more information available to them. It will provide standards and regulations applicable to alarm systems including those systems utilizing automatic dialing devices, and to encourage alarm users, as well as alarm businesses, to assume increased responsibility for maintaining the mechanical reliability and the proper use of alarm systems to prevent unnecessary emergency response to false alarms and thereby to protect the emergency response capability of the City.

If this is adopted and an officer is on his way and C-Com notifies that it is a false alarm, will it be considered a false alarm or not? Answer: Officer Jolly stated it would be in the City guidelines as to how they want to interpret that language. It would be cleared out by the C-Com center and if the officer is not on scene, he would not consider that a false alarm.

How did staff determine the fee and fines? Answer: Assistant City Administrator Morishita stated she received the yearly fees and fines from the Police Department as to what they wished to have listed. The records clerk worked on the fees and fines with one of the sergeants and then the chief approved it.

Was there consideration given to exempt senior citizens? Answer: It was discussed by Council and decided not exempt senior citizens.

Was consideration given to exempting the school district, DMV, Library, City Hall, Senior Center and the post office? Answer: Officer Jolly stated he was not involved with the drafting of the Ordinance. City Attorney Martin stated they are not exempt under the current language. Council can add language about exemptions.

There are home alarms that are not connected to any central monitoring system. Would this Ordinance require a permit for those kinds of houses? Answer: City Attorney stated it has to be

a system that is transmitting a remote or local audible, visual or electronic signal requesting emergency services personnel response.

Elizabeth Taylor, Utility Billing Clerk asked when the application is made, who processes the application, who issues the permits, who checks for violations, are the fines processed through the municipal court or is it a new bureau that has to be established. Assistant City Administrator Morishita stated Chief Pryde has agreed that his department will handle items listed on the fee schedule under the police department – this includes the alarm permit. Chief Pryde will work it out as to who does what. The entire process will be taken care of by the Police Department.

How will the appeal process be handled? Answer: City Attorney Martin stated the permit revocation section indicates the Police can give 10 days' written notice to allow the permit holder an opportunity to correct the system. Council has the discretion to allow an additional appeal beyond the 10 days.

Public Testimony – None.

Councilor Martinez moved and Councilor Nelson seconded a motion to approve Ordinance No. 1443, An Ordinance Adopting a New Chapter 5.60 of the Gladstone Municipal Code Regarding Permit Requirements for Security Alarm Systems.

Roll: Councilor Busch: **Yes**; Councilor Jaren: **Yes**; Councilor Martinez: **Yes**; Councilor Mersereau: **Yes**; Councilor Nelson: **Yes**; Councilor Reisner: **No**; Mayor Byers: **Yes**.
The motion failed 6-1.

Mayor Byers announced that the second reading will be held at the next Council meeting. Staff was asked to include information about Ordinance 1443 in the City Newsletter.

Recess was taken at 9:10 p.m. and the meeting reconvened at 9:15 p.m.

21. Library Facility. City Administrator Boyce reported Council requested he look into outlining a new project. He is suggesting citizens advisory committee was formed to review the new project and come back to the Council with a recommendation. A letter was sent out indicating that the County's contribution of \$1.5 million could still be used by the City if they came up with a project by June 2014 that would be able to serve Gladstone and Oak Lodge service area.

The outline includes:

- Design and construction of a library facility not to exceed 13,000 square feet. High estimates for a 13,000 square foot library would be in the range of \$5.7 million to \$6.7 million (excluding purchase of land).
- The Webster Road property is still under Cit ownership and could be used as a library location.
- Sources of funding include Clackamas County \$1.5 million, Library District Revenues, sale of assets, Urban Renewal Fund, General Fund, a bond measure (public vote) and additional funding from Clackamas County.

Discussion by the Council:

With the goal of June 2014 to have a final plan in place he requested Council authorize a citizen advisory committee to report back to Council at their May meeting. This timeline makes the assumption that Clackamas County will allow the City to obtain voter approval of the project in November 2014.

The advisory committee should include a Council member, a Library Board member, a Library Foundation member, member of Save Gladstone, and some representation from the Oak Lodge Service area. The charge of the committee would be to hold public meetings in order to form a recommendation to City Council regarding the facility of the library. He is looking for direction from City Council whether or not they would authorize such a citizen committee to be formed.

Councilor Jaren believes the membership is heavy on library membership with three library groups. There should be broader with respect to the entire citizenship of Gladstone. It would be good to consider representation from the County.

Rose Johnson, 5480 Abernathy Court stated not every person on the committee should be a stakeholder (in City Council or School District). She suggested a pool of citizens at large from Gladstone.

Mayor Byers stated in principle he supports the framework of this plan. There have been a number of things that were identified that are pertinent. The short term target is by May the City will have a ballot measure to present in November.

Rose Johnson, 5480 Abernathy Court asked if the current ballot measure is sufficient. Mayor Byers stated this is a different scope of project.

Chuck Gustafson, 6635 Buckingham Drive stated the Clackamas County Library District is going to build a library. They are willing to pay for it without any new taxes. He is also in favor or not taking one square inch out of the proposed plan submitted. The property that was originally designated is as good a property as any. The library and property are the big issue. He asked how much Gladstone is going to have to outlay for the building of a library. Mayor Byers explained a majority of the library can be paid for out of the annual proceeds of the library district.

Councilor Martinez suggested a 10 member library committee: a City Council member, a representative from the Library Board, Library Foundation, School District, County and five people at-large within the service area. A facilitator would also be helpful.

Barry Burns, 7550 Charoleis Court suggested building a steel structure above the library, finish off two floors of it, move all the books up, and finish off the bottom as another floor or it could be the parking lot.

Nancy Eichsteadt, 665 Barbary Place stated the Council has her letter from a citizen group, Where's My Library regarding a 10% cut of the original design without going back into significant design changes on Oatfield/Webster property. They feel strongly that this might be a workable solution. She is concerned about 13,000 square feet and throwing away the \$1.5 million design plan already made. The City does not need a lot of the extras in the design; she feels things can be eliminated and be within the budget.

Les Poole, 18340 Cornell Place lived in Oak Grove when the library proposal first started. He expressed concerns because there was a lot of support being claimed from Oak Grove. Most in Oak Grove had no idea the library was closing. So if Gladstone is going to build a library regardless of location, more consideration from citizens is an absolute requirement. He recommends that everyone understand whatever is presented in the future be something Oak Grove supports. Save Gladstone was formed because there were a lot of infrastructure issues that were put on a back burner in favor of a project everyone thought was viable, but it trumped. There needs to be a discussion of what happens to the current buildings in the future.

Maryanna Moore, 18340 Cornell Place has lived at this residence for 50 years. She is here tonight representing Save Gladstone. Her group understands the need to improve library service and they are open to considering reasonable options. She referred to a letter in the Council's packet titled, "Where's My Library." That question was answered by the voters who defeated measures 3413 in November of 2012. Since that time, a group of citizens continue to promote a plan that is not in the best interest of the community. The letter recommends keeping the current plan in spite of the cost and two public votes rejecting it, the letter claims that the project costs can be reduced by 10% and the property on Webster Road be purchased. If these are realistic options they should have been considered prior to moving forward in 2011. She does not feel the 10% reduction in cost will not be enough to win voter approval this year. Gladstone has critical needs and they are not addressed by focusing on the library. Save Gladstone support improving the library service and she feels the new librarian is a great asset to the library. She is here to ask how they can be part of a team to plan for Gladstone's needs that would be workable for all of the stakeholders.

Councilor Martinez voiced concern about the mold at the library, city hall and the police station. There are children who come in there breathing in this unhealthy substance.

Mary Accenttura, 17528 SE Valley View Road agrees with the comment of the excellent job Irene has done. Irene does a monthly report that is online for anyone to look at. Last month the library was closed three days; 6,690 people walked through the door of a 5,000 square foot building that is not ADA compliant. Not a quarter of amount of people walk through the City Hall door or the Police Department door. The building is getting a lot of use. They drastically need a new building.

Rose Johnson, 5480 Abernathy Court suggested because of time constraints that the committee when formed meet more than once a month. She feels by setting a date where the Council will accept suggestions from the public. In case interested parties are not chosen, they will get an opportunity to make their wishes known in writing.

Councilor Martinez moved and Councilor Nelson seconded a motion to have the Library Committee be no less than ten (10) people; five to be from the establishment and five from the community. A facilitator will be present at the meetings. The committee will be selected by the end of January to start work in February. Applications will be accepted and the committee members will be selected at the January 28, 2014 adjourned Council meeting. The group will hold their first meeting on February 10, 2014.

Ed Gronke stated he does not live in the City of Gladstone but he lives within the Clackamas Library District. The deadline for applications is really close and there is any hope for representation from the Oak Lodge Community, there needs to be more time to get the word out and get applications in.

Motion carried unanimously.

22. Approval of Resolution 1033, Adopting a Revised Master Fee Schedule and Repealing Resolution 1003. Mayor Byers reported the City Attorney advised Council to add this to regular business so individuals have an opportunity to make comments.

Hearing no comments from the audience Mayor Byers called for a motion.

Councilor Nelson moved and Councilor Martinez seconded a motion to approve Resolution 1033, Adopting a Revised Master Fee Schedule and Repealing Resolution 1003.

Motion carried unanimously.

BUSINESS FROM THE COUNCIL

- Councilor Nelson reported on January 24, there are two officers graduating from the Police academy, Mark Herkamp and Casey Newton. The commencement speaker will be Chief Jim Pryde.
- Councilor Reisner thanked Mary for her help as an elf with the Santa project at the library. She donated the books that were handed out to the participants. It was a great event.
- Mayor Byers announced Jim Zuffrea passed away. He was very instrumental in Chautauqua festivals and now the Cultural Festival. He has the world's greatest spaghetti recipe that he used to raise money for the festivals. Services will be held January 25th at the Senior Center.
- The Gladstone Rotary will have a joint meeting on January 16th and the speaker will be Sheriff Craig Roberts. The meeting will be held at the Homewoods on the Willamette at noon.

Adjourn

Mayor Byers adjourned the January 14, 2014 Council meeting at 10:15 p.m. into Executive Session ORS 192.660(f) to conduct deliberations with persons designated by the governing body to carry on labor negotiations. He announced they would not be coming back into public session.

The next City Council meeting was adjourned to 1/28, 2014, at 7:30 p.m.

Approved by the Mayor this 11 day of February, 2014.

Wade Byers
Mayor

Attest:

J. J. J. J.
Assistant City Administrator

RESOLUTION NO. 1033

CITY OF GLADSTONE, OREGON

A Resolution Adopting A Revised Master Fee Schedule and Repealing Resolution 1003

WHEREAS, the Gladstone City Council is authorized by the Gladstone Municipal Code to adopt certain fees; and

WHEREAS, the City Council last revised the master fee schedule in August 2011 through Resolution 1003; and

WHEREAS, the City Council desires to adopt an updated master fee schedule.

The City of Gladstone Resolves as follows:

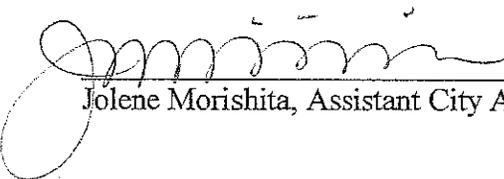
SECTION 1. The City of Gladstone repeals Resolution 1003 and adopts the revised master fee schedule as set forth in the attached Exhibit A.

SECTION 2: This resolution is effective immediately upon adoption by the City Council.

ADOPTED this 14 day of January, 2014.

ATTEST:

Wade Byers, Mayor



Jolene Morishita, Assistant City Administrator

4-17

City of Gladstone
Resolution No. 1033, Exhibit "A" - Master Fee Schedule

	FEE
ADMINISTRATION	
Adopted Budget	\$ 45.00
Blasting Permit Fee	\$ 5,000.00
Blasting Permit inspections each (after first two inspections)	\$ 2,000.00
Business License Base Fee (Non-Resident)	\$ 125.00
Business License Base Fee (Resident)	\$ 100.00
Business License Commencing July-December (Non-Resident)	\$ 75.00
Business License Commencing July-December (Resident)	\$ 50.00
Business License fee for each FTE	\$ 5.00
Business License for Rental Property in Gladstone (per address)*	\$ 25.00
Business License Past Due Fee per month	\$ 10.00
DVD/CD	\$ 20.00
Franchise Review	\$ 5,000.00
Home Occupation	\$ 50.00
Liquor License Review	\$ 100.00
Original Application	\$ 75.00
Change in ownership, location, or privilege	\$ 35.00
Renewal or temporary application	\$ 30.00
Lien Search	\$ 10.00
Notary Fee (Non-Resident)	\$ 5.00
Notary Fee (Resident)	\$ 35.00
NSF Check Charge	\$ 25.00
Parking Permits	\$ 25.00
Penalty for work commencing before application approval	Investigation fee equal to permit fee
Photocopies B&W up to 8 x 14	\$ 0.25
Postage and Handling Flat Fee + actual cost of postage	\$ 1.00
Public Records Administrative Research per hour (quarter hour increment charge)	based on hourly rate

Public Records Clerical Research per hour (quarter hour increment charge) based on hourly rate
 Public Records Legal Research per hour (quarter hour increment charge) based on hourly rate
 Public Records Request Deposit (large) toward hourly rate 100.00
 Public Records Request Deposit (small) toward hourly rate 25.00
 Returned Check Charge/processing 35.00
 Road Re-Naming 150.00
 Special Event Application* (plus actual staff costs for employees specifically needed to work the event) 100.00

FIRE

Fire Log Report \$ 15.00

LIBRARY

Annual Out-of-District Resident Library Card \$ 95.00
 Barcode Replacement \$ 1.00
 CD Booklet or Missing Artwork \$ 3.00
 CD Case (double) \$ 3.00
 CD Case (single) \$ 1.50
 Damaged Items Replacement Cost
 Kits (bag with barcode missing) 2.00
 Late Charge (per day); Maximum per item: \$3 children/\$5 adult 0.25
 Lost Cultural Pass (varies from \$75.00-\$200.00) Replacement Cost
 Lost Items Replacement Cost
 Lost Library Card 1.00
 Photocopies (first two pages of non-circulating materials are free)
 Black and White Copies (per page) 0.10
 Color Copies (per page) 0.50
 Print Material Missing Cover 2.00
 Test Proctoring (per test) 25.00

PARKS AND RECREATION

Softball/Baseball Tournaments (per day/per field) \$ 55.00
 Softball/Baseball Non-Gladstone Leagues Only (per team) \$ 27.50
 (per field) \$ 11.00

4-19

Softball/Baseball Picnic Use (per day/per field)	\$	11.00
Soccer Field Reservation (per day/per field)	\$	44.00
Soccer League Play for Gladstone Residents (per team/per field)	\$	5.00
Soccer League Play for Non-Gladstone Residents (per team/per field)	\$	20.00

PLANNING AND BUILDING

The City of Gladstone contracts with Clackamas County for planning and building services, fees for those applications and services are set by the County

POLICE

A-Frame Sign Permit	\$	100.00
Address Record Print (per address)	\$	5.00
Alarm Permit*		
Initial Permit or Renewal		
Late Fee (after 30 days expiration or installation)		25.00
Second False Alarm (within permit year)		25.00
Third False Alarm (within permit year)		50.00
Fourth and Each Subsequent Alarm (within permit year)		100.00
Failure to obtain Alarm Permit		150.00
Animal Permit Application (per year)	\$	90.00
Block Party	\$	25.00
Human Resources Police Application (due at submission)	\$	35.00
ID Theft	\$	20.00
Local History Printout (per record)	\$	Victim Free
Noise variance	\$	5.00
Nuisance Property Abatement	\$	75.00
Officer's Notes (per entry)	\$	Actual Cost
Police Report (first 5 pages)	\$	5.00
Police Report (page 6 and over) each page	\$	10.00
Radar Certification (per record)	\$	1.00
Temporary Storage Container	\$	5.00
Vehicle Impound (after business hours)	\$	50.00
Vehicle Impound (during regular business hours)	\$	125.00
	\$	100.00

PUBLIC WORKS

Barricade Delivery and Pickup Fee	50.00
Contractor Hydrant Hook-up Application (plus water meter costs)*	50.00
Dye Test Residential/Commercial	100.00
Erosion Control Violation	300.00
Fire Hydrant Water Permit (per hook up + cost of actual water)*	50.00
Street Opening Inspection Fee	85.00
Street Opening Permit Fee	150.00
Street Opening Re-Inspection Fee	85.00

SENIOR CENTER

Building Rental (per hour) Non-Profit	40.00
Building Rental (per hour) Private Party	50.00
Building Rental (per hour) Profit Making	70.00
Fax (per page - staff only)	1.00
Kitchen Fee	50.00
Meal (suggested donation) under 60 years	2.50
Meal (suggested donation) over 60 years	5.00
Newsieter Subscription (per year)	8.00
Photocopy (per page)	0.25
Van Donation (suggested donation) each way	1.00
Friday Excursions (\$7-\$25)	varies

SEWER DEPARTMENT

Sewer Inspection Fee, except mobile homes, motor homes and travel trailers	50.00
Sewer Insepction Fee for mobile homes, motor homes, and travel trailers	25.00
Oak Lodge Monthly Retail Sewer Fee (portion retained by City)	5.39
Tri-City Sewer District Monthly Retail Sewer Fee (portion retained by City)	7.87
Clackamas County Sewer District #1 Monthly Retail Sewer Fee (portion retained by City)	7.87

UTILITIES

Low Income Rate Violation -	ORS 164.125 sets fee
Mailed Late Notice/Shut Off Notification	5.00

480



25.00
 25.00
 25.00
 175.00

Shut Off Door Hanger
 Shut Off Water
 Turn On Water (during business hours)
 Turn On Water (after business hours)

* Fee in effect only after applicable code provisions have become effective

4-21

GLADSTONE CITY COUNCIL
REGULAR MEETING
CITY HALL COUNCIL CHAMBERS
November 12, 2013

7:00 p.m. EXECUTIVE SESSION – ORS 192.660(2)(h) To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

7:30 p.m. CALL TO ORDER
ROLL CALL
FLAG SALUTE

BUSINESS FROM THE AUDIENCE

Visitors: Presentations not scheduled on the Agenda are limited to five (5) minutes. Longer presentations should be submitted to the Assistant City Administrator by 5:00 p.m. Wednesday prior to the Tuesday City Council meeting.

CONSENT AGENDA

All items below will be enacted by one motion unless someone requests specific item(s) be removed prior to Council adoption of the Consent Agenda.

1. Approval of October 8, 2013 Minutes
2. Approval of Personal Services Contract for Municipal Court Judge, Linda Beloof
3. Approval of Resolution No. 1032, re: City Council Guidebook
4. Payment of October Claims

CORRESPONDENCE

5. Email from Rose Johnson, re: Damascus Legal Bills

REGULAR AGENDA

6. Approval of Rinearson Natural Area Restoration Project agreement
7. Memo from City Attorney, State & Local Regulation of Exotic Animals
8. Approval of Volunteer Handbook
9. Draft Master Fee Schedule

BUSINESS FROM THE COUNCIL

ADJOURN

4-22

It was noted by Councilor Reisner that in the *Local Focus* there was an article about volunteer handbooks. He compared what was suggested be covered and what Gladstone's handbook wrote and found that the Gladstone handbook was comparable and well-done.

Councilor Martinez moved and Councilor Busch seconded a motion to approve the Volunteer Handbook as presented.

Motion carried unanimously.

9. Draft Master Fee Schedule. City Administrator Boyce reported the Master Fee Schedule was completed by the Assistant City Administrator, Jolene Morishita. The fee schedule has not been amended for several years. Research was done research on what other organizations have on their master fee schedules and compared it to where the City is currently. Staff is recommending Council review the document for comments and possible approval at next month's meeting.

Questions from Councilors:

- Question: Councilor Martinez asked about the library fee for the out-of-district card. Does this fee apply to those areas that are not part of Gladstone's library district within Clackamas County and other counties? Is it the same fee that has been charged in the past? Answer: City Administrator Boyce said yes to all three questions.
- Question: Councilor Reisner asked how the Police/Alarm Permit is administered. Answer: Assistant City Administrator reported it is something that would be brand new. It has not been determined how the Police Department will administer the permit. The Executive Assistant has indicated that she would probably be the one to do the administration (paperwork, alarm cards for homeowners, etc.). She has not spoken to the Police Chief so she does not know if this is his wishes.
- Question: Does the block party fee apply to the National Night Out. Answer: Assistant City Administrator Morishita said they are looking for Council feedback; however, her theory is the City wants to include as many neighborhoods as possible with National Night Out so she feels it would behoove the City to have Council to indicate that the fee is waived for that function.

Assistant City Manager Morishita noted she gave legal counsel a number of applications to create a process. Because of the work involved in changing the code to allow the City to administer these fees, it will be put on next month's agenda. A suggestion from the Police Department on alarm fees was given to City Attorney Heather Martin.

- Question: Is consideration being given to exempting senior citizens from initial alarm fees? Answer: Assistant City Manager Morishita said it was not indicated by the Police Department as an option, but certainly something the Council can recommend.

Mayor Byers suggested a Spell-check on Line 88 on Page 9-4.

- Question: Is the planning portion of the fee schedule not published because it is set by the County. Answer: Assistant City Administrator Morishita explained the planning

fee schedule is set by the County and City Planner Glasgow indicated that because of the fee structure and the formulas involved based on what plan or what project is being done, the cost involved in the project, and a number of other issues, he couldn't give any fee schedule that would be useful.

- Question: Councilor Martinez asked the definition of home occupation and suggested that it be changed to home business. Answer: Assistant City Administrator Morishita said it a business that is run out of the home. The term can be changed to home business and the code can be changed to reflect this.
- Question: Councilor Martinez asked where parking is available for those who purchase a parking permit. Answer: Assistant City Administrator Morishita stated there are certain areas of the City that require a parking permit (areas around the high school, parks, etc). All of the parking fees are on a yearly basis.

City Administrator Morishita noted that a member of Council requested a fee for a business license for rental property in Gladstone and she added it; Line 14, Business License for Rental Property in Gladstone. There was no objection to this addition.

It was noted that in Milwaukie the fee is \$100, much higher than Gladstone's fee. Assistant City Administrator Morishita stated it is up to Council if they want to increase that fee.

Staff was asked to review the amounts for the business license for rental property in an effort to come up with a fair amount for businesses with more than one business unit in the rental property and other fee issues brought up tonight and come back at the next meeting with suggested changes.

BUSINESS FROM THE COUNCIL

- Councilor Mersereau stated he made a few trips to the library over the last couple years and he thinks Irene Green has done a great job with her team. The interior looks better, brighter, and smells better. She has done a great job and he wanted to thank her. Before he left the last time he notices four or five exterior lights that were out and suggested the City find a way to replace those fixtures.
- Councilor Martinez reported the Council sponsored a Zombie Walk for Halloween. There were 34 participants remarkably made up in costume. The library did a great job in this event and they should be complimented.
- Councilor Martinez voiced concerns over the amount of work that the City Administrator and Assistant City Administrator have to do and how much time is spent responding to questions from the Council. She asked if there is a way to keep track of the time and work involved in questions on different issues. City Administrator Boyce stated if Council requests it, staff can do it.
- Councilor Nelson reported he was invited over the library several times but has not yet made it. He promised to visit in the near future.
- Councilor Nelson reported the Senior Center will be hosting a Turkey Dinner on Wednesday, November 20th. Volunteers are welcome to help serve. The dinner starts at 11:30 a.m. to 1:00 p.m. Santa will be coming on December 17th.
- Councilor Reisner reported he attended the emergency management training put on by the County. They did a scenario (a 6.9 earthquake in Gladstone) where they had to write up a

City of **GLADSTONE**



TO: Mayor Byers and City Councilors
FROM: Jolene Morishita *JM*
Assistant City Administrator
DATE: November 7, 2013
RE: Master Fee Schedule

City Hall
525 Portland Avenue
Gladstone, OR 97027
(503) 656-5223
FAX: (503) 650-8938
E-Mail: (last name)@ci.gladstone.or.us

Municipal Court
525 Portland Avenue
Gladstone, OR 97027
(503) 656-5224 ext. 1
E-Mail: municourt@ci.gladstone.or.us

Police Department
535 Portland Avenue
Gladstone, OR 97027
(503) 656-4253
E-Mail: (last name)@ci.gladstone.or.us

Fire Department
555 Portland Avenue
Gladstone, OR 97027
(503) 557-2776
E-Mail: (last name)@ci.gladstone.or.us

Public Library
135 E. Dartmouth
Gladstone, OR 97027
(503) 656-2411
FAX: (503) 655-2438

Senior Center
1050 Portland Avenue
Gladstone, OR 97027
(503) 655-7701
FAX: (503) 650-4840

City Shop
18595 Portland Avenue
Gladstone, OR 97027
(503) 656-7957
FAX: (503) 722-9078

It has been several years since our Master Fee Schedule has been updated. Surveys were conducted of other City charges as well as evaluating the actual costs involved in providing services. Fees have been updated and additional categories have been added to adapt to the changing needs of our community.

Staff is requesting City Council to review and revise any charges it deems necessary providing direction. A final version of the Master Fee Schedule may be presented to City Council at the December Council Meeting for implementation in 2014.

4-25

A		H
City of Gladstone		
Master Fee Schedule DRAFT		
1		
2		
3		
4	ADMINISTRATION	
5	Adopted Budget	\$45.00
6	Blasting Permit Fee	\$5,000.00
7	Blasting Permit Inspections each (after first two inspections)	\$2,000.00
8	Bond adjustment	\$50.00
9	Business License Base Fee (Non-Resident)	\$125.00
10	Business License Base Fee (Resident)	\$100.00
11	Business License Commencing July-December (Non-Resident)	\$75.00
12	Business License Commencing July-December (Resident)	\$50.00
13	Business License fee for each FTE	\$5.00
14	Business License for Rental Property in Gladstone (per address)	\$25.00
15	Business License Past Due Fee per month	\$10.00
16	DVD/CD	\$20.00
17	Franchise Review	\$5,000.00
18	Home Occupation	\$25.00
19	Liquor License Review	
20	Original Application	\$100.00
21	Change in ownership, location, or privilege	\$75.00
22	Renewal or temporary application	\$35.00
23	Lien Search	\$30.00
24	Notary Fee (Non-Resident)	\$10.00
25	Notary Fee (Resident)	\$5.00
26	NSF Check Charge	\$35.00
27	Parking Permits	\$25.00
28	Penalty for work commencing before application approval	Investigation fee equal to permit fee
29	Photocopies B&W up to 8 x 14	\$0.25
30	Postage and Handling Flat Fee + actual cost of postage	\$1.00
31	Public Records Administrative Research per hour (quarter hour increment charge)	based on hourly rate
32	Public Records Clerical Research per hour (quarter hour increment charge)	based on hourly rate
33	Public Records Legal Research per hour (quarter hour increment charge)	based on hourly rate

4-26

427

	A	H
34	Public Records Request Deposit (large) toward hourly rate	\$100.00
35	Public Records Request Deposit (small) toward hourly rate	\$25.00
36	Returned Check Charge/processing	\$35.00
37	Road Re-Naming	\$150.00
38	Special Event Application (plus actual staff costs for employees specifically needed to work the event)	\$100.00
39		
40		
41		
42	FIRE	
43	Fire Log Report	\$15.00
44	Inspections (per inspection beginning with the third)	\$50.00
45		
46	LIBRARY	
47	Annual Out-of-District Resident Library Card	\$95.00
48	Barcode Replacement	\$1.00
49	CD Booklet or Missing Artwork	\$3.00
50	CD Case (double)	\$3.00
51	CD Case (single)	\$1.50
52	Damaged Items	Replacement Cost
53	Kits (bag with barcode missing)	\$2.00
54	Late Charge (per day); Maximum per item: \$3 children/\$5 adult	\$0.25
55	Lost Cultural Pass (varies from \$75.00-\$200.00)	Replacement Cost
56	Lost Items	Replacement Cost
57	Lost Library Card	\$1.00
58	Photocopies (first two pages of non-circulating materials are free)	
59	Black and White Copies (per page)	\$0.10
60	Color Copies (per page)	\$0.50
61	Print Material Missing Cover	\$2.00
62	Test Proctoring (per test)	\$25.00
63		
64	PARKS AND RECREATION	
65	Continue using Gladstone Resolution 1003 field fees until City Administrator meets with the Parks Committee	Resolution 1003
66		

	A	H
67		
68	PLANNING AND BUILDING	
69	The City of Gladstone contracts with Clackamas County for planning and building	
70	services, fees for those applications and services are set by the County	
71		
72	POLICE	
73	A-Frame Sign Permit	\$100.00
74	Address Record Print (per address)	\$5.00
75	Alarm Permit	
76	Initial Permit or Renewal	\$25.00
77	Late Fee (after 30 days expiration or installation)	\$25.00
78	Second False Alarm (within permit year)	\$50.00
79	Third False Alarm (within permit year)	\$100.00
80	Fourth and Each Subsequent Alarm (within permit year)	\$150.00
81	Failure to obtain Alarm Permit	\$90.00
82	Animal Permit Application (per year)	\$25.00
83	Block Party	\$35.00
84	Human Resources Police Application (due at submission)	\$20.00
85	ID Theft	Victim Free
86	Local History Printout (per record)	\$5.00
87	Noise variance	\$75.00
88	Nuisance Property Abatement	Actual Cost
89	Officer's Notes (per entry)	\$5.00
90	Police Report (first 5 pages)	\$10.00
91	Police Report (page 6 and over) each page	\$1.00
92	Radar Certification (per record)	\$5.00
93	Temporary Storage Container	\$50.00
94	Vehicle Impound (after business hours)	\$125.00
95	Vehicle Impound (during regular business hours)	\$100.00
96		
97	PUBLIC WORKS	
98	Barricade Delivery and Pickup Fee	\$50.00
99	Dye Test Residential/Commercial	\$100.00

4-28

4-29

	A	H
100	Erosion Control Violation	\$300.00
101	Fire Hydrant Water Permit (per hook up + metered water cost)	\$50.00
102	Street Opening Inspection Fee	\$85.00
103	Street Opening Permit Fee	\$150.00
104	Street Opening Re-Inspection Fee	\$85.00
105		
106	SENIOR CENTER	
107	Building Rental (per hour) Non-Profit	\$40.00
108	Building Rental (per hour) Private Party	\$50.00
109	Building Rental (per hour) Profit Making	\$70.00
110	Fax (per page - staff only)	\$1.00
111	Kitchen Fee	\$50.00
112	Meal (suggested donation) over 60 years	\$2.50
113	Meal (suggested donation) under 60 years	\$5.00
114	Newsletter Subscription (per year)	\$8.00
115	Photocopy (per page)	\$0.25
116	Van Donation (suggested donation) each way	\$1.00
117	Friday Excursions (\$7-\$25)	varies
118		
119	SEWER DEPARTMENT	
120	Continue using Gladstone Resolution 1003 sewer fees until Sewer Master	
121	Plan is completed and fees can be reset	
122		
123	UTILITIES	
124	Mailed Late Notice/Shut Off Notification	\$5.00
125	Shut Off Door Hanger	\$25.00
126	Shut Off Water	\$25.00
127	Turn On Water (during business hours)	\$25.00
128	Turn On Water (after business hours)	\$175.00
129		
130	Friday, November 01, 2013	

Chapter 17.78

HOME OCCUPATIONS

Sections:

- 17.78.010 Uses allowed as home occupations.
- 17.78.016 Type I and Type II home occupations.
- 17.78.020 Limitations on home occupations.
- 17.78.030 Procedure to establish and maintain a home occupation.

17.78.010 Uses allowed as home occupations.

In all zones, home occupations in the same lot accessory to the principal residential uses shall be permitted only in the following categories:

- (1) Office for professional, personal or business services.
 - (2) Studio for arts, handicrafts or tutoring.
 - (3) Shop for limited or customer production or minor repair service.
 - (4) Headquarters for a craftsman or salesman.
- Statutory Reference: ORS Ch. 197 and 227
History: Ord. 1131 §2 (part), 1990.

17.78.016 Type I and type II home occupations

(1) Except for a sign pursuant to 17.78.020 (9), a Type I home occupation may generate only incidental traffic, subject to the requirements of this chapter, and otherwise shall exhibit no evidence that a business is being conducted from the premises.

(2) Type II home occupations may generate limited traffic from customers, clients and students, subject to the requirements of this chapter.

Statutory Reference: ORS Ch. 197 and 227
History: Ord. 1356 §1, 2004

17.78.020 Limitations on home occupations.

Any such home occupation shall comply with the following limitations:

(1) No servant, employee or any person other than a member or members of the family residing within the dwelling shall engage in a home occupation therein or within an accessory building.

(2) No dwelling shall be used as a headquarters for the assembly of employees for instructions or other purposes or to be dispatched for work at other locations.

(3) The scale of operations shall be distinctly limited in nature and conducted primarily as a supplementary, and not principal, source of family income; or as an accommodation for handicapped or retired person; or as a starter operation for a limited period only until its size or other characteristics compel relocation to the appropriate nonresidential district.

(4) All aspects of the conduct of a home occupation shall be confined, contained and conducted within the dwelling or within a completely enclosed accessory building.

(5) Any home occupation which causes abnormal automobile or pedestrian traffic or which is objectionable due to unsightliness or emission of odor, dust, smoke, noise, glare, heat, vibration or similar causes discernible on the outside of any building containing such home occupation shall be prohibited. Type I home occupations may generate no more than six (6) one-way trips per day, which shall be incidental to operation of the home occupation. Type II home occupations may generate no more than ten (10) one-way client and commercial trips per day, except home occupations relating to instructional services, where no more than twenty (20) one-way student trips may be permitted. As used in this chapter, "instructional services" are characterized by one or more persons leading another person or group of persons in a given course or subject of study. No more than four (4) student vehicles may be parked on the property and/or in the street right of way at any one time. No commercial motor vehicle that is subject to the state vehicle mile tax, such as long-haul trailers, as defined in ORS 801.208, may be allowed as part of a home occupation. In conformance with GMC 10.04.230 (1)(f), this standard does not preclude the parking of a truck (tractor) portion of such a commercial vehicle on private property.

(6) No significant enlargements or alterations to a dwelling or accessory building for the sole purpose of conducting a home occupation shall be permitted.

(7) The premises shall at all times be maintained as residential in appearance, cleanliness and quietness.

(8) Dimensions, power rating or weight of such equipment and tools used in the conduct of a home occupation shall not exceed that of normal household equipment and tools.

(9) Signs advertising home occupations or any aspect thereof shall not exceed a total of one square foot in area and shall be affixed directly to the dwelling.

(10) Any materials used or any item produced or

4-30

repaired on the premises shall not be displayed or stored so as to be visible from the exterior of the building.

(11) Tutoring, instructional, counseling or personal services which cannot be conducted except by personal contact may be permitted as a Type II home occupation and shall be by appointment only between the hours of 7:00 a.m. and 10:00 p.m. and shall not be oriented toward or attract passers by.

(12) An office for a physician or dentist may be permitted as a Type II home occupation primarily for emergency cases and as an accommodation for retired or part-time practitioners and not as a principal office for the practice of the profession.

(13) Retail activity shall be limited to the mail order type of business.

(14) Except as set forth in subsection (11) and (12) of this section, customer and client contact shall be primarily by telephone or mail and not on the premises.

(15) No more than twenty-five percent of the floor area as defined in GMC Section 17.06.195 (floor area) may be used for the operation of a home occupation including storage of equipment, materials, and completed products.

Statutory Reference: ORS Ch. 197 and 227
History: Ord. 1131 §2 (part), 1990; Ord. 1356 (part), 2004

17.78.030 Procedure to establish and maintain a home occupation.

(1) The establishment and maintenance of a Type I or Type II home occupation is subject GMC Division VII (administrative procedures) and the requirements below.

(2) Applicants for a Type II home occupation are subject to the following requirement. Notwithstanding subsection (a) of this section, no permit for a Type II home occupation shall be issued by the City Administrator or his designee until or unless the applicant has received favorable approval, as indicated by signatures on the authorized application form of owners or contract purchasers of not less than seventy-five (75%) of all property in the area bound by lines one hundred fifty feet (150') from and parallel to the boundary of lines of the lot proposed to contain each home occupation. The area of any property owned or occupied by the applicant shall be excluded in computing required percentage of approval.

(a) An applicant for a Type II home occupation who resides in an apartment complex, mobile home park or other similar multi-family housing complex, may obtain the signed approval of a resident manager in

lieu of seventy-five percent (75%) of the property owners within one hundred fifty feet (150') of the proposed home occupation.

(3) Permits for home occupancy may be revoked at any time if the requirements of this code are not being met.

(4) If, in the opinion of the applicant, the City Administrator or his designee has acted arbitrarily and capriciously in withholding or revoking a permit for home occupation, he may request an interpretation of the code by the Planning Commission. In such cases, the dwelling or accessory building to be devoted to a home occupation shall be open for inspection to the staff of the Planning Commission on any day between eight a.m. to ten p.m.

(5) A home occupation permit shall remain valid indefinitely, subject to payment of annual business license fee, unless a substantial increase in intensity of the permitted use occurs, which shall require application for a new permit.

(6) The city shall not issue a business license until a home occupation permit is issued by the City Administrator or designee.

(7) A violation of any standard of this chapter or any condition of approval for a home occupation is a Class "A" infraction. A separate violation occurs for each day that the violation continues.

Statutory Reference: ORS Ch. 197 and 227
History: Ord. 1131 (part), 1990; Ord. 1356 (part), 2004.

4-31

Gladstone Municipal Code							
Up	Previous	Next	Main	Collapse	Search	Print	No Frames
Title 5 BUSINESS TAXES, LICENSES AND REGULATIONS							

Chapter 5.04 BUSINESS LICENSES

5.04.010 Purpose.

This chapter is designed to collect information about businesses operating in the city and provide revenue for municipal purposes. In order for business to be carried on and conducted in the city in a profitable and peaceful manner, the city must provide police protection, fire protection, street maintenance, street lighting and other municipal services. The city's issuance of a license under this chapter is not permission or license to engage in any particular business activity or occupation. This chapter's fees, penalties and other charges are in addition to any other regulatory or non-regulatory certificate, license or permit fees that may be required by any federal, state or local jurisdiction, including the city.

Statutory Reference: ORS 221.410

History: Ord. 1437 §2, 2012.

5.04.020 Definitions.

As used in this chapter:

(1) "Business" includes all professions, trades, occupations, shops, apartments, tenements, office buildings and all and every kind of calling carried on for profit, gain or livelihood.

(2) "Business license" or "license" means the document issued upon full compliance with this chapter for the year in question.

(3) "City" means the City of Gladstone, Oregon.

(4) "Employee" means any person working for, within or under the auspices of a business (other than a bona fide independent contractor or leased employee) regardless of the employment, management or ownership status of that person, including common law and statutory wage earning, commission and salaried employees, executive and common employees, agents, sales representatives, sole proprietors, partners, corporate officers and any and all persons associated directly with the business.

(5) "Exemption certificate" means the document issued by the city in lieu of a license to qualifying businesses and activities under this chapter.

(6) "Person" includes all domestic and foreign corporations, associations, syndicates, partnerships, joint ventures, societies and individuals transacting and carrying on any business in the city excepting individuals whose compensation is based on an hourly, daily, weekly, monthly or annual wage or salary.

(7) "Transfer" means to transfer ownership of a business. It does not mean a change in business location.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.030 License required.

4-32

(1) Except as provided in subsection (2) of this section, any person operating or carrying on business in the city must obtain a license and pay the required fee on an annual basis.

(2) In lieu of a business license and the requirement to pay related fees described in this chapter, the city will issue an exemption certificate without charge to businesses and activities described in paragraphs (a) through (g) of this subsection. Notwithstanding the foregoing, a qualifying business or activity must complete and file an initial and thereafter an annual renewal exemption certificate application. Businesses and activities qualified under this provision are:

(a) Religious, educational and charitable organizations specifically exempt from taxation under the Federal Internal Revenue Code;

(b) Utilities franchised by and paying a franchise fee to the city;

(c) One-time, annual events or special events if all other applicable permits and licenses have been applied for and granted by the city;

(d) Any business or occupation specifically exempt from the payment of a non-regulatory business license fees under state law or federal law (any person claiming an exemption under state or federal law has the burden of demonstrating the applicability of such an exemption);

(e) Any household, garage or yard sale conducted in accordance with any applicable city ordinances or regulations;

(f) Producers of farm products raised in Oregon, produced by themselves or their immediate families and sold by them or by a member of their immediate family;

(g) No person working as a domestic in a private home if the owner or occupant of the home employs or directly pays the domestic worker.

(3) Persons who hold a transient merchant license under Chapter 5.32 are deemed to have complied with this chapter and are only responsible for payment of a transient merchant license fee.

(4) All licenses issued in accordance with this chapter must be openly displayed in the place of business or otherwise kept on the person or on the vehicle of the person licensed. Failure to carry such license or produce the same on request from a city official is a violation of this chapter.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.040 Fees.

(1) A business license fee is imposed upon businesses in the city in an amount that the city council will set by resolution. It is unlawful for any person to conduct any business in the city without first having paid such fees and without having first obtained a license as provided in this chapter, and renewing the license for each year thereafter, or without having obtained and renewed an exemption certificate, as applicable.

(2) A license or an exemption certificate is effective on the date of its issuance and may be renewed annually thereafter on that date.

(3) The fee imposed by this section is due no later than the date the city issues a business license and will be due annually no later than that date thereafter. A fee not paid within 30 days of its due date is delinquent. If an application for a business license is made within the first six months of the calendar year, the person must pay the full license fee. If an application is made during the last six months of the calendar year,

4-33

the person is only responsible for paying one-half of the annual license fees for the remainder of the year. Fees are not refundable.

(4) Each branch or location of a business shall obtain a separate license, excepting warehouses used only in connection with a licensed business.

(5) The agent of a nonresident business for which a license is required will be jointly liable for payment of the fee and for any penalties for failure to pay the fee or to comply with the provisions of this chapter to the extent and with like effect as if such agent or agents were themselves proprietors.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.050 Presumption of doing business.

A person is presumed to be doing business in the city and subject to this chapter if engaged in any of the following activities:

- (1) Advertising or otherwise professing to be doing business within the city;
- (2) Delivering goods or providing services to customers within the city;
- (3) Owning, leasing, or renting personal or real property within the city which is used in a trade or business;
- (4) Engaging in any transaction involving the production of income or the intent to produce income from holding property (which may be personal or real in nature) that this chapter does not otherwise exempt; or
- (5) Engaging in any business activity that is not otherwise exempt under this chapter.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.060 Fee calculation.

Business license fees will be set by council resolution. Business license fees may be calculated upon any factors and in any manner established by council. The council may establish a higher license fee for those persons subject to this chapter who do not reside in the city or maintain a physical place of business within the city.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012; Ord. 1445 §1, 2014.

5.04.070 Procedures.

(1) An application for a license or exemption required under this chapter will be made to the City Recorder on forms that the City Recorder maintains.

4-34

(2) Any new business that desires to conduct business within the city, or believes it is entitled to an exemption, must apply at any time during the calendar year and prior to beginning operations. A license fee may be prorated as provided in Section 5.04.040(3). Any existing business must reapply annually to renew its license or exemption, as applicable.

(3) The police chief, fire chief and their designees will investigate and examine all places of business licensed or subject to license under this chapter at any and all reasonable times in order to determine whether the place of business is safe, sanitary and suitable for the business so licensed or for which application for a license is made.

(4) If such officers or their agents determine that any such place of business is dangerous to public health, safety, welfare or is likely to become or is at that time a menace or public nuisance, they will submit to the City Administrator a report detailing that determination and the reasons for it.

(5) The City Administrator will review the report and either:

(a) Recommend the City Recorder issue a license; or

(b) Deny the business license or revoke it in the case of a previously issued license.

(c) In making his or her decision the City Administrator may request additional evidence and testimony from the applicant, city officials and any other individual who the City Administrator reasonably believes may assist with the decision.

(6) If the City Administrator believes that substantial evidence supports the official's report that the business is a danger to public health, safety, welfare or is likely to become or is at that time a menace or public nuisance, the City Administrator will deny or revoke the license, as appropriate, and will notify the applicant in writing of the decision. If a license is denied or revoked, the business must immediately cease all operations within the city.

The applicant may appeal the City Administrator's denial or revocation to the municipal court. Any appeal must be filed within 10 days of the date of the administrator's written decision. The court will hear any appeal on the record and will uphold the City Administrator's decision if substantial evidence supports it.

(7) The City Recorder will issue or renew a license or an exemption, as applicable, only if:

(a) The City Administrator did not receive a report as described in Section 5.04.070(4); or

(b) The City Administrator pursuant to Section 5.04.070(5)(a) recommends that the City Recorder issue the license; and

(c) The business to be licensed or any person associated with the business does not owe the city any monies, including, but not limited to, unpaid utility bills, fines, etc.; and

(d) The appropriate license fee due under this chapter is paid.

(8) A person may request a transfer of a business license on forms that the City Recorder maintains. The council may establish a fee associated with such transfer.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.080 Falsifying application information—Failure to comply.

(1) It is unlawful for any person to make any false or misleading statements for the purpose of determining the amount of any license fee to be paid to the city or to otherwise fail or refuse to comply with any of the provisions of this chapter.

4-35

(2) In the event a person required by this chapter to obtain a license or an exemption fails, refuses or neglects to obtain the same before it becomes delinquent, the City Recorder will collect, in addition to the fee, a penalty of five percent each calendar month or fraction thereof for the period of the delinquency.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

5.04.090 Violation does not exempt payment of fee.

(1) A violation of any provision of this chapter does not relieve a business of liability for paying any fee or penalty for which it is liable nor shall payment of any such fee or penalty be a bar to any action that the city may bring in law or equity to enforce or remedy violations of this chapter.

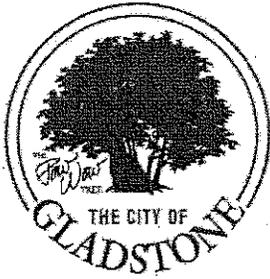
(2) A violation of any provision of this chapter is a Class "D" infraction as specified in Chapter 1.08. Each and every day this chapter is violated constitutes a separate offense.

Statutory Reference: ORS 221.410.

History: Ord. 1437 §2, 2012.

View the [mobile version](#).

436



CITY OF GLADSTONE

Business License Application
 525 Portland Avenue
 Gladstone, OR 97027

For Internal Use Only	
License Number:	_____
Date Issued:	_____
Fee Paid:	_____
Fire Marshal:	_____
Public Works:	_____
C-COM:	_____

- General Business License
 Home Occupation
 Rental Property
 New
 Renewal

Business Information

Business Name		DBA	
Business Street Address		Business Mailing Address (if Different)	
Business Phone		City, State, ZIP	
State License Number (if applicable)		Contact Name at Business Location	
Type of Business (Describe)		Years in Business	Number of Employees

Business Owner and Contact Information

Owner Name		Address	
Email Address		Phone No.	
Emergency Contact Person		Emergency Contact Person Phone No.	

Hazardous Material

1. Does your business involve the storage or use of any flammable materials or supplies? Yes No
 If YES, provide the name(s) of each material and the quantity kept at the business site. Attach additional sheet(s) as necessary.

Material Name: _____ Amount on Premises _____

Material Name: _____ Amount on Premises _____

2. Does your business use any products or materials that could be hazardous to humans or the environment if released or involved in a fire? Yes No
 If YES, provide the name(s) of each material and the quantity kept at the business site. Attach additional sheet(s) as necessary.

Material Name: _____ Amount on Premises _____

Material Name: _____ Amount on Premises _____

3. Have you ever received a form from the State Fire Marshal's Office for reporting Hazardous Materials for this business? Yes No

4-37

**CITY OF GLADSTONE
HOME OCCUPATION APPLICATION
TYPE I PERMIT**

Section 17.06.220 of the Gladstone Municipal Code states that: "Home occupation" means an occupation, profession, or craft which is customarily incidental to or carried on in a dwelling place or premises and not one in which the use of the premises as a dwelling place is largely incidental to the occupation carried on, and which occupation is carried on by an immediate member of the family residing within the dwelling place; provided, however, there shall be no structural alteration or changes in the dwelling, or on the premises and there is no display of merchandise, storage materials, signs or articles or objects awaiting or in the process of repair, remodeling, or modification on the premises which can be seen from the exterior of the dwelling. Noise, odor, smoke, gases, fallout, vibration, heat or glare resulting from the use shall not be of the intensity as to be detected outside of the containing structure.

TO: The City of Gladstone

The undersigned owner or occupant

of (address) _____

makes application to maintain a Type I home occupation consisting of (please describe business):

Business Name: _____

Name of Applicant/Resident: _____

Telephone: _____

I have carefully read Chapter 17.78 of the Gladstone Municipal Code and the limitations on home occupations, including the limitation that "Type I home occupations may generate no more than six one-way trips per day, which shall be incidental to operation of the home occupation."

Applicant Signature: _____

For Office Use Only:	Date Received by City Staff: _____
Business Name: _____	Year of Issuance: _____

Oregon Revised Statutes related to the METRO Regional Contractors Business Licenses

701.013 Intent relating to certain business license requirements. It is the intent of the Legislative Assembly to reduce the number of city business licenses that construction contractors are required to obtain in order to conduct business in the Portland metropolitan area. It is the purpose of this section and ORS 701.015 to enable construction contractors to secure from the metropolitan service district one business license that will permit the conduct of business by construction contractors in cities in which the contractors perform a limited amount of work and in which they do not have a principal place of business. Furthermore, it is also the intent of the Legislative Assembly that this section and ORS 701.015 apply only to construction contractors engaged in the building trades and crafts without regard to any subsequent expansion of the jurisdiction of the Construction Contractors Board over other trades and crafts. It is declared to be the policy of this state that, to the maximum extent possible consistent with the requirements of this section and ORS 701.015, the cities within the boundaries of the metropolitan service district be allowed to control the imposition of business license taxes and to maintain the level of revenues obtained from those taxes. The amount and trends of revenue produced or distributed to each city is intended to reflect the construction business activity within the participating cities. [1991 c.79 §1; 2001 c.409 §10; 2007 c.541 §43]

Note: 701.013 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 701 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

701.015 Business license requirements in cities and metropolitan service districts; fees; distribution of fees. (1) A contractor shall pay directly to any city within the boundaries of a metropolitan service district any business license tax imposed by the city when:

(a) The principal place of business of the contractor is within the city; or

(b) The principal place of business of the contractor is not within the city but the contractor derives gross receipts of \$250,000 or more from business conducted within the boundaries of the city during the calendar year for which the business license tax is owed.

(2) A contractor who conducts business during any year in any city within the boundaries of the metropolitan service district other than a city to which the contractor has paid a business license tax for that year may apply for a business license from the metropolitan service district.

(3) When a contractor obtains a business license from the metropolitan service district under subsection (2) of this section, if a city within the boundaries of the metropolitan service district other than a city to which the contractor is required to directly pay a business license tax under subsection (1) of this section demands payment of a business license tax by the contractor, the city shall waive such payment upon presentation of proof by the contractor that the contractor

has a business license issued by the metropolitan service district. Possession by the contractor of a current business license issued by the metropolitan service district under subsection (2) of this section shall be proof sufficient to obtain the waiver described in this subsection.

(4) The metropolitan service district shall issue a business license to a contractor when:

(a) The contractor presents proof to the district that the contractor has paid the business license tax imposed by each city within the boundaries of the district to which the contractor must directly pay a business license tax under subsection (1) of this section; and

(b) The contractor pays a license fee to the district. The license fee charged under this paragraph shall be twice the average business license tax charged contractors by cities located within the metropolitan service district plus an amount that is sufficient to reimburse the district for the administrative expenses of the district incurred in carrying out its duties under this section.

(5) The metropolitan service district shall distribute the business license fees collected by the district under this section, less administrative expenses, to the cities that are located wholly or partly within the district and that collect a business license tax. In any year, each such city shall receive such share of the license fees as the number of residential building permits that it issued during that year bears to the total number of residential building permits that were issued during that year by all of the cities located wholly or partly within the district. Distribution of moneys under this subsection shall be made at least once in each year. The metropolitan service district shall determine the number of residential building permits issued by cities within the district from statistics and other data published by the State Housing Council.

(6) As used in this section:

(a) "Business license tax" means any fee paid by a person to a city or county for any form of license that is required by the city or county in order to conduct business in that city or county. The term does not include any franchise fee or privilege tax imposed by a city upon a public utility under ORS 221.420 or 221.450 or any provision of a city charter.

(b) "Conducting business" means to engage in any activity in pursuit of gain including activities carried on by a person through officers, agents and employees as well as activities carried on by a person on that person's own behalf.

(c) "Principal place of business" means the location in this state of the central administrative office of a person conducting business in this state. [1987 c.581 §2; 1989 c.1064 §§1,2; 1991 c.79 §2; 1999 c.176 §1; 2007 c.541 §44]

671.750 Portland metropolitan area business licenses. The Legislative Assembly intends to reduce the number of city business licenses that a landscape contracting business must obtain to conduct business in the Portland metropolitan area. The purpose of this section and ORS 671.755 is to enable a landscape contracting business to secure from the metropolitan service district one business license that will permit the landscape contracting business to conduct business in cities in which the landscape contracting business performs a limited amount of work and in which it does not have a principal place of business. The Legislative Assembly also intends that this section and ORS 671.755 apply only to landscape contracting businesses without regard to any subsequent expansion of the jurisdiction of the State Landscape Contractors Board over other businesses. It is the policy of this state that, to the maximum extent possible consistent with the requirements of this section and ORS 671.755, the cities within the boundaries of the metropolitan service district be allowed to control the imposition of business license taxes and to maintain the level of revenues obtained from those taxes. The amount and trends of revenue produced or distributed to each city is intended to reflect the landscape contracting business activity within the participating cities. [2007 c.541 §46]

671.755 Issuance of business license by metropolitan service district; city business license tax. (1) As used in this section:

(a) "Business license tax" means any fee paid by a person to a city or county for any form of license that is required by the city or county in order to conduct business in that city or county. "Business license tax" does not mean a franchise fee or privilege tax imposed by a city upon a public utility under ORS 221.420 or 221.450 or under a city charter.

(b) "Conducting business" means engaging directly, or through officers, agents and employees, in an activity in pursuit of gain.

(c) "Principal place of business" means the location in this state of the central administrative office of a person conducting business in this state.

(d) "Within a metropolitan service district" means that city limits are wholly or partially inside district boundaries.

(2) A landscape contracting business shall pay directly to any city within a metropolitan service district any business license tax imposed by the city if:

(a) The landscape contracting business has its principal place of business within the city; or

(b) The landscape contracting business does not have its principal place of business within the city but derives gross receipts of \$250,000 or more from conducting business within the city during the calendar year for which the tax is owed.

(3) A landscape contracting business may apply for a business license from a metropolitan service district if the business conducts business in a city that is within the district but that is not a city to which the business directly pays a business license tax for that year.

(4) The metropolitan service district shall issue a business license to a landscape contracting business if:

(a) The business proves to the district that the business has directly paid the business license tax imposed by each city within the district to which the business must directly pay a business license tax; and

(b) The business pays a license fee to the district.

(5) The license fee charged under subsection (4) of this section shall be twice the average business license tax charged to landscape contracting businesses by cities located within the metropolitan service district plus an amount that is sufficient to reimburse the district for the administrative expenses of the district incurred in carrying out its duties under this section.

(6) If a landscape contracting business is issued a business license by the metropolitan service district under subsection (4) of this section, and a city within the district other than a city described in subsection (2) of this section demands that the business pay a business license tax, the demanding city shall waive payment of the tax if the business proves by possession or otherwise that the business has a business license issued by the metropolitan service district for the calendar year for which the tax is owed.

(7) The metropolitan service district shall distribute the business license fees collected by the district under this section, less administrative expenses, to the cities within the district that collect a business license tax. In any year, each of the cities shall receive a share of the license fees based upon the proportion that the number of residential building permits the city issued during the year bears to the total number of residential building permits issued during the year by all of the cities within the district. The district shall determine the number of residential building permits issued by cities within the district from statistics and other data published by the State Housing Council. A district shall distribute moneys under this subsection at least once each year.
[2007 c.541 §47]

METRO Regional contractors' business license

Commercial and residential contractors and landscapers can obtain one single license – the regional contractor's business license – to work in 20 Oregon cities in the Portland region.

This license requires a \$135 annual fee, and eliminates the expense of applying for a separate license for work in these cities:

Beaverton	Happy Valley	Tigard
Cornelius	Hillsboro	Troutdale
Durham	King City	Tualatin
Fairview	Lake Oswego	West Linn
Forest Grove	Milwaukie	Wilsonville
Gladstone	Oregon City	Wood Village
Gresham	Sherwood	

This license does not cover the city of Portland. To obtain a business license for work performed in Portland, visit the Portland Revenue Bureau.

To qualify for the regional license you must:

- be licensed with the Oregon Construction Contractors Board or the Oregon Landscape Contractors Board.
- have a city license if your principal place of business is within any of the 20 cities honoring the regional license.
- earn \$250,000 or less in gross receipts per year per city honoring the regional license or hold a city license for any city listed in which that amount is exceeded.

CHAPTER 2.09

CONTRACTOR'S BUSINESS LICENSE PROGRAM

Section	Title
2.09.010	Purpose and Authority
2.09.020	Definitions
2.09.030	Eligibility and License Issuance
2.09.040	Denial of Issuance
2.09.050	Exemptions
2.09.060	License Effect
2.09.070	Application for License
2.09.080	Application Contents
2.09.090	Validity of the License
2.09.100	Fee
2.09.110	License
2.09.120	Renewal
2.09.130	Revocation
2.09.140	Appeal of a Revoked License or Denied Application
2.09.150	Penalty
2.09.160	Distribution of Fees
2.09.170	Regulations

2.09.010 Purpose and Authority

(a) The purpose of this ordinance is to provide a procedure for Metro to issue a business license to contractors and landscape contracting businesses, establish a fee for the license, and distribute to participating jurisdictions the fees collected by Metro.

(b) The authority for Metro to issue business licenses to contractors and landscape contracting businesses, establish requirements for the issuance of the license, charge a fee for the license, receive reimbursement for administrative expenses incurred in carrying out this program, determine the number of residential building permits issued within the Metro Area, and distribute the fees to participating jurisdictions is granted by ORS 671.750 - 671.755 and ORS 701.013 - 701.015.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 2; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.020 Definitions

- (a) "Contractor" has the meaning given under ORS 701.005.
- (b) "Landscape contracting business" has the meaning given under ORS 671.520(2).
- (c) "Contractor business license" means a document issued by Metro to a contractor or landscape contracting business that permits the contractor or landscape contracting business to conduct business in participating jurisdictions.
- (d) "Contractor's business license fee" means any fee paid to Metro for the issuance of a contractor's business license.
- (e) "Business license tax" means any fee paid by a contractor or landscape contracting business to a city or county for any form of license that is required by the city or county to conduct business in that jurisdiction. The term does not include any franchise fee or privilege tax imposed by a participating jurisdiction upon a public utility under ORS 221.420 or 221.450 or any provision of a city charter.
- (f) "Conducting business" means engaging directly, or through officers, agents and employees, in any activity in pursuit of gain.
- (g) "Participating jurisdiction" means any city or county located wholly or partly within the boundaries of Metro that has a requirement for a contractor or landscape contracting business to obtain a business license to conduct business in that jurisdiction, and the fee for this license is not based on or measured by adjusted net income.
- (h) "Principal place of business" means the location of the central administrative office in this state of a contractor or landscape contracting business conducting business in the Metro Area.
- (i) "Residential building permit" means a building permit issued for the construction or alteration of a residential structure. A residential building permit does not mean an electrical permit, plumbing permit, or mechanical permit.
- (j) "Residential structure" has the meaning given under ORS 701.005.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 3; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.030 Eligibility and License Issuance

Any contractor or landscape contracting business wishing to conduct business in any participating jurisdiction shall be issued a contractor's business license if subsections (a) through (e) are met by the contractor or landscape contracting business:

(a) Presents proof to Metro that the contractor or landscape contracting business has paid the business license tax imposed by each participating jurisdiction in which:

- (1) The contractor or landscape contracting business has its principal place of business; and/or
- (2) The contractor or landscape contracting business derives gross receipts of \$250,000 or more from business conducted within the boundaries of a participating jurisdiction during the calendar year for which the business license tax is owed.

(b) Presents proof that the contractor or landscape contracting business is currently licensed by the State Construction Contractors Board or Landscape Contractors Board, respectively, unless exempted from the state licensing requirements by ORS Chapter 701 or 671.

(c) Completes an application as required by Section 2.09.070 of this chapter;

(d) Pays the contractor's business license fee established in Section 2.09.100 of this chapter; and

(e) Meets all other license requirements provided under this chapter.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 4; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347).

2.09.040 Denial of Issuance

(a) Metro shall refuse to issue a license for any one of the following reasons:

- (1) Fraud, misrepresentation or false statement made in the applications at the time of application.
- (2) Failure to present proof at the time of application that the applicant has met all other license requirements provided under this chapter.
- (3) Failure to pay the contractor's business license fee established under Section 2.09.100 of this chapter.

(b) Notice of denial of an application shall be given in writing to the applicant setting forth the grounds of the denial. Such notice shall be mailed to the applicant at the address that appears on the application for the license. This action of denial may be appealed as provided in Section 2.09.140 of this chapter.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 5; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347).

2.09.050 Exemptions

(a) A contractor or landscape contracting business that is required to be licensed by a city within the boundaries of Metro that imposes a business license tax based on or measured by adjusted net income earned by conducting business within the city may not obtain and possess a contractor's business license in lieu of that jurisdiction's business license.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 6; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347).

2.09.060 License Effect

Except as provided for in 2.09.050, a contractor or landscape contracting business issued a contractor's business license by Metro may conduct business without any other business license in participating jurisdictions in which the contractor or landscape contracting business:

- (1) Has no principal place of business;
- (2) Has not derived gross receipts of \$250,000 or more from business conducted within the boundary of the participating jurisdiction during the

calendar year for which the business license tax is owed.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 7; Ordinance No. 99-817A, Sec. 1; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.070 Application for License

To obtain a contractor's business license, a contractor or landscape contracting business must make application in person or by mail to Metro upon forms provided and prescribed by Metro. The completed application shall be filed with the fee described in Section 2.09.100 of this chapter with Metro before a contractor or landscape contracting business is issued a contractor's business license.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 8; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.080 Application Contents

Each application for a contractor's business license received by Metro shall contain:

- (a) The name of the contractor or landscape contracting business making application.
- (b) The name of a contact person.
- (c) The address of the principal place of business of the contractor or landscape contracting business.
- (d) The telephone number of the contractor or landscape contracting business.
- (e) State of Oregon Construction Contractor's Board or State Landscape Contractor's Board license number unless exempted from state licensing requirements by ORS 701 or 671, respectively. If exemption is claimed, the contractor or landscape contracting business making application shall provide a statement of exemption on the form approved by Metro.
- (f) Date of application.
- (g) The signature of the contractor or landscape contracting business making the application.

(h) Proof that the contractor or landscape contracting business has paid the business license tax to the participating jurisdiction in which:

(1) The contractor or landscape contracting business has its principal place of business; and/or

(2) The contractor or landscape contracting business derives gross receipts of \$250,000 or more from business conducted within the boundaries of a participating jurisdiction during the calendar year for which the business license tax is owed.

(i) Such other information as Metro shall determine.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 9; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.090 Validity of the License

(a) The license shall be valid from the date of issuance to the first day of the month in the following year; if issued after the middle of any month, the license shall be valid to the first day of the following month of that year. The license shall not be issued for a portion of a year.

(b) Before the expiration of the contractor's business license, Metro shall notify the contractor or landscape contracting business to whom the license was issued of the approaching expiration. Within 90 days prior to the expiration date, the notice shall be mailed to the contractor or landscape contracting business at the address shown on the original application for the license maintained by Metro.

(c) Metro is not required to notify the contractor or landscape contracting business of an approaching expiration if the contractor's business license has been revoked under Section 2.09.130 of this chapter, or if the contractor or landscape contracting business failed to notify Metro of a change of address.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 10; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.100 Fee

(a) The fee to be paid by any contractor for a contractor's business license is to be set by Metro and is nonrefundable.

(b) The fee to be paid by any landscape contracting business for a contractor's business license is to be set by Metro and is non-refundable.

(c) The fees in (a) and (b) above are to be twice the average business license tax charged to contractors and landscape contracting businesses, respectively, in participating jurisdictions in Metro's jurisdiction, plus Metro's administrative expenses.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 11; Ordinance No. 99-817A, Sec. 2; and Ordinance No. 14-1347.)

2.09.110 License

Each contractor's business license issued under this chapter shall state upon its face the following:

- (a) The name of the licensee.
- (b) The address of the licensee.
- (c) A unique license number established by Metro.
- (d) The date of issuance.
- (e) The date of expiration.
- (f) Such other information as Metro shall determine.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 12 and Ordinance No. 02-967, Sec. 1)

2.09.120 Renewal

Each contractor or landscape contracting business requesting renewal of a license must make application, as described in Section 2.09.070 of this chapter, to Metro upon forms provided and prescribed by Metro. The completed application for renewal of the contractor's business license shall be filed with the fee described in Section 2.09.100 of this chapter with Metro before a renewal license is issued.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 14; Ordinance No. 02-967, Sec. 1; Amended by Ordinance No. 14-1347.)

2.09.130 Revocation

(a) A license issued under this chapter may be revoked by Metro, after notice, for any of the following reasons:

- (1) Fraud, misrepresentation or false statement contained in the application for the license.
- (2) Fraud, misrepresentation or false statement made in the course of carrying out the licensed activity.
- (3) Conducting the licensed activity in an unlawful manner or in such a manner as to constitute a menace to the health, safety or general welfare of the public.
- (4) Failure to comply with the ordinances and resolutions of a jurisdiction within the boundaries of Metro in which the license holder is conducting business authorized by this license.

(b) Notice of revocation of a license shall be given in writing to the licensee setting forth the grounds of the complaint. Such notice shall be mailed by certified mail at least 10 working days before the date of revocation to the licensee at the address that appears on the application for the license being revoked. Revocation shall be effective 10 working days after notice of revocation.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 15; Ordinance No. 02-967, Sec. 1.)

2.09.140 Appeal of a Revoked License or Denied Application

Any contractor or landscape contracting business aggrieved by the action of Metro in denying an application for or revocation of a contractor's business license is entitled to appeal action under the provisions of Metro Code chapter 2.05.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 16; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.150 Penalty

Any contractor or landscape contracting business that fails to comply with or violates any provision of this chapter is subject to penalties under Section 1.01.110 of this Code. In the event that a provision of this chapter is violated by a firm or corporation, the officer or contractor or landscape contracting business responsible for the violation shall be subject to the penalty provided in Section 1.01.110 of this Code.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 17 and Ordinance No. 14-1347.)

2.09.160 Distribution of Fees

Metro shall distribute the contractor's business license fees collected by Metro under this chapter to participating jurisdictions after Metro has received reimbursement for administrative expenses incurred in carrying out the provisions of this chapter. At least once a year, each participating jurisdiction shall receive a share of the contractor's business license fees collected by Metro based on a ratio of the number of residential building permits issued by each participating jurisdiction to the total number of residential building permits issued during that year by all participating jurisdictions. Metro shall determine the number of residential building permits issued by participating jurisdictions as required to by ORS 701.015 and 671.755 or otherwise in Metro's discretion if no data anticipated by statute is available.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 18; Ordinance No. 02-967, Sec. 1; and Ordinance No. 14-1347.)

2.09.170 Regulations

The Chief Operating Officer may establish such other contractor's business license regulations, not inconsistent with this chapter, as may be necessary and expedient.

(Ordinance No. 88-248, Sec. 1. Amended by Ordinance No. 91-411, Sec. 19 and Ordinance No. 02-967, Sec. 1.)

City of Gladstone Staff Report

Report Date: April 21, 2015
Meeting Date: April 28, 2015
To: City Council
From: Pete Boyce, City Administrator

AGENDA ITEM

Tri-City Service District Discussion

History/Background

Tri-City Service District operates a plant that provides sanitary sewer service to the cities of Gladstone, Oregon City and West Linn. In recent months Oregon City proposed legislation that would allow the cities the option to change the governance structure of the District. The legislation was pulled during the legislative process. However, the discussion of governance is still timely. City Councilor Johnson has asked for this discussion in order to provide information to City Council. Also included is the agenda and packet material for the last Tri-City Advisory Committee meeting.

Proposal

Discuss and ask questions regarding the Tri-City Service District.

Options

N/A

Cost Impact

There could be impacts to rates if the governance structure were to change.

Recommended Staff Action

Staff recommends city council discuss the Tri-City Service District.

Department Head: N/A
Date:

Administration: Pete Boyce
Date: 04/21/2015

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:34 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Requested Data

Please add to our work session packet.

From: Geist, Gregory [GGeist@co.clackamas.or.us]
Sent: Monday, March 30, 2015 7:22 AM
To: Steve Johnson; Bays, Chanin
Cc: richwine, Dale
Subject: RE: Requested Data

Hello Councilor Johnson,
I'm bringing Dale Richwine into this conversation. Dale has access to all of our collection system flow data and has done the analysis on flows. Dale, can you please connect with Mr. Johnson and get him whatever data he would like to have?
Thanks,
Greg

From: Steve Johnson [mailto:johnson@ci.gladstone.or.us]
Sent: Thursday, March 26, 2015 3:56 PM
To: Bays, Chanin
Cc: Geist, Gregory
Subject: RE: Requested Data

Chanin-

Still not what I'm looking for. Greg said that there are flow meters on each input to the plant from each city and CCSD1. I'm looking for that flow meter data from as far back as it is available. There should be an amount from West Linn, Oregon City, Gladstone and CCSD1. I'm expecting this to be a large amount of data and as I've said before, I can stop by with a thumb drive or external hard disk to get it if it is too large to email.

Thank you.

Steve Johnson
Gladstone City Councilor

From: Bays, Chanin [CBays@co.clackamas.or.us]
Sent: Thursday, March 26, 2015 2:04 PM
To: Steve Johnson
Cc: Geist, Gregory
Subject: Requested Data

Good afternoon Steve,

Last night you requested the data supporting the allocation memo in Excel format. Please see attached. On our website (www.clackamas.us/wes/) the memo is labeled "Allocation Formula: CCSD#1 and Tri-City Service District" while the data is labeled "Flow Data at Tri-City WPCP". Please let me know if you have any questions or I can be of further assistance.

Regards,

Chanin Bays

Assistant to the Director

Water Environment Services

Monday through Thursday 503-742-4566

Friday 503-557-2820

PUBLIC RECORDS LAW DISCLOSURE

This email is a public record of the City of Gladstone and is subject to public disclosure unless exempt from disclosure under Oregon Public Records Law. This email is subject to the State Retention Schedule.

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:36 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Tri-City WPCP Data

Please add to our work session packet.

From: R. Dale Richwine [daler@richenv.com]
Sent: Friday, April 10, 2015 10:06 AM
To: Steve Johnson
Cc: Geist Greg; Trent Michael; Savas, Paul
Subject: Re: Tri-City WPCP Data

Some of the meters measure these flows directly other flows must be calculated.

1. Gladstone - All flow goes through the Gladstone pump station, so that meter is inclusive. The data I provided has the dry weather flow for August 2012 as well as some peak flow wet weather events.
2. Oregon City - There is no single meter for Oregon City. To get that flow, the flow must be calculated. The flow is the Tri-City Influent Flow minus the Diversion (CCSD#1), Gladstone (Gladstone Pump Station) and West Linn (Sum of Bolton, River Street, Mill Street and Holly Street meters) flows.
3. West Linn - Sum of Bolton, River Street, Mill Street and Holly Street meters)
4. CCSD#1 = Diversion meter (This meter is at the Tri-City WPCP which measures the combined flow from the new Intertie Pump Station and the Clackamas Pump Station.

Unfortunately, only the data for the Tri-City WPCP influent and Diversion are recorded by the plant's SCADA system and easily retrieved. The collection system meters are located in manholes throughout the collection system. These are manually retrieved and stored in a different system. For me to get this data, I make a special request and then the staff member retrieving that data must query his data base and provide it meter by meter for the times I request. I usually request this data for specific storm events to capture peak flows and then August to get the dry weather contribution. We are in the process of getting some of these meters onto the County fiber system so the data they collect can be monitored real time and stored in the plant's SCADA system. This is a multiyear project due to cost and the ease of getting the meters onto the fiber network.

I have requested the manhole flow data for five storm events that occurred this past wet season as well as the dry weather flow for August 2014. This will be added to my analysis when I receive it and I will provide you updated files when I complete the analysis.

I hope this answers your question. If you have any other questions, please feel free to give me a call.

Dale

5-4

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com



richwine
environmental

On Apr 10, 2015, at 9:50 AM, Steve Johnson <johnson@ci.gladstone.or.us> wrote:

Dale-

Are there meters of some kind on the inputs to the plant from Gladstone, Oregon City, West Linn and CCSD? Is this data included in any of the reports that you have sent?

While sewer overflow and rainfall events are interesting and need to be taken into consideration, the data that is specific to what is input into the system from each entity is what I want. I get that it may be skewed by overflow and rainfall events, but I need a baseline to start with. Does this data exist?

I want to know how much is sent to the plant from each entity and how that has changed over time.

Thank you.

Steve Johnson
Gladstone City Councilor

From: R. Dale Richwine [daler@richenv.com]
Sent: Friday, April 10, 2015 9:33 AM
To: Steve Johnson
Cc: Geist, Gregory; Trent Michael; Savas, Paul
Subject: Tri-City WPCP Data

I spoke with Commissioner Savas at the Riverhealth meeting and he stated that you wanted data in the raw form. Attached is the Tri-City WPCP plant influent data and diversion data in the raw form for the period January 2000 - December 2015. This supplements the monthly average data that I sent earlier. I did send the raw data within the evaluation sheets for each of the Tri-City flow meters located in the collection system.

Dale

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com

<richENV_logo_email.jpg>

PUBLIC RECORDS LAW DISCLOSURE

This email is a public record of the City of Gladstone and is subject to public disclosure unless exempt from disclosure under Oregon Public Records Law. This email is subject to the State Retention Schedule.

5-6

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:38 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Requested Data for Tri-City Service District
Attachments: 43 @ Holly Street Evaluation.xlsx; Agnes-Main Meter Peak Flow Evaluation.xlsx; Bolton PS Peak Flow Evaluation.xlsx; Diversion Flow Peak Flow Evaluation.xlsx; Gladstone Pump Station Peak Flow Evaluation.xlsx; Hopps Meter Peak Flow Evaluation.xlsx; Jan 19 Storm Schematic.pdf; Mill Street Meter Peak Flow Evaluation.xlsx; Nov 19 Storm Schematic.pdf; River Street PS Peak Flow Evaluation.xlsx; Tri-City WPCP Peak Flow Evaluation.xlsx; WES Plant Flow and Load Summary.xlsx

Please add to our work session packet. Attachments can be sent to those that request them and in the interest of paper reduction should not be printed in the packet.

From: R. Dale Richwine [daler@richenv.com]
Sent: Wednesday, April 08, 2015 12:55 PM
To: Steve Johnson
Cc: Geist, Gregory; Trent, Michael
Subject: Requested Data for Tri-City Service District

As per my earlier email, I was asked to get you some data. This email includes data on the Tri-City WPCP and flow data from the collection system monitors. I am not sure exactly what you are looking for, so hopefully this will give you insight into what is being collected so you can dig deeper if you wish.

This email includes two sets of data.

1. WES Flow and Load Summary

This is a summary of the monthly flows and loads to the Tri-City WPCP, Kellogg Creek WPCP and Diversion between the two districts from the year 2000 through 2014. There are a number of factors that affect flows, mostly rainfall. Loads have been dramatically affected by internal recycle streams due to process changes over the 15 years of data. If you would like the raw data for this summary, I can dig it up for you.

2. Flow Meter Data

These are spreadsheets that show the flow data as hourly data for peak wet weather flow events that occurred. Two events are summarized in the flow schematics. These provide the raw data from the meters for each of these events. As you see data is missing as these meters are being installed as we have begun to evaluate the data and saw the need.

I have a Technical Memo on the flow meters and their locations. This memo is 37 megabytes and I cannot mail it. If you would like a copy, I can print out a copy and drop it off for you. Let me know where this should be.

Greg and I can meet with you to go over this data, if you wish. Also, I have identified four storm events this past winter where we have experienced high flows in the Tri-City SD system. I have the flow monitoring group pulling that data for me to add to this analysis. Once I get that data, I can send it to you also,

If there are any questions please feel free to give me a call or contact me by email.

Dale

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com



Begin forwarded message:

Subject: Requested Data for Tri-City Service District
From: Reynold Richwine <daler@richenv.com>
Date: April 2, 2015 at 8:27:26 AM PDT
Cc: "Geist, Gregory" <ggeist@co.clackamas.or.us>
To: johnson@ci.gladstone.or.us

Greg Geist has asked me to provide data on the flows to you. I am currently getting this information together and should get it to you early next week. We have had three large flow events since the beginning of this year and I am working with the flow monitoring group to get that data from each of the flow meters so I can get you a complete set.

If you have any questions, please feel free to contact me.

Dale
R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com

On Mar 30, 2015, at 7:22 AM, richwine, Dale <DRichwine@co.clackamas.or.us> wrote:

From: Geist, Gregory
Sent: Monday, March 30, 2015 7:22:22 AM
To: Steve Johnson; Bays, Chanin
Cc: richwine, Dale

5-8

Subject: RE: Requested Data

Auto forwarded by a Rule

Hello Councilor Johnson,

I'm bringing Dale Richwine into this conversation. Dale has access to all of our collection system flow data and has done the analysis on flows. Dale, can you please connect with Mr. Johnson and get him whatever data he would like to have?

Thanks,

Greg

From: Steve Johnson [<mailto:johnson@ci.gladstone.or.us>]

Sent: Thursday, March 26, 2015 3:56 PM

To: Bays, Chanin

Cc: Geist, Gregory

Subject: RE: Requested Data

Chanin-

Still not what I'm looking for. Greg said that there are flow meters on each input to the plant from each city and CCSD1. I'm looking for that flow meter data from as far back as it is available. There should be an amount from West Linn, Oregon City, Gladstone and CCSD1. I'm expecting this to be a large amount of data and as I've said before, I can stop by with a thumb drive or external hard disk to get it if it is too large to email.

Thank you.

Steve Johnson
Gladstone City Councilor

From: Bays, Chanin [CBays@co.clackamas.or.us]

Sent: Thursday, March 26, 2015 2:04 PM

To: Steve Johnson

Cc: Geist, Gregory

Subject: Requested Data

Good afternoon Steve,

Last night you requested the data supporting the allocation memo in Excel format. Please see attached. On our website (www.clackamas.us/wes/) the memo is labeled "Allocation Formula: CCSD#1 and Tri-City Service District" while the data is labeled "Flow Data at Tri-City WPCP". Please let me know if you have any questions or I can be of further assistance.

Regards,

*Chanin Bays
Assistant to the Director
Water Environment Services
Monday through Thursday 503-742-4566
Friday 503-557-2820*

PUBLIC RECORDS LAW DISCLOSURE

This email is a public record of the City of Gladstone and is subject to public disclosure unless exempt from disclosure under

Oregon Public Records Law. This email is subject to the State
Retention Schedule.

5-10

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:40 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Flow Monitoring Date - Email 1
Attachments: clack dale 1.xlsx; Kellogg Int Dale.xlsx; Mt Talbert Dale.xlsx; Wil A Dale.xlsx; Mil Mtr Dale.xlsx; Holly 43 Dale.xlsx; Bolton PS Dale.xlsx

Please add to our work session packet. Attachments can be sent to those that request them and in the interest of paper reduction should not be printed in the packet.

From: R. Dale Richwine [daler@richenv.com]
Sent: Wednesday, April 15, 2015 8:55 AM
To: Steve Johnson
Subject: Flow Monitoring Date - Email 1

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com



Begin forwarded message:

From: "Miller, Mark" <MarkMil@co.clackamas.or.us>
To: "WES - Richwine, Dale" <daler@richenv.com>
Date: April 14, 2015 at 3:41:36 PM PDT

5-11

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:40 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Flow Monitoring Data Email 2
Attachments: agnes Main Dale.xlsx; Gladstone Dale.xlsx; Lwr Phil Int Dale.xlsx; River Street Dale.xlsx; WI 40 Dale.xlsx; United Grocery Dale.xlsx; Mill Street Dale.xlsx; Hopps Dale.xlsx; Clack Int dale.xlsx

Please add to our work session packet. Attachments can be sent to those that request them and in the interest of paper reduction should not be printed in the packet.

From: R. Dale Richwine [daler@richenv.com]
Sent: Wednesday, April 15, 2015 8:56 AM
To: Steve Johnson
Cc: Geist Greg; Savas, Paul
Subject: Flow Monitoring Data Email 2

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com



Begin forwarded message:

From: "Miller, Mark" <MarkMil@co.clackamas.or.us>
To: "WES - Richwine, Dale" <daler@richenv.com>
Date: April 14, 2015 at 3:44:46 PM PDT

5-12

Peter Boyce

From: Steve Johnson
Sent: Sunday, April 19, 2015 4:40 PM
To: Peter Boyce
Cc: Dominick Jacobellis
Subject: FW: Flow Monitoring Data Email 3

Please add to our work session packet. Attachments can be sent to those that request them and in the interest of paper reduction should not be printed in the packet.

From: R. Dale Richwine [daler@richenv.com]
Sent: Wednesday, April 15, 2015 8:56 AM
To: Steve Johnson
Cc: Geist Greg; Savas, Paul
Subject: Flow Monitoring Data Email 3

R. Dale Richwine PE.
President and Principal Engineer
503.858.5153
daler@richenv.com



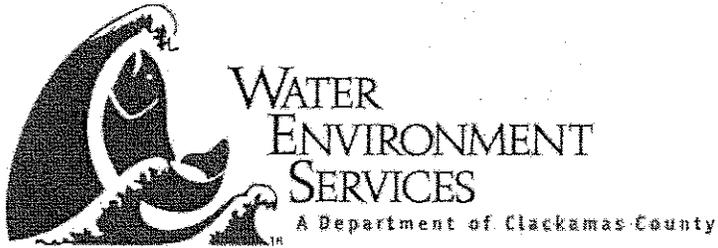
Begin forwarded message:

From: "Miller, Mark" <MarkMil@co.clackamas.or.us>
To: "WES - Richwine, Dale" <daler@richenv.com>
Cc: "House, Matt" <MattHou@co.clackamas.or.us>
Date: April 14, 2015 at 3:52:41 PM PDT
Subject: Data

Before I get "the email", I know that I didn't send 3 sites, Willamette B, WI 22 and Harmony. I will work on those 3 tomorrow, Matt will receive 2 (no Harmony) and Dale gets all 3. Thank you.

Mark

5-13



TRI-CITY ADVISORY COMMITTEE

April 14, 2015
11:30 a.m. – 1:00 p.m.

Water Environment Services
Tri-City Wastewater Treatment Facility
15941 Agnes Ave, Oregon City 97045

AGENDA

1. Introductions
2. Director's Report
 - a. Performance Clackamas
 - b. 2008 CCSD#1 & TCSD IGA
 - c. Plant Tour Signups
3. SDC Discussion
4. Blower Discussion
5. Peracetic Acid
6. Next Meeting (May 20, 2015)
 - a. FY 2015/2016 Proposed Budget Review
7. Adjourn

Please note: This meeting is being recorded and will be available online within a few days.

Rev: Apr 13, 2015

Tri-City Advisory Committee

April 8, 2015 Meeting



County Strategic Plan and Outcomes-Based Management



Copyright © 1998-2014, Managing Results, LLC



Managing Results

Board's Plan

- Five strategic priorities:
 - Grow a vibrant economy
 - Build a strong infrastructure
 - Ensure safe, healthy and secure communities
 - Honor, utilize, promote and invest in our natural resources
 - Build trust through good government

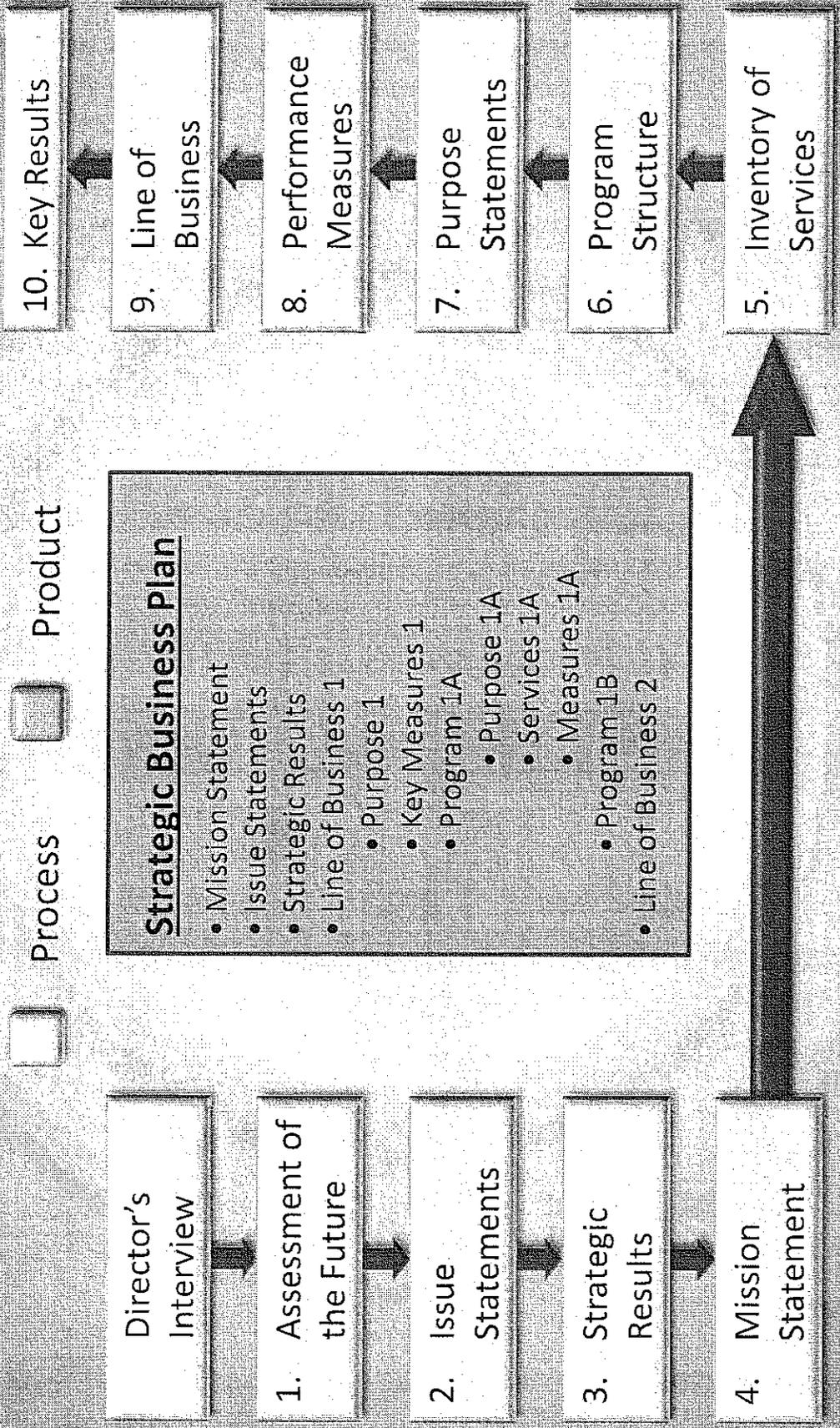
"By June of 2016, Clackamas County will have a plan in place that will achieve sewer improvements and funding to support the expected 20-year growth horizon."

Key Questions

- What are the most important issues WES will be facing over the next 2-5 years?
- What results do you want to be able to say have been accomplished 2-5 years from now?

Department Strategic Business Planning

Consistent Methodology and Terminology



Issue Statements: Example

Out-of-Home Placements

The rising cost and increasing number of out-of-home placements will cause Children's Services costs to increase at a faster rate than previously projected, and will, if not addressed, continue to reduce the availability of services to reunify families and prevent child abuse and neglect.

■ Trend

■ Impact on Customer

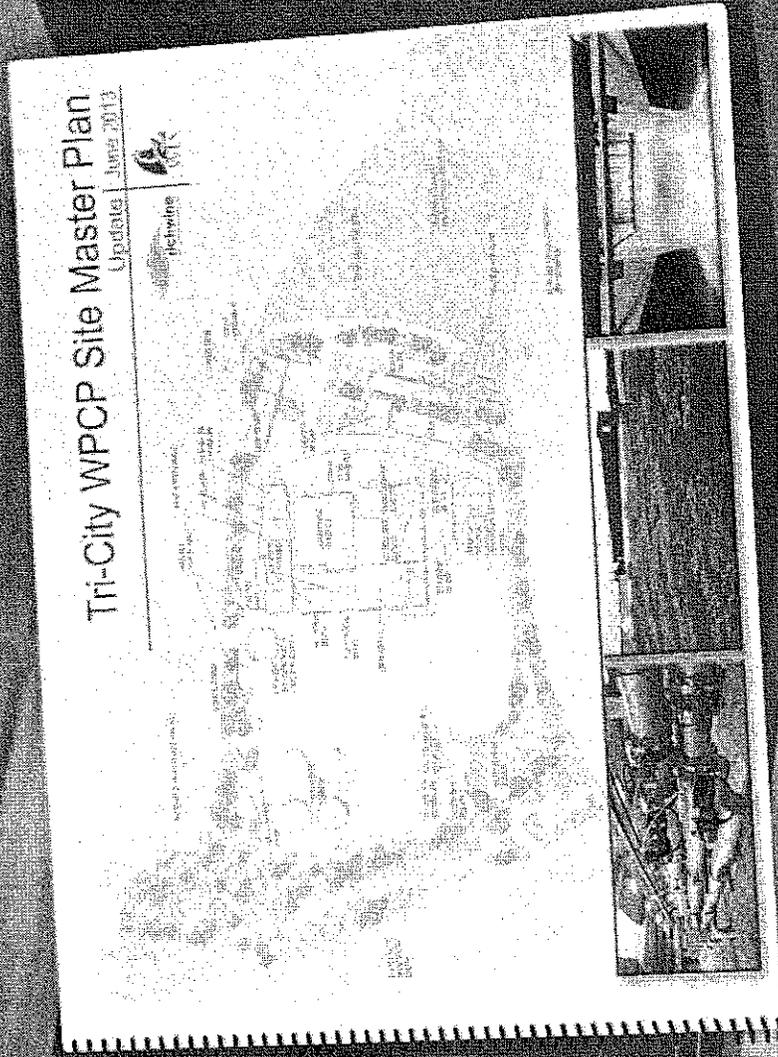
Issue Statements: WES' themes

- Comprehensive Master Plan
 - Asset Management
- Customer understanding and support of WES' work
 - Do outreach, build trust and nurture relationships
- Internal work culture
 - Empowered work force aligned to Strategic Business Plan
- Clarity of long-term relationship between Districts

501

June 2013 Master Plan Update provides more detailed basis for refined Phase II priorities

- » Within current district boundaries
- » Kellogg treatment capacity limited
- » Continue with co-investment strategy
- » Growth pays for growth

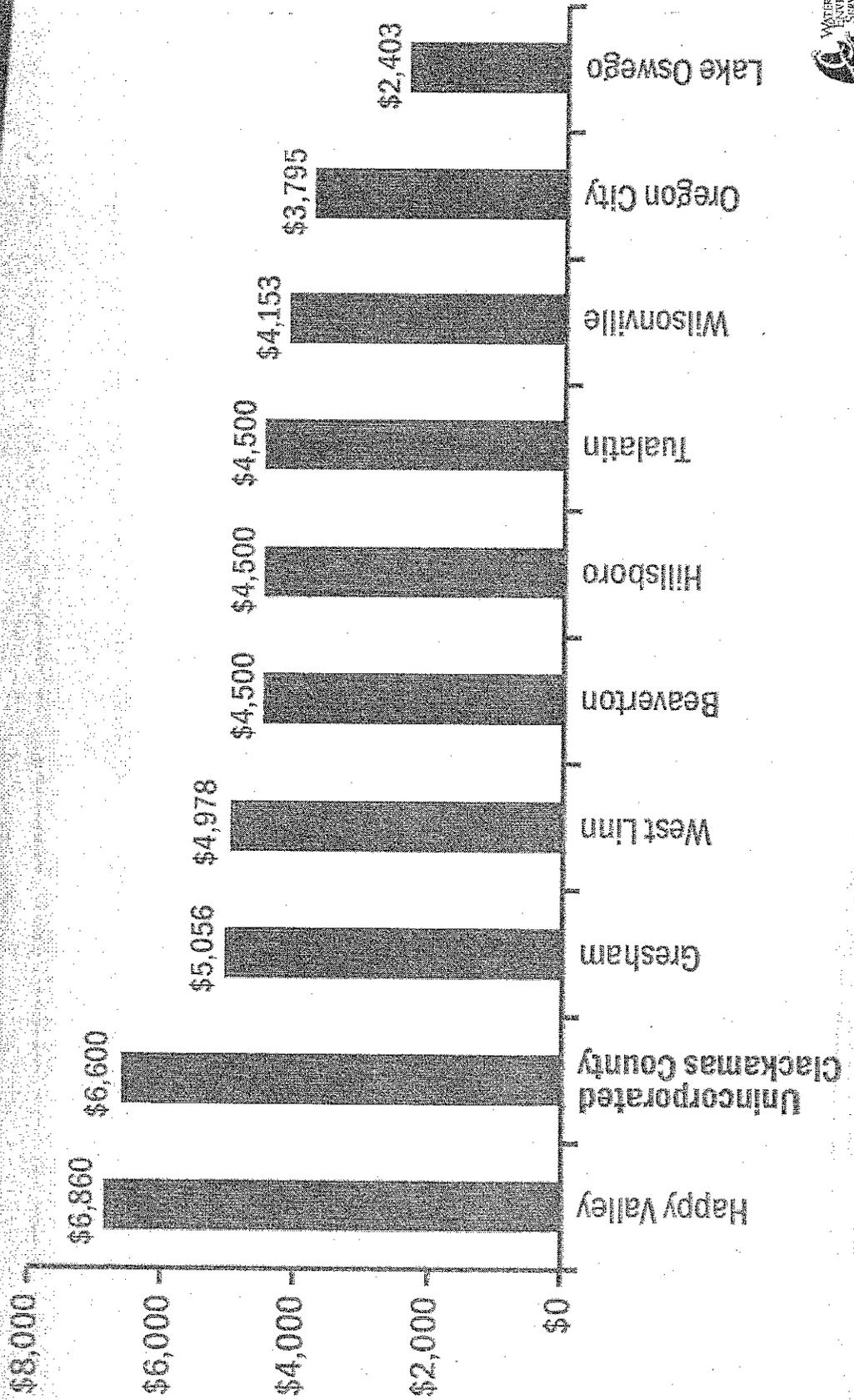


5-02

20 Year Facilities Plan - Phase II Growth Expansion

Project Name	Completion Date	Est. Cost (\$ mil)
Wet Weather - Intertie II Conveyance Expansion	2016	14.3
General - Elect/Power Expansion	2019	2.5
General - Blue Heron Outfall	2021	10.0
Wet Weather - Coarse Screen/Grit Removal	2021	9.2
Solids - Anaerobic Digesters	2023	31.5
General - Landfill Mitigation	2024	4.7
Solids - Dewatering/Centrates Equalization	2025	20.2
General - MBR Blower Bldg	2026	6.0
Wet Weather - Treatment Process Expansion	2028	14.6
TOTAL		113

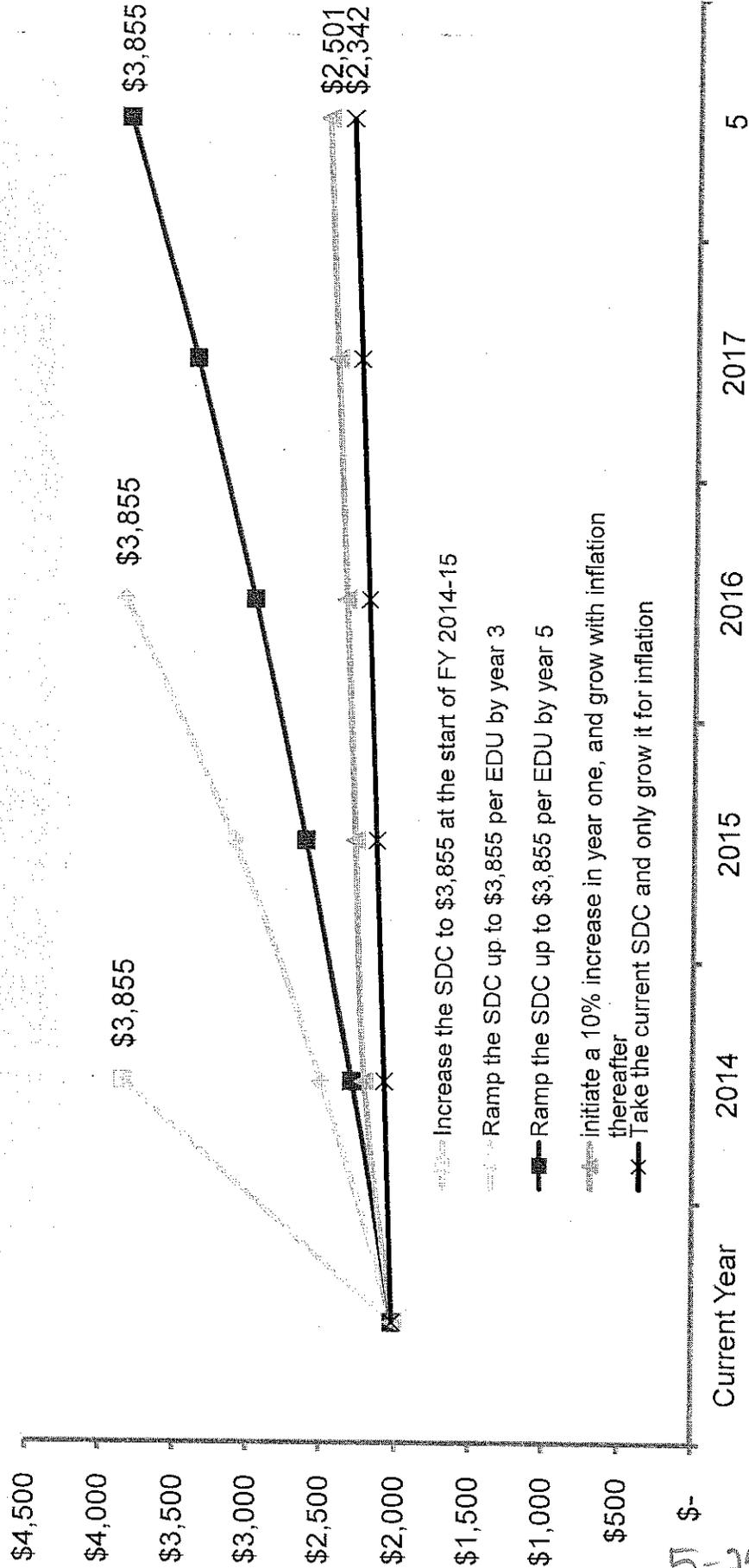
Regional Sanitary Sewer SDCs*



5-24



TCSO SDC Phase-in Options



▲ Increase the SDC to \$3,855 at the start of FY 2014-15

■ Ramp the SDC up to \$3,855 per EDU by year 3

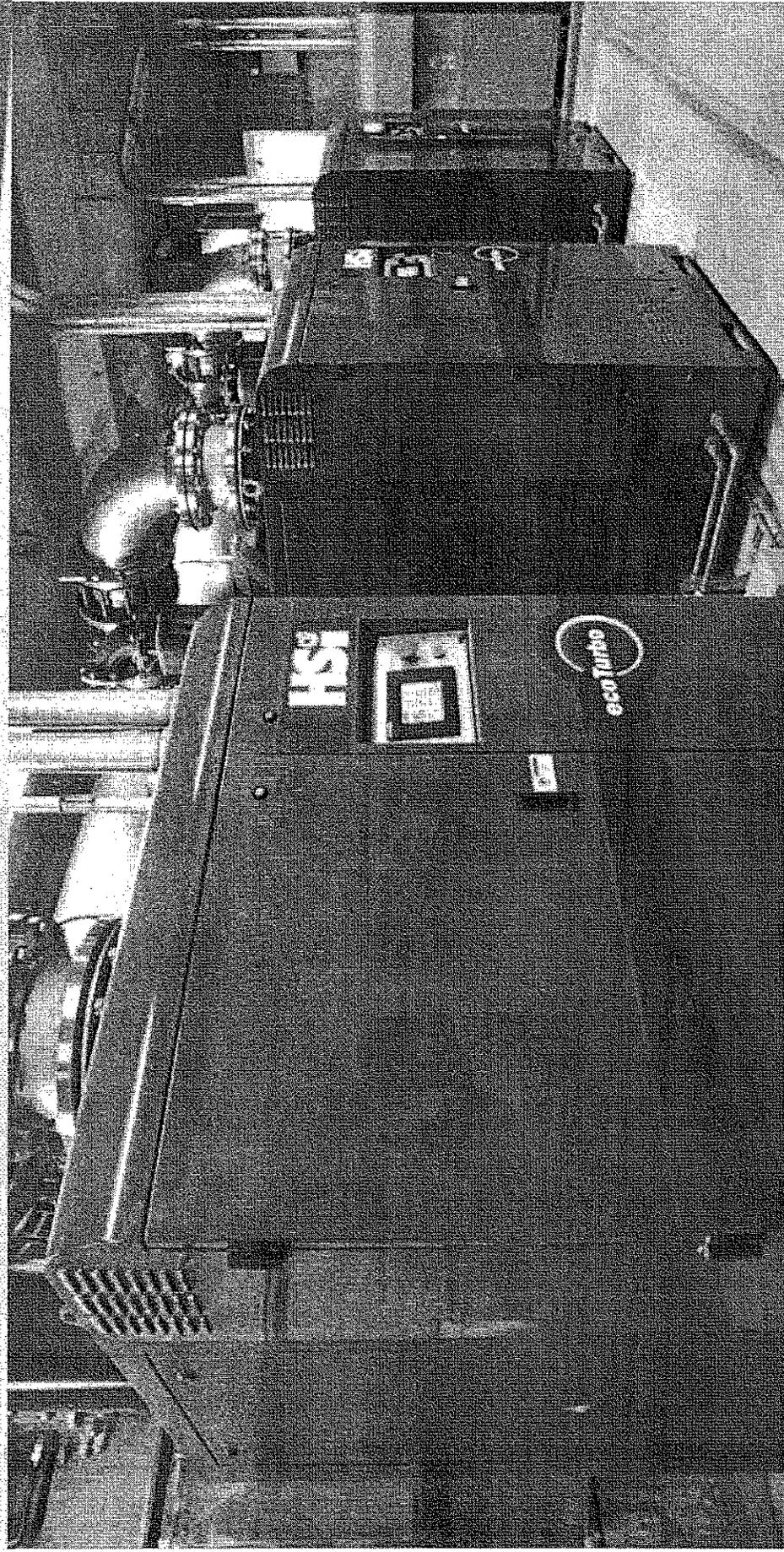
▲ Ramp the SDC up to \$3,855 per EDU by year 5

▲ initiate a 10% increase in year one, and grow with inflation thereafter

× Take the current SDC and only grow it for inflation

5
25
4

Blower Replacement Project



5-26

Problems

- » Have lost over 24 air ends to date
- » Received a 5-year warranty
- » Original company (HSI) was sold to Atlas Copco
- » Warranty honored but poorly executed

5-27

Current Situation

» MBR Process Air Blowers

- One process blower for over 1 year
- No redundancy

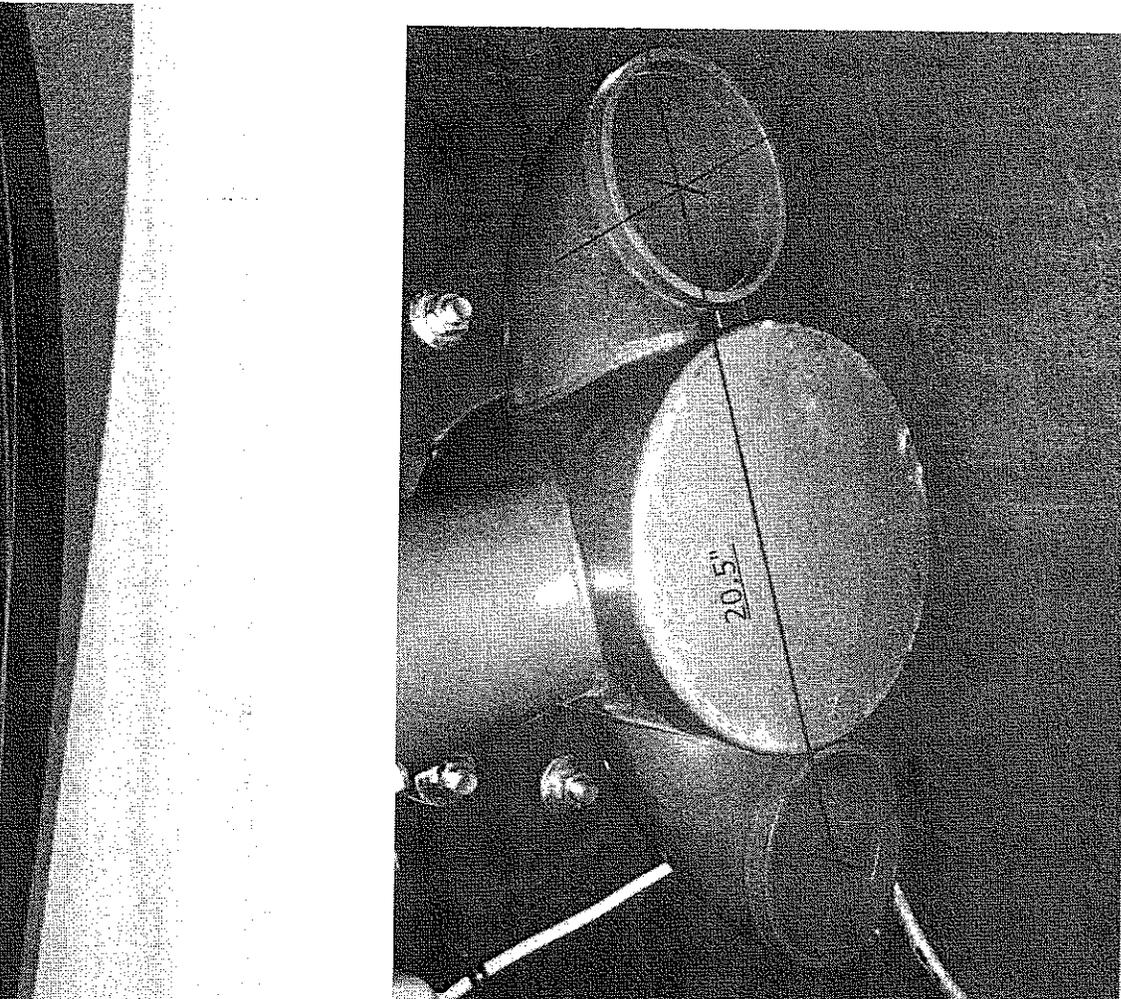
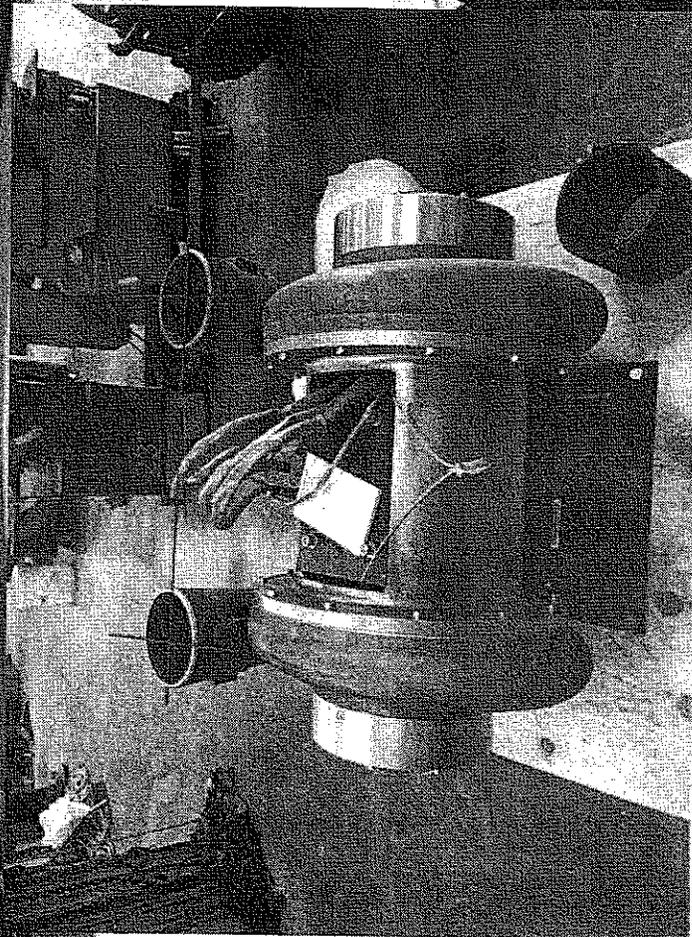
» MBR Air Scour Blowers

- Two air scour blowers for over 9 months
- Limits capacity to 4-mgd of 10-mgd peak

» CAS Process Air Blowers

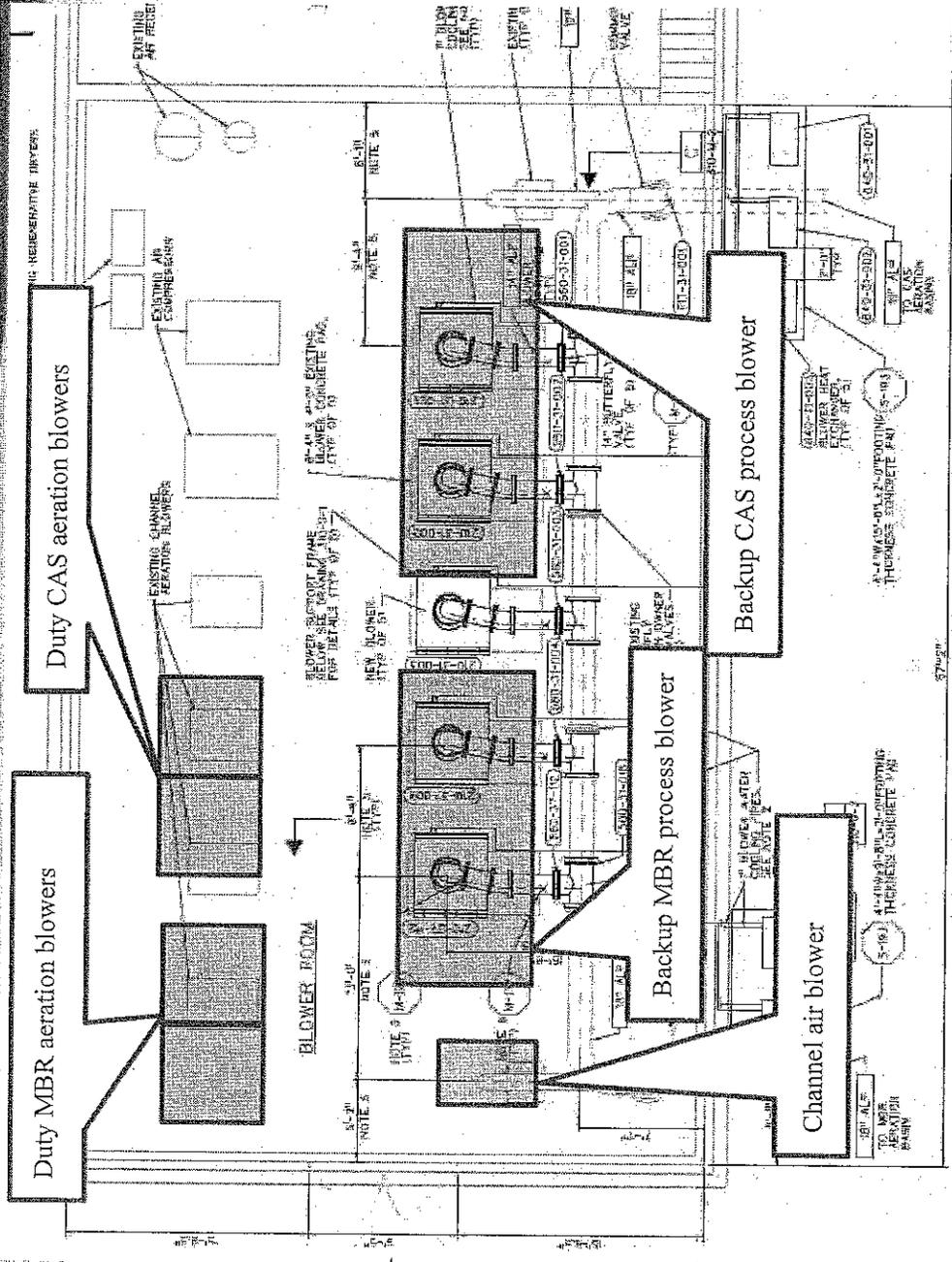
- One of three blowers out
- Replacement lasted 84 days

MBR Blower Replacement After One Year – Wrong Blower



5-29

Emergency Blower Replacement



5-30

Emergency Blower Replacement Project

» MBR Blowers (CCSD#1)

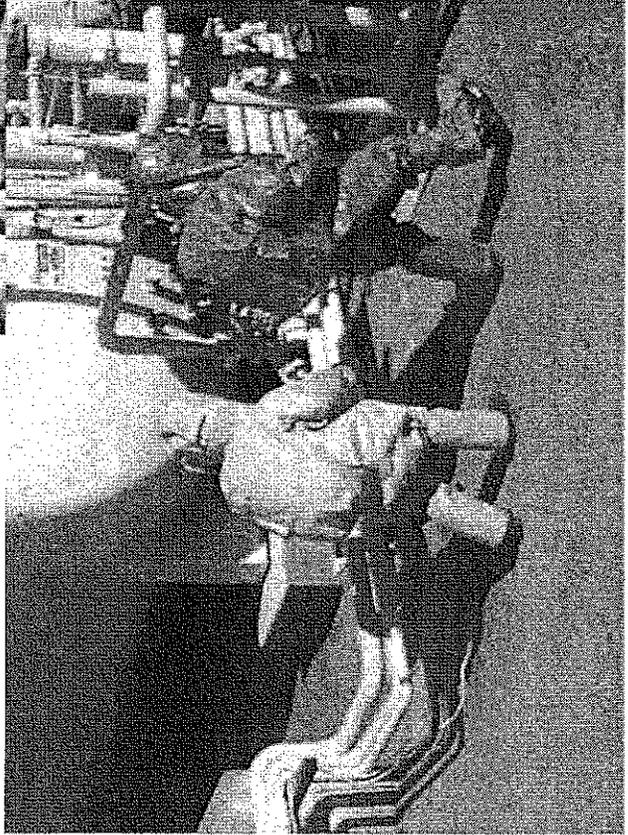
- 2 new process blowers
- 3 new air scour blowers
- Existing blowers stay as backup
- Project Cost = \$1.4M

» CAS Blowers (TCSD)

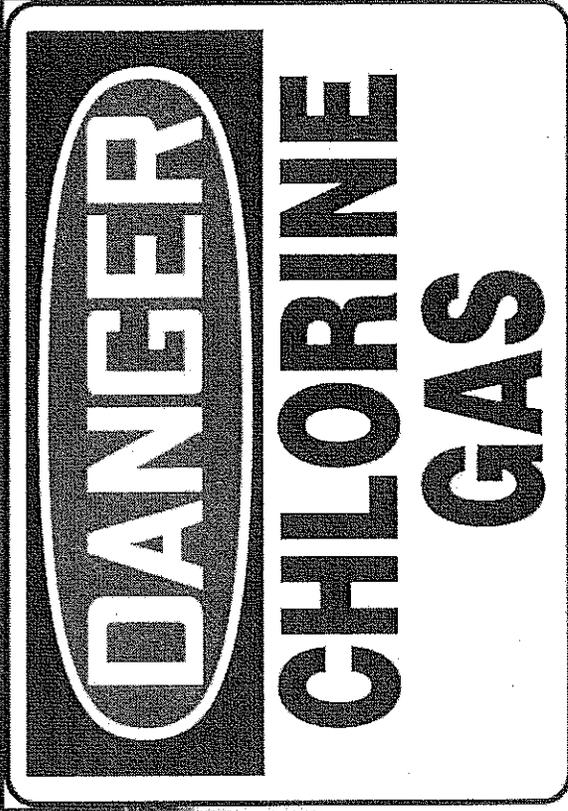
- 2 new process blowers
- Existing blowers stay as backup
- Project Cost = \$0.6M

Why Peracetic Acid

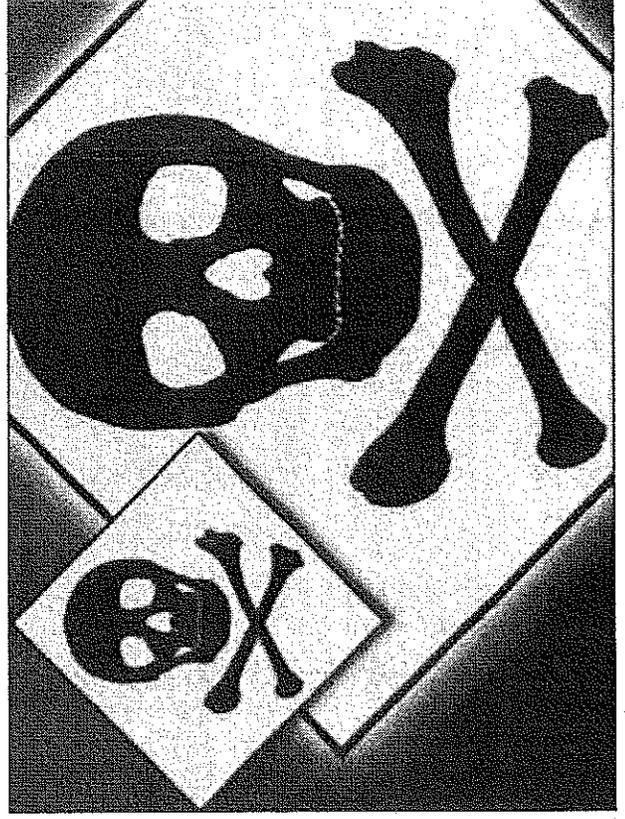
- 57 62 » Need to move away from gaseous chlorine
 - High Risk
- » Nitrogen interference with chlorine disinfection
- » Cost
- » Employee Safety



Cost to Keep Gaseous Chlorine

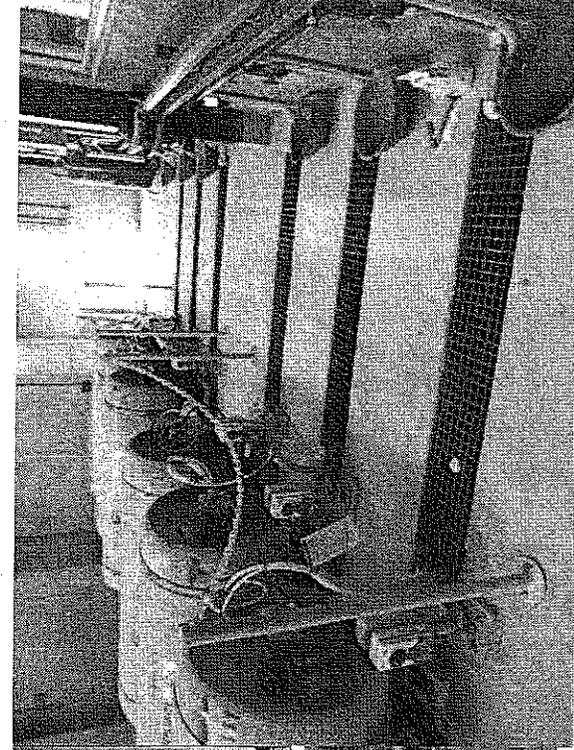
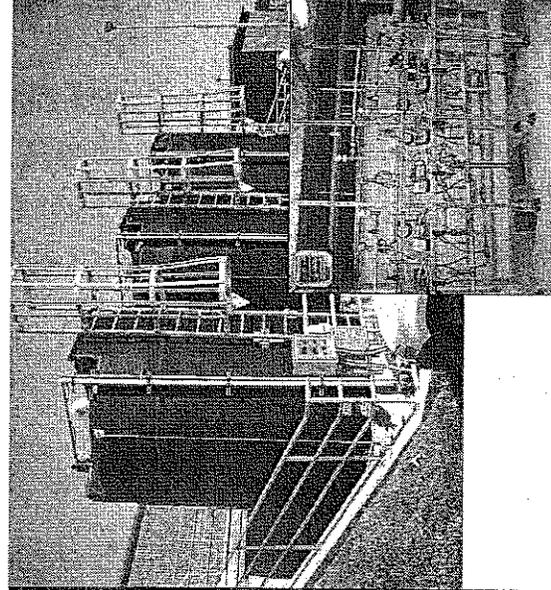
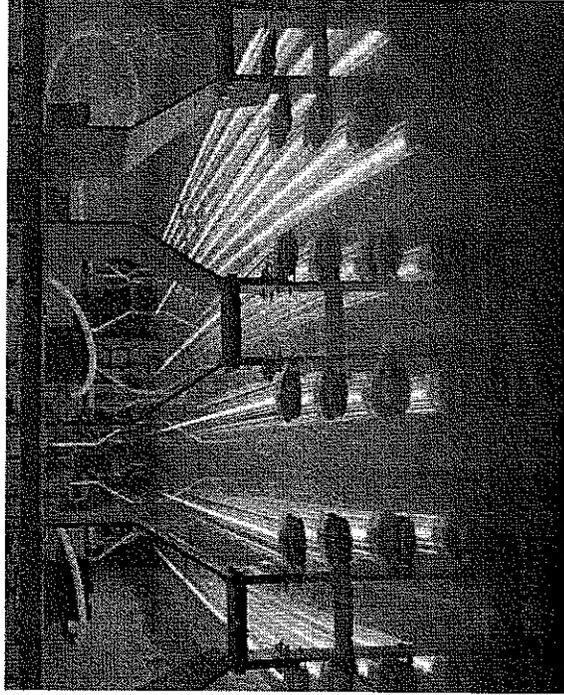


- » Neighbor Notification
 - "Zone of Death"
- » Risk Management Plan
 - \$200,000 to write plan
 - \$50,000 - \$75,000 annually to maintain
- » Employee safety
 - Ongoing training
 - Testing and health monitoring
- » Future Plant Expansion
 - Permitting issues



Alternative Disinfection Cost Evaluation

- 05-34
- » Gaseous Chlorine/Sodium Bisulfite
 - » Sodium Hypochlorite/Sodium Bisulfite
 - » UV Disinfection
 - » Peracetic Acid (PAA)



Cost Evaluation

Alternative	Capital Cost (\$)	2014 Chemical Cost (\$)	2014 O&M Cost (\$)	Present Value (\$)
Gaseous Chlorine	\$0	\$168,669	\$391,719	\$5,921,815
Sodium Hypochlorite	\$500,000	\$351,082	\$379,132	\$9,324,487
Ultraviolet Light	\$20,000,000	\$167,097	\$207,822	\$44,563,083
Peracetic Acid	\$100,000	\$271,846	\$299,896	\$6,784,718

5-35



Triple Bottom Line Analysis

Issue	Gaseous Chlorine	Sodium Hypochlorite	UV Disinfection	Paraceto Acid
Social Measure				
Good Neighbor	1	3	5	4
Employee Safety	2	3	5	3
Chemical Transportation	1	2	5	3
Environmental				
Permitting Risk	3	5	5	3
Risk of Permit Violation	1	1	4	3
Power Consumption	3	3	1	4
DBP Formation	1	1	5	5
Economic Measures				
Proven Technology	5	5	4	3
Ease of Implementation	1	5	1	4
Capital Cost	5	3	1	5
Present Value Cost	5	4	1	5
Total Points (55 points Maximum)	28	35	37	42

?

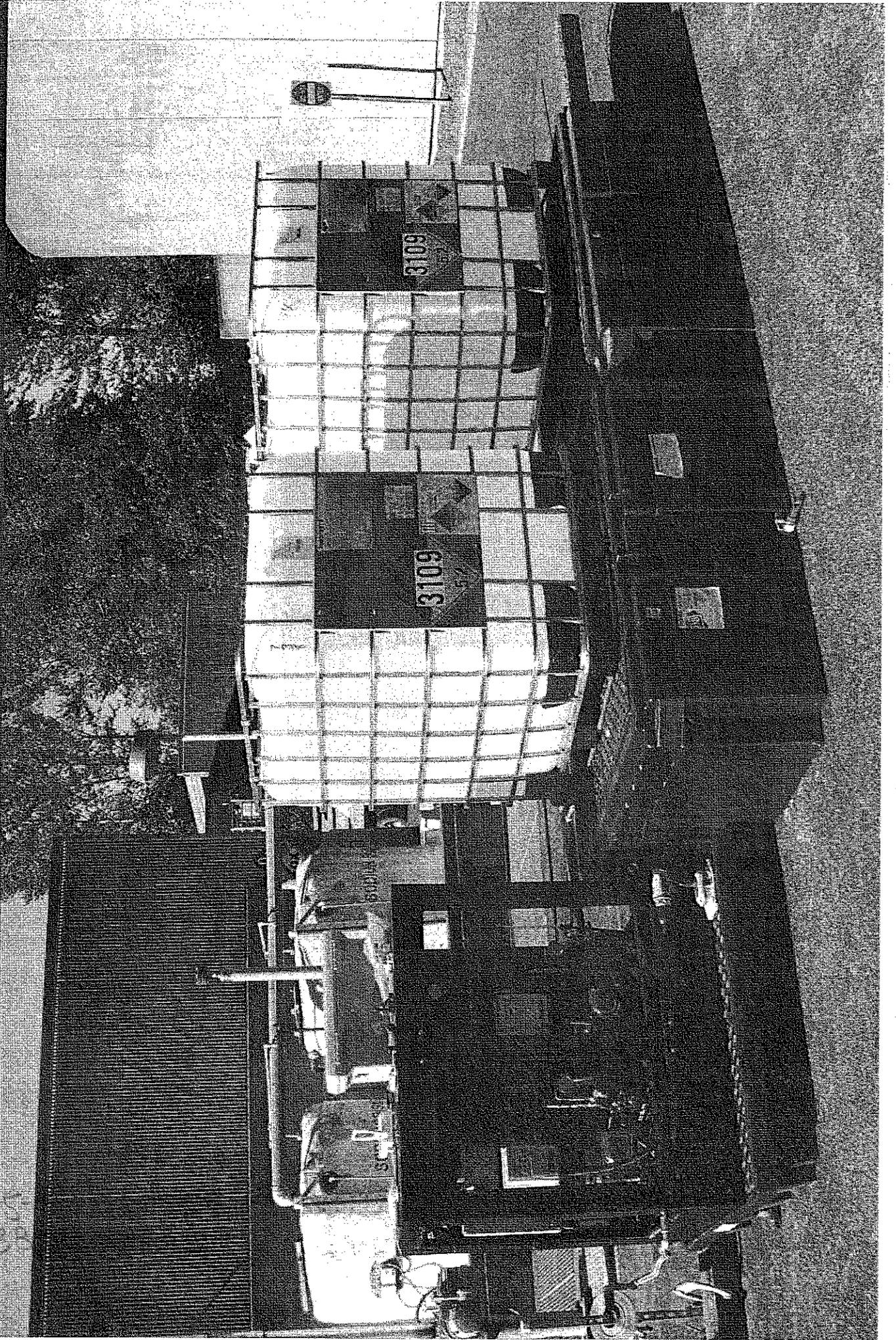


Recommendation

Alternative	Advantages	Disadvantages
Gaseous Chlorine	Low chemical cost	Risk Management Program required Permit risk Interference with nitrogen compounds Limited peak flow treatment Disinfection by-product formation
Sodium Hypochlorite	Low cost to implement Uses existing tankage No Risk Management Program	Permit risk Interference with nitrogen compounds Limited peak flow treatment Disinfection by-product formation
UV Disinfection	Low permit risk No interference with nitrogen compounds No disinfection by-product formation No traffic impact	High power use High cost to implement Major modifications to contact tank
Peracetic Acid	Ability to handle peak flows Low cost to implement Uses existing tankage Low permit risk No interference with nitrogen compounds No disinfection by-product formation	No proven use in Oregon Obstacles to permitting

5-37

PAA Feed Equipment

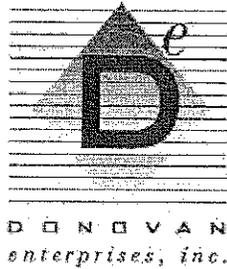


Impacts to Operations

- » Increased Chemical Costs
 - PAA more expensive than chlorine gas
 - Chlorine/Bisulfite - \$170,000/year
 - Hypochlorite/Bisulfite - \$350,000/year
 - PAA - \$270,000/year
- » Lower Risk
 - Risk Management Plan not required
 - Eliminates "Zone of Death"
- » Improved Safety to Staff and Neighbors
- » Green Technology
 - No by-products to environment
 - Non-toxic to aquatic life

5-39

Presented by:



December

2013

Wastewater System Development Charge Update

Final Report

Prepared for:



Donovan Enterprises, Inc.
9600 SW Oak Street, Suite 335
Tigard, Oregon 97223-6596
☎ 503.517.0671
www.donovan-enterprises.com



Fiscal 2013 - 2014
Wastewater SDC Update

Table of Contents

Executive Summary..... 1
 System Development Charges Policy Choices 2
 Background 2
 SDC Policy..... 2
 SDC options available to the Clackamas County Board of Commissioners..... 3
 Benchmarking Regional Wastewater SDCs..... 4
Clackamas County Service District No. 1 SDC Analysis 7
 Wastewater SDC Methodology Update..... 7
 SDC Legal Authorization..... 7
 Existing and Future Wastewater Demand 8
 Reimbursement Fee Methodology 10
 Improvement Fee Methodology 11
 CCSD1 Wastewater SDC Conclusions and Recommendations 13
Tri-City Service District SDC Analysis 15
 Wastewater SDC Methodology Update..... 15
 Existing and Future Wastewater Demand 15
 Reimbursement Fee Methodology 17
 Improvement Fee Methodology 18
 TCSD Wastewater SDC Conclusions and Recommendations 20

5-41

Executive Summary

Donovan Enterprises, Inc. (DEI) was retained by Water Environment Services (WES) to review the wastewater System Development Charges (SDC) currently applied by Clackamas County Service District No. 1 (CCSD1) and the Tri-City Service District (TCSD) to support wastewater infrastructure. This study is designed to provide the Clackamas County Board of Commissioners with a comprehensive understanding of its SDC options. This will enable the Commission to make informed policy choices about the future application of SDC. The study:

- Reviews the basis for SDC charges to ensure a consistent methodology;
- Identifies policy, administrative, and technical problems which have arisen from existing SDC assessment methodologies;
- Determines the most appropriate SDC fee to ensure that growth pays for growth;
- Considers possible revisions to the structure or basis of SDC charges which might improve equity or proportionality to demand;
- Provides clear, orderly documentation of the assumptions, methodology, and results, so that WES Staff could, by reference, respond to questions or concerns from the public.

The consultant found that the Clackamas County Board of Commissioners (BCC) has the legal authority and economic justification, if it chooses to exercise its prerogative, to increase SDCs for new development in CCSD#1 and TriCity. The power to do so, and by how much, resides solely with the BCC.

542

System Development Charges Policy Choices

Background

This study is an update of the System Development Charge (SDC) methodology analysis that was completed by WES in April, 2008. This update addresses the levels and structure of SDCs needed to support current and future infrastructure investments managed by WES. This study also takes into account the recommendations of the recently completed wastewater treatment facilities plan update. That plan calls for future investments of \$112.9 million over the next fifteen years by the two county service districts that are managed by WES.

WES was created in August, 1984, to administer several county service districts formed under ORS Chapter 451. The enabling legislation establishes county service districts as independent municipal corporations authorized to provide specific services within specified boundaries in Clackamas County. The Board of County Commissioners is designated as the governing body with the County Administrator serving as the Administrator of the Districts. The scope of this SDC update is limited to the wastewater SDCs charged by CCSD1 and the TCSD.

CCSD No. 1 is comprised of four separate, non-contiguous wastewater service areas, as well as a surface water management (SWM) service area. Both wastewater and SWM services are provided in the North Clackamas Service Area. CCSD No. 1 owns and operates the Kellogg Creek wastewater treatment plant, located along the Willamette River in Milwaukie, and has an ownership interest in co-located facilities at the Tri-City water pollution control facility located on the Clackamas River in Oregon City. These plants serve the North Clackamas Service Area in addition to the wastewater flows from the City of Milwaukie. Wastewater-only service is provided in the Hoodland, Boring, and Fischer's Forest Park Service Areas. Each service area is served by completely separate collection and treatment facilities.

TCSD provides wastewater transmission and treatment services for customers in the cities of Oregon City, West Linn, and a portion of Gladstone. Treatment services are provided at the Tri-City plant. As discussed above, since 1998, the Tri-City plant has provided growth-related wastewater treatment capacity and services for both TCSD and CCSD No. 1. These treatment services are paid for by each district according to their respective use, as delineated in the Intergovernmental Services Agreement approved by the Board of County Commissioners in December, 2008. TCSD does not deliver SWM services to customers in the TCSD area. These services are delivered by each of the three member Cities.

SDC Policy

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish SDCs. These are one-time fees on new development, and they are paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

SDC options available to the Clackamas County Board of Commissioners

At the request of WES Staff, this study was crafted to afford the Board of County Commissioners options with respect to wastewater SDCs. These options range from:

1. Do nothing option: Leave SDCs at their current levels (i.e., \$6,600 per household for CCSD1, and \$2,020 per household for TCSD); or,
2. Increase SDCs: Current SDCs can be raised to one of two statutory maximum levels based upon five-year increments of projected growth in population. These levels are in 5 and 10 year population growth increments; or,
3. Increase SDCs but by an amount that is less than allowed by current law: The BCC has the option of increasing SDCs by any amount so long as it does not exceed the legally allowed level based upon the five year increments of projected growth in population.
4. Lower SDCs from their current level: SDCs may be reduced by the BCC below current levels.

The resulting unit SDCs at the statutory maximums (at 5 and 10 year growth inflection points) are shown below in Table 1 for CCSD1, and in Table 2 for TCSD.

5-44

Table 1 - SDC Options for CCSD1

Clackamas County Service District No. 1 Draft Schedule of System Development Charges - Wastewater		
	EDU Growth Forecast Horizon (years)	
	Five	Ten
Reimbursement fee:	\$ 2,091	\$ 1,988
Improvement fee:	\$ 8,497	\$ 11,258
Total Unit SDC:	\$ 10,588	\$ 13,246

Table 2 - SDC Options for TCSD

Tri-City Service District Draft Schedule of System Development Charges - Wastewater		
	EDU Growth Forecast Horizon (years)	
	Five	Ten
Reimbursement fee:	\$ 227	\$ 219
Improvement fee:	\$ 3,628	\$ 10,107
Total Unit SDC:	\$ 3,855	\$ 10,325

The unit SDCs that are shown above in Tables 1 and 2 are expressed in dollars per Equivalent Dwelling Unit (EDU). An EDU is an approximation of the wastewater demand that is placed on the wastewater treatment system on an annual basis by an average single family dwelling.

Benchmarking Regional Wastewater SDCs

In order to give context to the levels of current and potential wastewater SDCs that could be charged in the CCSD1 and TCSD service areas, the project team gathered comparable wastewater SDCs that are charged by neighboring communities in the region. The comparable SDCs were gathered from wastewater collection and treatment service providers in Clackamas, Washington, Multnomah, and Marion Counties here in Oregon, and from service providers in Clark County, Washington. The neighboring communities' comparable wastewater SDCs are shown in Table 3, and are for a single family residential equivalent customer, and are in force as of November, 2013.

5-45

Table 3 - Comparable Communities' Single Family Residential Wastewater SDCs as of November, 2013

	"Regional" Wholesale	"Local" Retail	Total
<i>Clackamas County:</i>			
Lake Oswego	-	2,463	2,463
Oregon City	2,020	1,844	3,864
Wilsonville	-	4,323	4,323
West Linn	2,020	3,108	5,128
Milwaukie	5,670	893	6,563
Happy Valley	-	6,600	6,600
CCSD No. 1 - North Clackamas Service Area	5,670	930	6,600
<i>Washington County:</i>			
Clean Water Services	4,627	173	4,800
Hillsboro	4,627	173	4,800
Beaverton	4,627	173	4,800
Tualatin	4,627	173	4,800
<i>Multnomah County:</i>			
Fairview	-	2,600	2,600
Troutdale	-	4,495	4,495
Portland	-	4,551	4,551
Gresham	-	5,056	5,056
<i>Marion County:</i>			
Woodburn	-	2,977	2,977
Salem	-	3,130	3,130
Hubbard	-	3,755	3,755
Silverton	-	4,772	4,772
<i>Clark County Washington:</i>			
Unincorporated - Hazel Dell & Lakeshore Area	1,720	-	1,720
City of Vancouver	-	2,740	2,740
Unincorporated - Salmon Creek	4,708	-	4,708
Battle Ground	-	7,487	7,487
<i>Average single family residential wastewater SDC all areas</i>			<u>\$ 4,467</u>

The SDCs shown in Table 3 are broken out between wholesale and retail components (where applicable). The wholesale component is for wastewater treatment services, and the retail component is for wastewater collection and transmission services. In cases where a city or jurisdiction provides both services the project team showed the total SDC in the retail category. This distinction between wholesale and retail is particularly important in the cases of CCSD1 because this service district provides both wholesale and retail services to its customers. This situation is also the case in Washington County where Clean Water Services operates.



Analysis Section

5-47

Clackamas County Service District No. 1 SDC Analysis

Wastewater SDC Methodology Update

The framework for SDC calculation is established by ORS 223.297-314 which is the basis for this review. Under statute, SDC's are one-time fees imposed on new development and have two components: reimbursement and improvement.

The reimbursement fee considers the cost of existing facilities, prior contributions by existing users of those facilities, the value of the unused/available capacity, and generally accepted ratemaking principles. The objective is "future system users contribute no more than an equitable share to the cost of existing facilities." The reimbursement fee can be spent on capital costs or debt service related to the systems for which the SDC is applied.

The improvement fee portion of the SDC is based on the cost of planned future facilities that expand the system's capacity to accommodate growth or increase its level of performance. In developing an analysis of the improvement portion of the fee, each project in the District's capital improvement plan is evaluated to exclude costs related to correcting existing system deficiencies or upgrading for historical lack of capacity. An example is a facility which improves collection system capacity to better serve current customers. The costs for this type of project must be eliminated from the improvement fee calculation. Only capacity increasing/level of performance costs provide the basis for the SDC calculation. The improvement SDC is calculated as a function of the estimated number of additional equivalent dwelling units to be served by the District's facilities over the planning period. In this case, the planning period has been bundled into two discrete time frames of 5 and 10 years. Such a fee represents the greatest potential for future SDC changes.

For this review, WES has stated a number of objectives:

- Review the basis for the charge to ensure a consistent methodology with the benefit of the data contained in the newly completed wastewater treatment system facilities plan;
- Review the District's current rationale for the reimbursement and improvement elements of the SDC;
- Review the District's current wastewater system SDC methodology to be sure that is consistent with the District's approach to charges for other District-delivered services (SDCs);
- Consider possible revisions to the structure or basis of the charge that might improve equity or proportionality to demand; and
- Provide clear, orderly documentation of the assumptions, methodology, and results, so that District staff can, by reference, respond to questions or concerns from the public.

SDC Legal Authorization

SDCs are authorized by ORS 223.297-314. The statute is specific in its definition of system development charges, their application, and their accounting. In general, an SDC is a one-time fee imposed on new development or expansion of existing development, and assessed at the

time of development approval or increased usage of the system. SB 939, passed by the 2003 legislature, included many procedural adjustments and clarifications to ORS 223. Overall, the statute is intended to promote equity between new and existing customers by recovering a proportionate share of the cost of existing and planned/future capital facilities that serve the developing property.

Statute further provides the framework for the development and imposition of SDCs and establishes that SDC receipts may only be used for capital improvements and/or related debt service.

The methodology used to determine the improvement fee portion of the SDC must consider the cost of projected capital improvements needed to increase system capacity or level of performance. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity would not be SDC eligible. The improvement fee must also provide a credit for construction of a qualified public improvement.

Existing and Future Wastewater Demand

Existing wastewater service demand was derived from consultations with District engineering and finance staff. Based on this data, it is estimated that as of fiscal 2013-14, the District served a total of 35,558 retail EDUs. In addition to these retail EDUs, analysis indicates the District serves 10,281 wholesale EDUs in the communities of Milwaukie and Johnson City. The total EDU service base then amounted to 45,839 EDUs.

After establishing existing demand conditions, the next step was to forecast future demand based on the criteria established by the District's Capacity Management Program (CMP). To facilitate this demand forecasting effort, WES hired Portland State University's Population Research Center (PRC). The resulting demand forecast data was presented to WES (for both CCSD1 and TCSD) in a report entitled "Population Forecasts for the Tri-City Service District, Clackamas County Service District #1, Clackamas County Service District #1 with All Damascus, and the City of Milwaukie 2010-2040".

The population forecasts that were contained in the PRC final report were expressed in low, medium, and high growth scenarios. For planning purposes, WES Staff are using the medium population growth forecast for sizing future facilities. For this SDC update, the project team used the PRC medium population growth forecast as the basis for estimating the future growth in EDUs. Over the 5 and 10 year inflection points, the project team calculated the compounded annualized growth rates in population, and applied these growth rates to the know fiscal 2013-14 existing billable EDUs to arrive at future EDU totals.

The PRC medium population growth forecast data are shown below in Table 4. The resulting forecast of CCSD1 treatment EDUs is shown (in five year increments) in Table 5.

5-49

Table 4 - PRC Medium Growth Population Forecast Data; December, 2011

Medium Growth Population Forecasts - Per PSU Population Studies; December, 2011

Medium Growth Scenario	Census 2010	2020	2030	2040
Tri-City	70,544	76,340	82,315	86,748
CCSD#1	68,140	76,912	85,689	92,818
CCSD#1-All Damascus	76,865	86,876	97,157	106,193
Milwaukie	20,291	21,060	21,946	22,352

Compound Annual Growth Rates

Medium Growth Scenario	2010	2020	2030	2040
Tri-City		0.7927%	0.7746%	0.6916%
CCSD#1		1.2183%	1.1524%	1.0356%
CCSD#1-All Damascus		1.2318%	1.1783%	1.0832%
Milwaukie		0.3726%	0.3929%	0.3230%

Table 5 - Forecast of CCSD1 Treatment EDUs.

Clackamas County Service District No. 1 Summary of Wastewater System Macroeconomic Assumptions			
	Budget	Forecast	
	2014	2019	2024
Equivalent Dwelling Units (EDUs) - forecast			
Wholesale Customers:			
Milwaukie	10,000	10,188	10,387
Johnson City	281	281	281
Total wholesale customers	10,281	10,469	10,668
Retail Customers:			
Total retail customers	35,558	37,803	40,104
Total treatment EDUs	45,839	48,271	50,772
Equivalent Dwelling Units (EDUs) - annual change			
Wholesale Customers:			
Milwaukie		38	41
Johnson City		-	-
Total wholesale customers		38	41
Retail Customers:			
Total retail customers		460	467
Five year forecast total growth		2,432	
Ten year forecast total growth			4,933

5-50

Based on the data contained in that report, the investments that are expected to be made over the next ten years for capacity expansion will serve an additional 4,933 EDUs.

Reimbursement Fee Methodology

The reimbursement fee represents a buy-in to the cost, or value, of wastewater capacity within the existing system. Generally, if a system were adequately sized for future growth, the reimbursement fee might be the only charge imposed, since the new customer would be buying existing capacity. However, staged system expansion is needed, and an improvement fee is imposed to allocate those growth related costs. Even in those cases, the new customer also relies on capacity within the existing system, and a reimbursement component is warranted.

In order to determine an equitable reimbursement fee to be used in conjunction with an improvement fee, two points should be highlighted:

- First, the cost of the system to the District's customers may be far less than the total plant-in-service. This is due to the fact that elements of the existing system may have been contributed, whether from developers, governmental grants, and other sources. Therefore, the net investment by the customer/owners is less.
- Second, the value of the existing system to a new customer is less than the value to an existing customer, since the new customer must also pay, through an improvement fee, for expansion of some portions of the system.

The method used for determining the reimbursement fee accounts for both of these points.

- First, the charge is based on the net investment in the system, rather than the gross cost. Therefore, donated facilities, typically including collection lines, local facilities, and grant-funded facilities, would be excluded from the cost basis. Also, the charge should be based on investments clearly made by the current users of the system, and not already supported by new customers. Tax supported activities fail this test since funding sources have historically been from general revenues, or from revenues which emanate, at least in part, from the properties now developing.
- Second, the cost basis is allocated between used and unused capacity, or capacity available to serve growth. In the absence of a detailed asset by asset analysis, it is appropriate to allocate the cost of existing facilities between used and available capacity proportionally based on the forecasted population growth as converted to EDUs over the planning period. This approach reflects the philosophy, consistent with the Districts CMP, that facilities have been sized to meet the demands of the customer base within the established planning period.

Table 6 contains the data that was used to derive the recommended wastewater reimbursement fee SDC (expressed in \$/EDU). Please note, in the District's 2008 SDC study the recommended reimbursement fee was zero. This is because the CCSD1 system was at effective full capacity at that time. Since that time, the District has invested over \$130 million in capacity to serve existing and new customers.

Table 6 – CCSD No. 1 Wastewater Reimbursement Fee Methodology

	June 30, 2012	EDU Growth Forecast Horizon (years)	
		Five	Ten
Clackamas County Service District No. 1 Reimbursement Fee SDC Calculations - Wastewater			
Utility plant in service- original cost ¹			
Intangible plant	\$ 802,162		
Sewage treatment plant	168,652,878		
Sewage treatment line system	106,659,292		
Equipment, tools, and appurtenances	9,214,451		
Construction work-in-progress	30,330,796		
Land	3,871,077		
Subtotal utility plant in service original cost	319,530,656		
Less: grants and contributed capital: ²			
EPA Clean Water Act grants	10,896,488		
Contributed capital - Milwaukie	1,581,052		
Contributed capital - Johnson City	67,548		
Subtotal grants and contributed capital	12,545,087		
Less: accumulated depreciation ¹			
Intangible plant	642,174		
Sewage treatment plant	48,341,017		
Sewage treatment line system	33,001,041		
Equipment, tools, and appurtenances	7,613,936		
Subtotal accumulated depreciation	89,598,168		
Utility plant in service net of grants and accumulated depreciation ¹	217,387,401		
Less: principal outstanding on long term debt: ¹			
DEQ Clean Water State Revolving Loan R22401	608,864		
DEQ Clean Water State Revolving Loan R06224	2,142,142		
DEQ Clean Water State Revolving Loan R22403	6,536,324		
Revenue Bonds 2002A	1,535,000		
Revenue Bonds 2002B	3,075,000		
Revenue Obligations 2009A	36,205,000		
Revenue Obligations 2009B	42,140,000		
Revenue Obligations 2010	23,475,000		
Original issue premium - 2009A, 2009B, 2010	847,812		
Deferred amount on revenue bond refunding - 2002B	(123,762)		
Subtotal principal outstanding on long term debt	116,441,380		
Utility plant in service net of grants, contributed capital, accumulated depreciation, and principal outstanding on long term debt	\$ 100,946,021	\$ 100,946,021	\$ 100,946,021
Projected existing capacity available to serve all customers (expressed in EDUs):		48,271	50,772
Calculated reimbursement fee per EDU		<u>\$ 2,091</u>	<u>\$ 1,988</u>

¹ Source: Clackamas County Service District No. 1 Comprehensive Annual Financial Report for the year ended June 30, 2012

² Source: Clackamas County Service District No. 1 records

Improvement Fee Methodology

The improvement fee represents a proportionate share of the cost to expand the system to accommodate growth. This charge is based on the capital improvement plan established by the

5-5a

District and specifically on costs allocable to growth. Statute requires the capital improvements used as a basis for the charge be part of an adopted capital improvement schedule, whether as part of a system plan or independently developed, and that the improvements included for SDC eligibility be capacity or level of service expanding. The improvement fee is intended to protect existing customers from the cost burden and impact of expanding a system that is already adequate for their own needs in the absence of growth.

The key step in determining the improvement fee is identifying capital improvement projects that expand the system and the share of those projects attributable to growth. Some projects may be entirely attributable to growth, such as a collection line that exclusively serves a newly developing area. Other projects, however, are of mixed purpose, in that they may expand capacity, but they also improve service or correct a deficiency for existing customers. An example might be a pump station that both expands collection capacity and corrects a chronic capacity issue for existing users. In this case, a rational allocation basis must be defined.

The improvement portion of the SDC is based on the proportional approach toward capacity and cost allocation in that only those facilities (or portions of facilities) that either expand the wastewater system's capacity to accommodate growth or increase its level of performance have been included in the cost basis of the fee. As part of the Plan, District Staff and their engineering consultants were asked to review the planned capital improvement list in order to assess SDC eligibility. The criteria shown below were developed to guide the District's evaluation:

ORS 223 SDC Eligibility Criteria:

1. Capital improvements mean the facilities or assets used for wastewater collection, transmission, treatment and disposal. The definition does not allow for operation or routine maintenance of the improvements.
2. The SDC improvement base shall consider the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related.
3. An increase in system capacity is established if a capital improvement increased the "level of performance or service" provided by existing facilities or provides new facilities.

Under the WES approach, the following rules will be followed for SDC construction:

1. Repair costs are not to be included in the SDC calculations;
 2. Replacement costs will not be included unless the replacement includes an upsizing of system capacity and/or the level of performance of the facility is increased;
 3. New regulatory compliance facility requirements fall under the level of performance definition and should be proportionately included;
 4. Cost will not be included which bring deficient system(s) up to established design levels.
-

In developing the improvement fee, the project team in consultation with District Staff evaluated each of its CIP projects to exclude costs related to correcting existing system deficiencies or upgrading for historical lack of capacity. Only capacity increasing/level of performance costs were used as the basis for the SDC calculation, as reflected in the capital improvement schedule developed by the District. The improvement fee is calculated as a function of the estimated number of projected additional EDUs to be served by the facilities over the five-year increments of planning horizon. Table 7 lays out the CIP, and the allocation of the costs between existing customers and future customers (i.e., growth), and the resulting improvement fee SDC in 5 and 10 year forecast increments:

Table 7 – Project Cost Allocation Table and Improvement Fee SDC Calculations

Clackamas County Service District No. 1 Improvement Fee SDC Calculations - Wastewater						
Project ID	Project Description	Implementation Year	Cost in 2013 Dollars	CCSD No. 1 Share	Funding Source	
					Rates	SDCs
<i>Improvement fee SDCs</i>						
Five year forecast period:						
IIA	CCSD#1 Diversion Expansion	2016	\$ 14,250,000	\$ 14,250,000	\$ -	\$ 14,250,000
IIB	Phase II Electrical Expansion	2019	2,500,000	1,575,000	-	1,575,000
Biosolids	Biosolids Distribution Improvements	5 year CIP	350,000	350,000	-	350,000
Operations	SCADA	5 year CIP	1,500,000	1,500,000	-	1,500,000
Regulatory	Blue Heron - West Linn Facility Purchase and Restoration	5 year CIP	2,993,256	2,993,256	-	2,993,256
	Five year total		\$ 21,593,256	\$ 20,668,256	\$ -	\$ 20,668,256
	Projected five year growth in EDUs					2,432
	Calculated improvement fee per EDU					\$ 8,497
Ten year forecast period:						
IIA	CCSD#1 Diversion Expansion	2016	\$ 14,250,000	\$ 14,250,000	\$ -	\$ 14,250,000
IIB	Phase II Electrical Expansion	2019	2,500,000	1,575,000	-	1,575,000
Biosolids	Biosolids Distribution Improvements	5 year CIP	350,000	350,000	-	350,000
Operations	SCADA	5 year CIP	1,500,000	1,500,000	-	1,500,000
Regulatory	Blue Heron - West Linn Facility Purchase and Restoration	5 year CIP	2,993,256	2,993,256	-	2,993,256
IIC	Anaerobic Digestion	2023	31,500,000	19,845,000	-	19,845,000
IID	Landfill	2024	4,650,000	2,929,500	-	2,929,500
IIE	Coarse Screen/Grit Removal	2021	9,200,000	5,796,000	-	5,796,000
IIJ	Outfall/Pump Station	2021	10,000,000	6,300,000	-	6,300,000
	Ten year total		\$ 76,943,256	\$ 55,538,756	\$ -	\$ 55,538,756
	Projected ten year growth in EDUs					4,933
	Calculated Improvement fee per EDU					\$ 11,258

CCSD1 Wastewater SDC Conclusions and Recommendations

The District currently charges a wastewater SDC of \$6,600 for a new single family residence to connect to the wastewater system. The results of this study indicate that the District's governing board has the legal authority and economic justification, if it chooses, to increase

5-54

District SDCs. Charges could be increased as follows depending on the time horizon chosen by the Board of County Commissioners:

	<u>EDU Growth Forecast Horizon (years)</u>	
	<u>Five</u>	<u>Ten</u>
Reimbursement fee:	\$ 2,091	\$ 1,988
Improvement fee:	<u>\$ 8,497</u>	<u>\$ 11,258</u>
Total Unit SDC:	\$ 10,588	\$ 13,246

The Consultant team has reviewed the District's current methodology for calculating its wastewater SDC and found that it complies with statutory construction requirements for the reimbursement and improvement fees. There is no need to modify this current methodology.

Some of the most significant revisions to ORS 223 since its inception in 1991 have dealt with record keeping and notification requirements. Under ORS 223.311 the District must prepare by, January 1 of each year, an accounting of SDC receipts and expenditures. This accounting should be reported to the Board of County Commissioners on an annual basis and made available for public inspection.

5-55

Tri-City Service District SDC Analysis

Wastewater SDC Methodology Update

In 1997, WES updated the TCSD SDC for wastewater services. This was done in conjunction with the facilities planning underway for the Tri-City Treatment Plant and collection system at that time. The Board of County Commissioners adopted a "Capital Improvement Plan for the Tri-City Service District" as part of the FY '98 budget review process. That CIP and the update of the previous projects list for on-going facility construction were the basis for preparation of that SDC calculation. Staff's analysis of the funding sources for existing facilities and its assessment of available wastewater capacity at that time established that a reimbursement fee of \$219 per EDU was required. They also concluded that an improvement fee of \$1,801 per EDU was required; bringing the total SDC per EDU to its current level of \$2,020.

In 2008, the District reviewed its wastewater SDC methodology, and could only justify a \$24 per EDU reimbursement fee. That update also indicated the District could charge an improvement fee of \$2,026 vs. the current total SDC of \$2,020 per EDU. This difference was deemed immaterial and therefore, District Staff did not recommend any changes to the current wastewater SDC for TCSD at that time. In general, the 2008 adopted five year CIP for TCSD was modest. In a note to the Board of County Commissioners at that time, District Staff said that as the Interim Capacity Expansion Project unfolded, it would be likely the future TCSD CIP would change materially. That judgment has proven correct, and the currently completed wastewater treatment system facilities plan indicates the District will be facing some \$42.2 million in future system improvements over the next fifteen years.

Existing and Future Wastewater Demand

Existing wastewater service demand was derived from consultations with District engineering and finance staff. Based on this data, it is estimated that as of fiscal 2003-14, the District served a total of 30,278 wholesale EDUs.

After establishing existing demand conditions, the next step was to forecast future demand based on the criteria established by the District's Capacity Management Program (CMP). As discussed in the CCSD1 section of this report, to facilitate this demand forecasting effort, WES hired Portland State University's PRC. Also as in the CCSD1 case, for this SDC update, the project team used the PRC medium population growth forecast as the basis for estimating the future growth in EDUs. Over the 5 and 10 year inflection points, the project team calculated the compounded annualized growth rates in population, and applied these growth rates to the know fiscal 2013-14 existing billable EDUs to arrive at future EDU totals.

The PRC medium population growth forecast data are shown below in Table 8. The resulting forecast of TCSD treatment EDUs is shown (in five year increments) in Table 9.

Table 8 - PRC Medium Growth Population Forecast Data; December, 2011

Medium Growth Population Forecasts - Per PSU Population Studies; December, 2011

Medium Growth Scenario	Census 2010	2020	2030	2040
Tri-City	70,544	76,340	82,315	86,748
CCSD#1	68,140	76,912	85,689	92,818
CCSD#1-All Damascus	76,865	86,876	97,157	106,193
Milwaukie	20,291	21,060	21,946	22,352

Compound Annual Growth Rates

Medium Growth Scenario	2010	2020	2030	2040
Tri-City		0.7927%	0.7746%	0.6916%
CCSD#1		1.2183%	1.1524%	1.0356%
CCSD#1-All Damascus		1.2318%	1.1783%	1.0832%
Milwaukie		0.3726%	0.3929%	0.3230%

Table 9 - Forecast of TCSD Treatment EDUs

Tri-City Service District Summary of Wastewater System Macroeconomic Assumptions			
	Budget 2014	Forecast	
		2019	2024
Equivalent Dwelling Units (EDUs) - forecast			
Wholesale Customers:			
Oregon City	14,895	15,495	16,107
West Linn	11,093	11,540	11,996
Gladstone	3,639	3,786	3,935
Unincorporated	651	677	704
Other	-	-	-
Total wholesale customers	30,278	31,497	32,742
Retail Customers:			
Total retail customers	-	-	-
Total treatment EDUs	30,278	31,497	32,742
Equivalent Dwelling Units (EDUs) - annual increases			
Wholesale Customers:			
Oregon City		122	124
West Linn		91	92
Gladstone		30	30
Unincorporated		5	5
Other		-	-
Total wholesale customers		248	252
Retail Customers:			
Total retail customers		-	-
Total treatment EDUs		248	252
Five year growth		1,219	
Ten year growth			2,464

5-57

Based on the data contained in that report, the investments that are expected to be made over the next ten years for capacity expansion will serve an additional 2,464 EDUs.

Reimbursement Fee Methodology

The methodology contained in the 1997 SDC Report, established the value of existing capacity in the Tri-City Plant and facilities as a function of the "book value" of these assets. The updated facilities schedule (i.e., as of June 30, 2012) and their calculated book value are contained in the following asset schedule shown in Table 10.

Table 10 – TCSD Wastewater Reimbursement Fee Methodology

	June 30, 2012	EDU Growth Forecast Horizon (years)	
		Five	Ten
Tri-City Service District Reimbursement Fee SDC Calculations - Wastewater			
Utility plant in service- original cost ¹			
Land and easements	\$ 2,379,564		
Construction work-in-progress	966,110		
Intangibles	1,040,218		
Collection plant	20,012,334		
Pumping plant	4,538,350		
Treatment plant	56,564,634		
General plant	<u>7,336,345</u>		
Subtotal utility plant in service original cost	92,837,555		
Less: grants and contributed capital: ²			
EPA Clean Water Act grants	<u>36,936,813</u>		
Subtotal grants and contributed capital	36,936,813		
Less: accumulated depreciation ¹			
Intangibles	1,032,644		
Collection plant	8,449,530		
Pumping plant	3,065,619		
Treatment plant	31,728,459		
General plant	<u>4,260,756</u>		
Subtotal accumulated depreciation	48,537,008		
Utility plant in service net of grants and accumulated depreciation ¹	7,363,734		
Less: principal outstanding on long term debt: ¹			
DEQ Clean Water State Revolving Loan - 3.98%	<u>205,405</u>		
Subtotal principal outstanding on long term debt	205,405		
Utility plant in service net of grants, contributed capital, accumulated depreciation, and principal outstanding on long term debt	\$ 7,158,329	\$ 7,158,329	\$ 7,158,329
Projected existing capacity available to serve new customers (expressed in EDUs):		31,497	32,742
Calculated reimbursement fee per EDU:		<u>\$227</u>	<u>\$219</u>

¹ Source: Tri-City Service District Comprehensive Annual Financial Report for the year ended June 30, 2012

² Source: Tri-City Service District records

Facilities that have either been contributed by developers, property owners (property tax based contributions) or funded through federal/state grants are defined as contributed capital and

5-58

have been removed from this reimbursement cost base. Because these reimbursement facilities have been paid for by existing ratepayers, it is consistent that their value also be a function of existing customers' relative contribution to these facilities. None of these projects are currently being financed through revenue bonds, however, the State Revolving Fund Loan is paying for the alternative disinfection and the Tri-City Master Plan (Phase 2) projects. The outstanding debt principal has been deleted from this reimbursement cost base. Therefore, the pricing of this remaining capacity in the Tri-City facilities is a function of the "book value" of these facilities divided by the projected demand on the system as measured in projected wastewater flow to the Tri-City Plant. This per EDU calculation for existing and available capacity then becomes the basis for valuing this capacity available to new customer connections. In terms of "future system users contributing no more than an equitable share to the cost of existing facilities," the book value used in this analysis is a reasonable approach toward applying current asset value as the basis for pricing increments of available capacity at the Tri-City Plant.

WES, through its ORS 451 District structure, owns and maintains the Tri-City Wastewater Treatment Plant along with the wastewater collection system located outside the incorporated areas of Gladstone, Oregon City and West Linn. The District has 30,278 EDU's connected to the system. During certain wet weather conditions this number of connections places demands that approach effective permitted treatment capacity at the Tri-City wastewater treatment plant. However, during dry weather conditions, infiltration and inflow decreases thereby reducing hydraulic loads on the plant. The District and the cities are in the process of implementing an improvement program to mitigate infiltration and inflow within the system. Although certain wet weather conditions cause upset conditions at the treatment plant, engineering analysis indicates that there is capacity at the plant to support additional connections to the system.

Improvement Fee Methodology

As in the case for CCSD No. 1, the basis for the costs included under the improvement portion of the SDC is the result of a detailed analysis of individual projects necessary to expand wastewater treatment or increase the level of performance of these treatment/conveyance facilities. The resulting projects were then reviewed in terms of a two step engineering and cost analysis. The first step assessed the existing condition of the wastewater system facility. Where this assessment determined the existing system was deficient - either in terms of design or current operating condition - to accommodate existing customers and flows, the corresponding costs were deleted from the cost base. The analysis then isolated those costs necessary to expand/improve the wastewater treatment system in order to accommodate anticipated future customers. The improvement costs necessary to convey and treat future flows became the sole basis for the improvement portion of the SDC. The resulting capital improvement list and the allocation of cost is detailed in Table 11.

Table 11 – TCSD Wastewater Project Cost Allocation Table

Tri City Service District Improvement Fee SDC Calculations - Wastewater						
Project ID	Project Description	Implementation Year	Cost in 2013 Dollars	TCSD Share	Funding Source	
					Rates	SDCs
<i>Improvement fee SDCs</i>						
Five year forecast period:						
IIA	CCSD#1 Diversion Expansion	2016	\$ 14,250,000	\$ -	\$ -	\$ -
IIIB	Phase II Electrical Expansion	2019	2,500,000	925,000	-	925,000
Asset Management	Willamette Pump Station Upgrades	5 year CIP	2,200,000	2,200,000	2,200,000	-
Operations	Lime Silo	5 year CIP	505,000	505,000	-	505,000
Regulatory	Blue Heron - West Linn Facility Purchase and Restoration	5 year CIP	2,993,963	2,993,963	-	2,993,963
	Five year total		\$ 22,448,963	\$ 6,623,963	\$ 2,200,000	\$ 4,423,963
	Projected five year growth in EDUs					1,219
	Calculated improvement fee per EDU					\$ 3,628
Ten year forecast period:						
IIA	CCSD#1 Diversion Expansion	2016	\$ 14,250,000	\$ -	\$ -	\$ -
IIIB	Phase II Electrical Expansion	2019	2,500,000	925,000	-	925,000
Asset Management	Willamette Pump Station Upgrades	5 year CIP	2,200,000	2,200,000	2,200,000	-
Operations	Lime Silo	5 year CIP	505,000	505,000	-	505,000
Regulatory	Blue Heron - West Linn Facility Purchase and Restoration	5 year CIP	2,993,963	2,993,963	-	2,993,963
IIC	Anaerobic Digestion	2023	31,500,000	11,655,000	-	11,655,000
IID	Landfill	2024	4,650,000	1,720,500	-	1,720,500
IIIE	Coarse Screen/Grit Removal	2021	9,200,000	3,404,000	-	3,404,000
IJU	Outfall/Pump Station	2021	10,000,000	3,700,000	-	3,700,000
	Ten year total		\$ 77,798,963	\$ 27,103,463	\$ 2,200,000	\$ 24,903,463
	Projected ten year growth in EDUs					2,464
	Calculated improvement fee per EDU					\$ 10,107

560

TCSD Wastewater SDC Conclusions and Recommendations

The District's share of total capital cost for new investment in the wastewater treatment system is \$42.2 expressed in current dollars. Again, those are projects or portions of projects determined to be necessary in order to accommodate growth in the Tri-City Service District. The District currently charges a wastewater SDC of \$2,020 for a new single family residence to connect to the wastewater system. The results of this study indicate that the District's Governing Board has the legal authority and economic justification if it chooses, to increase District SDCs. Charges could be increased as follows depending on the time horizon chosen by the Board of County Commissioners:

	EDU Growth Forecast Horizon (years)	
	Five	Ten
Reimbursement fee:	\$ 227	\$ 219
Improvement fee:	\$ 3,628	\$ 10,107
Total Unit SDC:	\$ 3,855	\$ 10,325

The Consultant team has reviewed the District's current methodology for calculating its wastewater SDC and found that it complies with statutory construction requirements for the reimbursement and improvement fees. There is no need to modify this current methodology.

Under ORS 223.311 the District must prepare by, January 1 of each year, an accounting of SDC receipts and expenditures. This accounting should be reported to the Board of County Commissioners on an annual basis and made available for public inspection.

5-6

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of an Order Approving an Agreement for Wastewater Treatment Between Clackamas County Service District No. 1 and Tri-City Service District

ORDER NO. 99-33

THIS MATTER came regularly before the Board of County Commissioners acting as the governing body for both Clackamas County Service District No. 1 and Tri-City Service District, county service districts.

WHEREAS, Clackamas County Service District No. 1 ("CCSD") and Tri-City Service District ("TCSD") desire to plan and provide for the long term capital and operational needs of wastewater treatment facilities to serve their respective service areas which may include mandated technological and regulatory changes, mitigation, construction of new facilities and repairs, as necessary to provide sanitary sewer services; and

WHEREAS, CCSD needs to relieve loadings on the Kellogg Creek Water Pollution Control Plant Facilities to facilitate consistent permit compliance to accommodate near term growth and provide additional treatment capacity during the evaluation, planning, permitting, financing, design and construction of new wastewater treatment facilities for anticipated growth under the Metro 2040 Regional Plan; and

WHEREAS, TCSD needs incremental expansion of the Tri-City treatment facility to address existing peak wet weather flow performance problems within Tri-City and to provide capacity for the addition of lands and users to TCSD under Metro 2040; and

WHEREAS, because of the present demands in CCSD and the time required to bring new treatment facilities on line, the Districts believe that it is appropriate for CCSD to construct transmission facilities necessary to divert a portion of sewage flows and loads from the easterly portion of CCSD to the Tri-City Plant and utilize available dry weather capacity of the existing Tri-City Treatment Facility and provide a process for contracting capacity when Tri-City Facilities are expanded; and

WHEREAS, the TCSD Sewerage Master Plan dated November, 1998 ("Sewerage Master Plan") has established that necessary expansion of the Tri-City Plant and Tri-City customer requirements can be done in a coordinated and cost-effective manner that would accommodate the interim needs of CCSD; and

WHEREAS, the interim accommodation of CCSD flows and loads will optimize performance and utilization of the TCSD and Kellogg Plants and benefit TCSD ratepayers by temporary use of excess capacity through managed flow diversion for effective and efficient system and plant management; and

5-62

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of an Order Approving an Agreement for Wastewater Treatment Between Clackamas County Service District No. 1 and Tri-City Service District

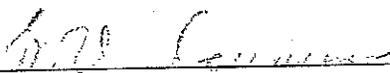
ORDER NO. 99-33

WHEREAS, the CCSD Citizens Task Force, TCSD Citizen Task Force, TCSD Advisory Committee and the Cities of West Linn, Gladstone and Oregon City have endorsed the Sewerage Master Plan and the Agreement between TCSD and CCSD, attached as Exhibit 1, to accomplish these tasks, and being fully advised, it is

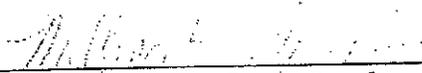
ORDERED that the Agreement for Wastewater Treatment between CCSD and TCSD, attached hereto as Exhibit 1 and incorporated by reference, is hereby approved.

DATED this 25th day of February, 1999.

BOARD OF COUNTY COMMISSIONERS OF
CLACKAMAS COUNTY, OREGON, acting as the
governing body of Tri-City Service District and
Clackamas County Service District No. 1



Bill Kennemer, Chair



Millicent Morrison, Recording Secretary

5-63

**AGREEMENT FOR WASTEWATER TREATMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT**

THIS AGREEMENT is made this 25 day of February, 1999, by and between Clackamas County Service District No. 1, a county service district, and Tri-City Service District, a county service district.

WHEREAS, Clackamas County Service District No. 1 ("CCSD") and Tri-City Service District ("TCSD") desire to plan and provide for the long term capital and operational needs of wastewater treatment facilities to serve their respective service areas which may include mandated technological and regulatory changes, mitigation, construction of new facilities and repairs, as necessary to provide sanitary sewer services; and

WHEREAS, CCSD needs to relieve loadings on the Kellogg Creek Water Pollution Control Plant Facilities to facilitate consistent permit compliance to accommodate near term growth and provide additional treatment capacity during the evaluation, planning, permitting, financing, design and construction of new wastewater treatment facilities for anticipated growth under the Metro 2040 Regional Plan; and

WHEREAS, TCSD has made a decision on incremental expansion of the Tri-City treatment facility to address existing peak wet weather flow performance problems within Tri-City and to provide capacity for the addition of lands and users to TCSD under Metro 2040; and

WHEREAS, because of the present demands in Service District No. 1 and the time required to bring new treatment facilities on line, the Districts believe that it is appropriate for CCSD to construct transmission facilities necessary to divert a portion of sewage flows and loads from the easterly portion of CCSD to the Tri-City Plant and utilize available dry weather capacity of the existing Tri-City Treatment Facility and provide a process for contracting capacity if Tri-City Facilities are expanded;

WHEREAS, Engineering Analysis has established that necessary expansion of the Tri-City Plant and Tri-City customer requirements can be done in a coordinated and cost-effective manner that would accommodate the interim needs of CCSD;

WHEREAS, the interim accommodation of CCSD flows and loads will optimize performance and utilization of the TCSD and Kellogg Plants and benefit TCSD ratepayers by temporary use of excess capacity through managed flow diversion for effective and efficient system and plant management;

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises provided for herein, the parties hereto, for themselves, their assigns, and successors-in-interest, agree as

interim diversion.doc

564

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises provided for herein, the parties hereto, for themselves, their assigns, and successors-in-interest, agree as follows:

Section 1 - Definitions. For purposes of this Agreement, the following words shall have the following meanings, unless another meaning is clearly intended:

1.1 Contracted Capacity. The amount of the TCSD Treatment Facilities designed annual average capacity, based on current flows and loads, which is contracted for by the parties executing this Agreement. CCSD's contracted share is not more than two million gallons per day of the existing TCSD Facilities, as defined in Section 2.2, and no more than four million gallons per day after construction of the Expanded Treatment Facilities. Contracted Capacity of sewage is based upon the maximum flow and loading of sewage that CCSD is authorized by this Agreement to transmit to the Treatment Facilities, measured in BOD, TSS and other regulated pollutants. Flow shall be measured by metered sewage flow expressed in million gallons per day ("mgd"). BOD and TSS load shall be measured through a mutually agreed to and regular sampling program expressed in pounds per day as shown in Exhibit C.

1.2 TCSD means the Tri-City Service District or its successor.

1.3 Customer means a "single family residence" and/or an "equivalent dwelling unit" ("EDU"), as defined in 1.12.

1.4 CCSD No. 1 means Clackamas County Service District No. 1, a county service district or its successor.

1.5 CCSD Citizen Advisory Committee means the North Clackamas Citizen Advisory Committee.

1.6 Decision Milestones means:

1.6.1 **Level I** means diversion from CCSD and acceptance by TCSD of dry weather flows and loads at the existing Tri-City Facilities, not to exceed two million gallons per day commencing on or about October, 1999.

1.6.2 **Level II** means construction of Expanded Treatment Facilities at TCSD to accommodate TCSD loads and flows and 2005 growth. This period allows diversion by CCSD to TCSD of wet and dry weather flows and loads until December 31, 2004, when Level III Facilities are expected to be completed.

1.6.3 **Level III** means the design and construction of expanded Facilities at Tri-City to accommodate 2040 growth for the North Clackamas and Tri-City Service Areas as set forth in the Tri-City Service District Sewerage Master

Plan dated October, 1998 ("Sewerage Master Plan"), endorsed by the TCSD Citizen Task Force, the TCSD Advisory Committee and the City Councils/Commission of West Linn, Gladstone and Oregon City.

1.7 Diversion Facilities means pipe, pump and appurtenances constructed by CCSD to convey and divert flow to TCSD.

1.8 DEQ means the Oregon State Department of Environmental Quality or its successor.

1.9 Director shall mean the Director of the Water Environment Services.

1.10 Wastewater means sanitary wastes normally collected from residential establishments, and shall include commercial and industrial wastes. Commercial and/or industrial wastes shall be pre-treated in accordance with CCSD and/or TCSD requirements meeting DEQ and EPA regulations. Wastewater shall exclude excess ground water, storm water, drain water and industrial wastes not pre-treated in accordance with CCSD and/or TCSD requirements meeting DEQ and EPA regulations.

1.11 EPA means the United States Environmental Protection Agency or its successor.

1.12 Equivalent Dwelling Unit or EDU is a unit of measure applied to a user of the sewage system. The number of Equivalent Dwelling Units assigned to any such user (for example, an apartment house, motel, school, hospital, nursing home, and any other public or commercial establishment) shall be the numerical ratio of the monthly volume of Wastewater contributed by such user to the monthly volume of Wastewater contributed by a typical single family residence. EDU's serve as a practicable basis for computing the volume of domestic sewage discharged into the unmetered portions of the system, when and if such a computation is necessary or desirable to augment a direct flow measurement.

1.13 Flow means the total volume of sewage flow per time in millions of gallons per day ("mgd") as measured through flow meters installed at the Influent Points of TCSD's Wastewater plant.

1.14 Internal System means all sewer lines and other sewer facilities upstream from the Influent Points owned and operated by either District.

1.15 Load means pounds per day ("ppd") of biochemical oxygen demand ("BOD") and total suspended solids ("TSS") contained in the flow as determined through the sampling plan approved by CCSD and TCSD. Load may be further defined to include other pollutants which may be established under future water quality regulations.

1.16 MGD means millions of gallons per day, referring to a measure of rate of sewage flow.

5-66

1.17 Maintenance and Operation Costs means all direct costs and expenses incurred by TCSD in treating sewage through the Treatment Facilities and maintaining those Treatment Facilities. Maintenance and operation costs are defined in the Interim Diversion Cost of Service Analysis contained in Exhibit B, attached hereto and incorporated herein by this reference.

1.18 NPDES Permit means a National Pollutant Discharge Elimination System Permit granted to CCSD and TCSD pursuant to the Federal Water Pollution Control Act, as amended.

1.19 Other Facilities means facilities other than the Treatment Plant and Diversion Facilities, which are individually operated and maintained by either party to transmit, measure, monitor and pump sewage.

1.20 Overhead Costs means general administrative, supervisory, and other indirect costs related to the operation and maintenance of the Treatment Facilities. Overhead Costs shall be computed by the methodologies established in the Interim Diversion Cost of Service Analysis.

1.21 Parties means CCSD and TCSD.

1.22 Single Family Residence means one structure, all connected and under the same roof, located on a lot or tract of real property having a separate and individual property description, with no other structure used for human occupancy located on that tract or lot, and which structure is used as a single family dwelling.

1.23 TCSD Advisory Committee The TCSD Advisory Committee as appointed by the Board of County Commissioners.

1.24 TCSD Citizen Task Force means the citizen task force created by the Board of County Commissioners, Order No. 97-108.

Section 2 - Treatment Facilities. The facilities contemplated by this Agreement are the Diversion Facilities, Existing TCSD Facilities, Expanded TCSD Treatment Facilities (Level II) and Level III Facilities.

2.1 Diversion Facilities are those facilities necessary to be constructed to divert flows to the TCSD Plant as set forth on Exhibit A, attached hereto and incorporated by reference. These facilities will be completed on or about October, 1999. CCSD shall be solely responsible to plan, permit, design, construct, finance, operate and maintain these Facilities.

2.2 Existing Facilities are the TCSD Treatment Facilities existing as of the date of this Agreement.

2.3 Expanded TCSD Treatment Facilities (Level II) are those improvements or modifications to the TCSD Plant to treat loadings and 2005 growth as set forth on Exhibit D, attached hereto and incorporated by reference. CCSD and TCSD shall be responsible according

to the pro-rata annual share of use of the TCSD Facilities.

2.4 Level III Facilities defined in Section 1.6.3 above is further expansion of the TCSD Facilities and usage by CCSD on a permanent basis pursuant to a subsequent written agreement.

2.5 Decision Making Process means:

2.5.1 The parties agree to the following process for Levels I, II, and III decision making. Upon execution of this Agreement, which is based upon the favorable recommendation of the Tri-City Citizens Task Force, the TCSD Advisory Committee and the City Councils/Commission of West Linn, Gladstone, and Oregon City as set forth in the Sewerage Master Plan and approved by the Board of County Commissioners, CCSD may design and construct the Diversion Facilities and immediately divert up to two million gallons per day to TCSD for the term specified in Section 5.3.

2.5.2 Based upon the recommendation of the endorsed Sewerage Master Plan, the parties shall proceed with Level II and construct the Expanded Treatment Facilities, which will allow diversion by CCSD of up to four million gallons per day. The Expanded Treatment Facilities shall be operational no later than December 1, 2002, and CCSD shall use these facilities for the term specified in Section 5.3, unless extended by mutual agreement of the parties to this Agreement.

2.5.3 Based upon the recommendation of the Sewerage Master Plan and endorsement by the TCSD Advisory Committee and the Cities set forth in Section 2.5.2, the Districts shall proceed to develop the Level III Project Documents, which may include, but are not limited to, preliminary design documents, financing agreements, a wholesale sewer service and operating contract through 2040 between TCSD and CCSD and the like. All such Project Documents shall be reviewed by the TCSD Advisory Committee. The favorable recommendation by the TCSD Advisory Committee approving the Level III Project Documents shall be given to the Board of County Commissioners no later than December 31, 1999. A "favorable recommendation" by the TCSD Advisory Committee for the Level III project means unanimous consensus by the members; however, abstention or absence by a member from any vote on such recommendation will not be considered a negative vote. In the absence of a favorable recommendation from the TCSD Advisory Committee to expand the TCSD Facility Project Documents or if CCSD elects not to purchase the "Old Rossman's Landfill" property, then CCSD shall make other arrangements for Wastewater treatment. The Level III Facilities shall be designed, constructed in phases with the first phase, operational no later than December 31, 2004, unless extended by mutual agreement of the parties to this Agreement.

Section 3 - Allocation

3.1 Allocation of TCSD Treatment Operational Costs. CCSD shall pay its proportionate share of operational, maintenance and overhead costs based upon actual flow and

load in a manner consistent with the mutually approved Interim Diversion Cost of Service Analysis as agreed by the Parties.

3.2 Allocation of Treatment Capital Costs. CCSD shall pay its proportionate share of Capital Costs based upon actual flow and load in a manner consistent with the mutually approved Interim Diversion Cost of Service Analysis as agreed by the Parties.

3.3 Bond Issuance. CCSD and TCSD each retain its rights to issue bonds and other obligations in accordance with applicable law, but shall not act in such a manner as to impair the rights of the holders or owners of bonds issued by the other party.

Section 4 - Additional Upgrading or Expansion of the TCSD Treatment Facilities. If TCSD is further required by applicable laws or regulations to upgrade or expand the Treatment Facilities at Levels I or II to provide a higher level of Wastewater treatment or to modify the methods and/or locations of Wastewater discharge, CCSD shall, if it desires to continue discharging sewage into the Treatment Facilities, pay CCSD's proportionate share of required improvement costs. CCSD and TCSD shall seek opportunities to minimize or avoid the cost of additional improvements through mutually agreeable modifications in the quantity and quality of sewage discharged by the parties. In lieu of paying for its share of the cost of constructing such additional improvements, CCSD may, at its discretion, discontinue discharge of sewage into the Treatment Facilities. The Parties agree to negotiate a new agreement or prepare necessary revisions to this Agreement, which will address responsibility for these additional expansion or upgrade costs based on best available forecast figures. CCSD shall give notice of its intent to discontinue discharge not less than one year prior to the date of discontinuance. Notwithstanding the foregoing, CCSD shall provide any notice of intent to discontinue discharge to the Treatment Facilities at least 12 months before TCSD commences design of Level III Facilities to meet regulatory requirements.

Section 5 - Diversion Management and Treatment

5.1 Diversion Objectives. The objectives for flow diversion from CCSD are to measure and control them in a manner that will regulate the resulting flow and loads that are diverted to TCSD's Facilities and continue flow to the Kellogg Creek Treatment Facility so that acceptable treatment plant performance is maintained, consistent NPDES Permit Compliance is achieved, and operational upsets are minimized at both treatment facilities. The Parties hereto agree that at all times they will act reasonably in good faith and use Best Management Practices with regard to their respective flows and loads to the plants to accomplish these objectives. Contracted Capacity is based on diversion of CCSD flows generated generally east of I-205 to TCSD, which may vary based on actual treatment plant performance. Diverted flows and loads of CCSD shall not exceed the Contracted Capacity, as defined herein, unless accepted by TCSD in accordance with this Agreement. Plant performance or other conditions may occur that require CCSD diversions to be controlled at levels below the Contracted Capacity. Both Parties agree to work cooperatively toward achieving these objectives and assuring that the TCSD Treatment Facilities and collection systems within CCSD and TCSD service area operate efficiently and as

designed. Toward this end, the Parties agree to provide available resources which may from time to time be necessary to render mutual assistance. In addition, the Parties agree to come to the aid of the other in cases where an emergency exists affecting the operation of the sewage collection and/or treatment system and where resources are available. Where deemed appropriate, reimbursement for expenses incurred by either Party in providing this assistance shall be based on actual labor and equipment costs.

It is also recommended that, at the request of either Party, routine and remedial maintenance within TCSO or CCSD's service area may be provided as a contract service of either Party.

5.2 Diversion Management. It is acknowledged that the sewage flows from the CCSD diversion area are more commercial and industrial in nature and exhibit a strength 2-3 times greater than the current sewage flows to the TCSO Plant. The quality, strength and character of the CCSD diverted flows will be more variable because of their commercial and industrial nature. These conditions require the CCSD diversions to be carefully managed and controlled so that consistent diversion flows and loadings are achieved and treatment plant performance is maintained in accordance with the diversion objectives stated in Section 5.1. CCSD agrees to not cause violation by the TCSO facility of its NPDES permit. If violations occur, the diversion by CCSD to TCSO will be reduced or stopped until TCSO is in compliance with its permit. In the event of an actual or threatened violation of the TCSO NPDES permit the TCSO Plant Manager shall have full authority to control the diversion at any level below the Contracted Capacity.

Based on current flow monitoring and sampling, CCSD's Contracted Capacity is based on diversion of CCSD flows generated east of I-205 to TCSO. Treatment plant performance conditions, actual diverted flow quantity, quality or character, or other conditions may occur that require CCSD diversions to be controlled at levels below the Contracted Capacity. The plant managers from the TCSO and Kellogg Treatment Plants will work cooperatively to manage the diversion of CCSD flows and loads to accomplish the diversion objectives. The TCSO plant manager will have primary responsibility for day-to-day control of the diversion of CCSD flows and loads. In the event of a conflict regarding the management of the CCSD flow diversions, the Director shall give final direction in accordance with the intent of the diversion objectives stated in Section 5.1.

5.3 Availability of Capacity. TCSO shall receive and treat by means of the existing Facilities no more than two million gallons per day and not more than four million gallons per day when the Expanded Treatment Facilities are constructed and operational by December, 2002. TCSO will provide this quantity of Contracted Capacity of sewage as long as CCSD shall require it. If Level III facilities are not constructed because the Project Documents do not receive a favorable recommendation or CCSD elects not to purchase the Old Rossman's Landfill property, this Agreement will terminate on December 31, 2004, unless in its discretion TCSO grants an extension. This Agreement creates no obligation by TCSO beyond the term of this Agreement as defined herein and in Section 19 if Level III Facilities are not constructed at Tri-City.

5.4 Capacity Limit. CCSD may not discharge flows or loads into the Treatment Facilities in amounts greater than its Contracted Capacity. If it is determined that the actual flow and load of sewage is in excess of the Contracted Capacity of sewage, that Party shall pay in addition to its ordinary charges described in Sections 3.1 and 3.2, any extraordinary costs incurred to treat the excess sewage. TCSD's acceptance of excess amounts on any occasion or occasions shall not bind TCSD to accept excess sewage amounts on any other occasions.

5.5 Diversion. Upon execution of this Agreement, TCSD shall accept diversion of CCSD flows, consistent with the terms and conditions of this agreement, up to two million gallons per day of existing TCSD plant facilities. No minimum level of diversion is defined and will be solely defined by the TCSD treatment plant performance and available capacity.

5.6 Treatment of Wastewater Only. No Party shall allow discharge into the Treatment Facilities any hazardous, toxic or other Wastewater prohibited by the Federal Clean Water Act, comparable state statutes, administrative rules, and their respective Ordinances or Rules and Regulations.

5.7 Wastewater Quality. Each Party shall continue to use ordinances and programs to mitigate mass BOD and TSS or other pollutant levels which are higher than acceptable norms, for the various customer classes as determined by either regulatory requirements or by generally accepted environmental practices. CCSD shall incorporate into the design of the Diversion Facilities provisions appropriate to control septic conditions, odors and other conditions normally expected to occur in a long force main, that could impact TCSD plant performance, cause objectionable conditions at the TCSD plant site, or increase plant operations and maintenance costs and complexities.

5.8 Pre-Treatment and Bio-Solids Disposal Ordinances. The Parties shall maintain Pre-Treatment and Bio-Solids Disposal Ordinances meeting all Federal and/or State requirements. Each Party shall be responsible for the administration and operation of its pre-treatment program, but in no event will any discharges violate TCSD's standards based upon its maximum allowable headworks loadings, as defined in the TCSD pretreatment program. Administration and operation shall include, but not be limited to, developing procedures, forms, and instruction; categorizing dischargers; record keeping; compliance tracking; establishment of annual limits; sampling, testing, and monitoring; preparation of control documents; collection of fees and preparation of permits. TCSD shall be responsible for Bio-Solids management at the TCSD Facilities.

Section 6 - Operation and Maintenance of the Treatment Facilities and Internal System.

6.1 Operation and Maintenance of the TCSD Treatment Facilities. TCSD shall be responsible for the operation and maintenance of its Treatment Facilities subject to the terms of this Agreement. The Treatment Facilities shall be operated and maintained in accordance with generally accepted standards, and the standards established by the EPA, DEQ, the Oregon Health Department and other federal, state and local agencies. The quantity of sewage discharged by CCSD into the Treatment Facilities shall be metered at the Influent Points, with the exception of

commingled flows, which will be accounted for using either Equivalent Dwelling Units, or other methods as agreed upon by the parties. The meters that measure CCSD's discharge of sewage into the Treatment Facilities shall be calibrated on a regular basis by CCSD with oversight by TCSD if it so desires, and may be inspected by either Party at the expense of such Party at any time upon reasonable notice to the other. Interruptions of metering due to equipment malfunction or power loss shall be recorded by CCSD. At the time of the next monthly billing, CCSD shall provide data regarding the duration of the interruption and the methodology for estimating the flows discharged to the Treatment Facilities by CCSD.

CCSD will also monitor the mass BOD and TSS levels of the sewage diverted from its system to the Treatment Facilities in accordance with the sampling program contained as Exhibit C to this Agreement. TCSD may, at its own cost, conduct sampling at a greater frequency than the intervals established in the adopted sampling plan.

6.2 Reporting and Inspection Requirements. CCSD shall provide TCSD with bimonthly reports of the number and type of new sewer connections. TCSD and CCSD shall periodically inspect its Internal System to ensure adherence to applicable standards and to minimize infiltration, exfiltration, and deposits of rock or other debris. TCSD and CCSD at any reasonable time may inspect the Internal System and facilities of the other.

6.3 CCSD's Internal System. CCSD shall operate and maintain its Internal System at its sole expense, including all of its facilities as required to maintain the volume and quality of sewage within the limits set forth in this Agreement. CCSD shall observe generally accepted standards and practices in the construction, operation, and maintenance of its Internal System with particular attention to the following: (a) minimizing entry into the sewerage system of groundwater and/or surface water (I/I - infiltration and inflows); (b) maintaining a favorable character and quality of sewage, (c) eliminating septicity and objectionable odors, entry of petroleum wastes or other chemicals and/or wastes detrimental to sewer lines, pumping stations the facilities, and the waters of the state of Oregon; (d) eliminating hazardous and toxic wastes; and (e) maintaining an efficient and economical utility operation, while achieving optimum pollution and environmental control.

6.4 Mutual Notification and Indemnity. The Parties agree to provide each other with written notice of any condition that may violate this Agreement or applicable laws, regulations, or permits. The discharging Party agrees to give verbal notice to the other Party immediately upon becoming aware of the violating discharge. A written report on the nature and amount of the violating discharge will be prepared and provided to the other Party within 24 hours of the time the violating discharge is identified. If the Party does not correct such a condition within a reasonable time of written notice thereof, the offending Party shall pay any reasonable and necessary costs and expenses incurred by the other Party in connection with such condition. If either Party discharges into the Treatment Facilities any solids, liquids, gases, toxic substances, or other substances which is reasonably believed to cause or will cause damage to the Treatment Facilities, or is creating a public nuisance or a hazard to life or property, that Party shall discontinue the discharge of such substances. Because substandard conditions of sewage may

cause serious damage to the Treatment Facilities, both parties shall comply with generally accepted standards regarding the composition of sewage, and after compliance, may thereafter cause to be arbitrated the allocation of costs associated with necessary corrective actions in accordance with Section 9 of this Agreement.

Each party shall indemnify and hold harmless the other from any and all claims, demands, damages or actions, including attorney fees arising from that party's sole errors, omissions or acts. The Parties shall cooperate with each other to determine the source of possible violations of applicable law, regulations and permits (including applicable NPDES Permits). In the event TCSD is fined or otherwise penalized by local, state or federal agencies for failure to operate or maintain the Treatment Facilities in accordance with the requirements of the agencies, and it is demonstrated that such failure is due, in whole or in part, to either Party's discharge of sewage in violation of this Agreement, then that Party shall pay its allocated share (as determined by the Tri-City Advisory Committee or by an arbitrator in accordance with Section 9) of the costs of such fines or penalties, including its share of the associated administrative, legal, and engineering costs incurred by TCSD in connection with the fines or penalties.

Section 7 - Payment for Maintenance, Operation, Capital, Overhead Costs, and Debt Service for the Treatment of Wastewater.

7.1 Monthly Payments. Upon diversion of flow, CCSD shall make monthly payments to TCSD for the treatment of CCSD's Wastewater. The monthly payments shall consist of one-twelfth of CCSD's proportionate share of the maintenance, operation, capital, overhead and debt service costs adopted in the annual budget of TCSD. TCSD's monthly statement to CCSD shall contain line items which delineate costs pertaining to operations, maintenance, and capital improvements. The statement shall also include the monthly and year-to-date payment amounts. CCSD's percentage share of the total annual operations and maintenance, capital, overhead and debt service costs shall be established in accordance with the Interim Diversion Cost of Service Analysis. CCSD's portion of maintenance and operation costs will be based on CCSD's measured sewage flow and load as a percentage of the total flow to the Treatment Facilities and the sewage treatment conditions specified in Sections 5.2 through 5.7. Capital improvement costs for upgrade or expansion of the Treatment Facilities as defined in Section 3 shall be based on the capacity allocations defined in Section 3.1 and 3.2, and the sewage treatment conditions specified in Section 5.2 through 5.7. If the amount remitted by CCSD is less than the amount due and owing for the fiscal year based on audited actual maintenance, operation, capital, overhead and debt service costs, final adjustment and payment shall be made by CCSD within 30 days of the Clackamas County Department of Utilities completed annual audit. If CCSD has overpaid, a credit shall be given by TCSD toward succeeding payments due from CCSD. Costs of billing shall be borne by CCSD.

The adjusting bill shall be accompanied by a full accounting of all flows and mass BOD and TSS load levels as well as a separate summary of the actual maintenance, operation, capital, overhead and debt service costs incurred during the previous fiscal year.

7.2 Overhead Costs. CCSD will pay overhead costs as established in the Interim Diversion Cost of Service Analysis. The overhead cost percentage may be evaluated by the TCSD Advisory Committee at the request of CCSD.

7.3 CCSD's Rates and Sources of Payment. CCSD shall pay the charges described in Sections 7.1 through 7.2 out of the available and unpledged revenues of CCSD's Internal System. CCSD's payment obligation to TCSD shall not be prior and superior to any charge or lien of any existing revenue bonds issued by CCSD that are payable from the revenues of its Internal System. CCSD shall establish rates and collect fees and charges for sewer service in accordance with 40 CFR Part 35 and in an amount at least sufficient to pay for (a) the maintenance and operation of CCSD's Internal System, including CCSD's payments to TCSD, and (b) the principal and interest on any CCSD revenue obligations that constitute a charge on the revenue of CCSD's Internal System.

7.4 TCSD Rates. TCSD shall establish rates and collect fees for sewer service in accordance with 40 CFR Part 35 in amounts at least sufficient to pay for its proportionate share of (a) the maintenance and operation of TCSD's sewer system, including its share of the Expanded Treatment Facilities, and (b) the principal of and interest on any and all TCSD revenue obligations that constitute a charge upon the revenues of TCSD's sewer system.

7.5 Books and Accounts. TCSD shall keep full and complete books of accounts showing the maintenance and operation costs incurred in connection with the Treatment Facilities, and the portion thereof applicable to CCSD. The costs of keeping those books shall be considered an operational cost to TCSD. Audits of the books shall be performed annually. More frequent audits, if requested by CCSD, shall be charged to CCSD.

7.6 Independent Audit. Upon majority vote of the TCSD Advisory committee, the parties will conduct an independent performance or financial audit of the Project. The scope of such audit will be approved by the Advisory Committee.

Section 8 - Replacement Standards: Insurance.

8.1 Rehabilitation Standards. Reconstruction, rehabilitation, expansion, or upgrading of the Treatment Facilities shall be in accordance with applicable federal, state, and local laws and regulations. Additions, betterments and improvements to the Treatment Facilities of TCSD shall be installed and constructed in accordance with generally recognized engineering standards at least equal to the standards of TCSD and in accordance with all applicable federal, state and local laws and regulations.

8.2 Insurance. TCSD shall procure and maintain insurance sufficient to pay for all loss or damage to the Level II Facilities resulting from operation in a normal and prudent manner. CCSD shall purchase and maintain insurance sufficient to pay for all loss or damage to the Diversion Facilities. The required coverage and policy limits of the TCSD insurance shall be evaluated by the Tri-City Advisory Committee.

Section 9 - Default. Upon default of either party hereto for failure to perform any terms of this agreement, the nondefaulting party may declare breach by written notice to the defaulting party providing a seven-day opportunity to reasonably and diligently commence remedy of the default. If such action is not taken, then the nondefaulting party may declare this agreement at an end. The nondefaulting party shall have all rights and remedies available at law, including injunctive relief, subject to the arbitration clause below. If CCSD terminates this Agreement, CCSD shall be obligated for its proportionate share of capital costs for the remainder of the term of this Agreement.

Section 10 - Arbitration. In the event of a dispute between TCSD and CCSD concerning any matters arising under the terms and conditions of this Agreement, unless specifically excluded from arbitration, the dispute shall first be considered by the Tri-City Advisory Committee in a nonbinding manner. If the dispute is not settled through the Tri-City Advisory Committee, the Parties may enter into nonbinding mediation. If the dispute remains unsettled, CCSD and TCSD will place the issue before an arbitrator approved by the Parties, and the decision of that arbitrator shall be final and binding on both Parties. The arbitrator's fees and costs shall be shared equally by the Parties.

Section 11 - System Development Charges. TCSD and CCSD will work cooperatively in sharing information for each to develop system development charges as established in ORS 223.297 through ORS 223.314 to finance in whole or in part the Level III Facilities design capacity and to assure consistent application of existing capacity and system expansion costs if the Level III Facilities are part of the Tri-City Treatment Plant.

Section 12 - Amendment or Modification. No amendment or modification of this Agreement, including any addition or deletion thereto, shall be effective unless approved and executed by the Parties in the same form and manner as, and subject to the remaining provisions of, this Agreement. Amendment of this Agreement shall require the favorable recommendation of the TCSD Advisory Committee as described in Section 2.5.3.

Section 13 - Affected Jurisdiction. As either party hereto designs their respective projects, the parties agree to meet with any affected city or district within TCSD's boundaries that could be impacted by location of those facilities to coordinate to the greatest extent possible how those facilities will be located in a manner that results in the greatest public benefit.

Section 14 - Governing Laws. This Agreement shall be governed and construed in accordance with the laws of the State of Oregon. Venue in connection with any legal proceeding affecting this Agreement shall be in the Circuit Court of the State of Oregon for Clackamas County.

Section 15 - Severability and Waiver. In the event any provisions of this Agreement shall be held to be impossible, invalid or unenforceable, the remaining provisions shall be held to be valid and binding upon the Parties hereto. One or more waivers by either Party of any provision, term, condition or covenant shall not be construed by the other Party as a waiver of subsequent breach of the same by the other Party.

Section 16 - Number and Gender. Whenever applicable, the use of the singular number shall include the plural, the use of the plural number shall include the singular, and the use of any gender shall be applicable to all genders.

Section 17 - Successors and Assigns. This Agreement is to be binding on the successors and assigns of the Parties hereto and is not to be assigned by either Party without first obtaining the written consent of the other. No assignment of this Agreement shall be effective until the assignee assumes in writing the obligations of the assigning Party, and delivers such written assumption to the original Party to this Agreement.

Section 18 - Notice. No amendment or modification will be made without 30 days prior written notice to the Cities and the TCSD Advisory Committee as set forth below:

City of West Linn
Attention: City Manager
22925 Willamette Drive
P.O. Box 48
West Linn, Oregon 97068

City of Gladstone
Attention: City Administrator
525 Portland Avenue
Gladstone, Oregon 977027

City of Oregon City
Attention: City Manager
320 Warner Milne Road
Oregon City, Oregon 97045

Upon receipt of notice, the Cities shall have an opportunity to comment on any proposed amendments by providing those comments to: Director, Water Environment Services, 16770 SE 82nd Drive, Suite 200, Clackamas, Oregon 97015.

All notices as to plant operations and system management shall be sent to:

Tri-City Service District Plant Manager
15981 South Agnes Road
Oregon City, Oregon 97045

Clackamas County Service District Plant
Manager
11525 SE McLoughlin Blvd.
Milwaukie, Oregon 97232

Section 19 - Term. By December 31, 1999, TCSD and CCSD will determine whether to construct the Level III Facilities at the Old Rossman's Landfill site. If the facilities are constructed, then the terms and conditions of service shall be set forth in the Project Documents which shall supersede this Agreement. If the Level III Facilities are not constructed at Tri-City, this Agreement will have the term specified herein. The term of this Agreement shall be until December 31, 2004. Any extension shall be mutually agreed upon in writing.

5-76

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above-mentioned.

TRI-CITY SERVICE DISTRICT

CLACKAMAS COUNTY SERVICE DISTRICT
NO. 1

By: Bill Gamm
Title: Chair

By: Bill Gamm
Title: Chair

ATTEST: Millicent Morison

ATTEST: Millicent Morison

Exhibit A
to
**AGREEMENT FOR WASTEWATER TREATMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT**

Diversion Facilities

The diversion facilities consist of the pipeline and all upstream facilities to transport CCSD flow to the Tri-City Water Pollution Control Plant headworks building, flow measuring devices and sample collection systems. The facilities will generally include the following:

Approximately 13,600 feet of 12 inch diameter pipe, valves, air release stations, odor control facilities, bridge supports for the pipeline, flow metering stations, and sampling stations.

Exhibit B
to
AGREEMENT FOR WASTEWATER TREATMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT

Interim Diversion Cost of Service Analysis

The following 4 pages dated November 18, 1998, serve as an example of the cost of service analysis, assuming that 1.00 mgd with at daily mass load of 2,500 pounds were diverted. The annual cost of service analysis will be based on the actual flow and load received.

580

Interim Diversion Cost of Service Analysis

Cost Allocation Methodology

Flow and Load Allocation Percentages

CCSD Average Dry Weather Flow	1.00 mgd
TCSD Average Dry Weather Flow	6.08 mgd
Total Average Dry Weather Flow	<u>7.08 mgd</u>

CCSD Percentage of Flow 14.12%

CCSD Average Dry Weather BOD Mass	2,500 lbs
TCSD Average Dry Weather BOD Mass	13,600 lbs
TCSD Average Dry Weather Concentration	<u>16,100 lbs</u>

CCSD BOD Load Based Usage 15.53%

Operations and Maintenance Allocation

<u>Treatment-Related Costs</u>	<u>Amount</u>	<u>% Flow</u>	<u>% Load</u>	<u>Flow</u>	<u>Load</u>
Pretreatment	\$ 123,710	100%	0%	\$ 123,710	\$ -
Primary Treatment	\$ 78,016	50%	50%	\$ 39,008	\$ 39,008
Secondary Treatment	\$ 125,407	0%	100%	\$ -	\$ 125,407
Post Treatment	\$ 71,083	100%	0%	\$ 71,083	\$ -
Sludge Management Prgm	\$ 113	0%	100%	\$ -	\$ 113
Sludge Processing	\$ 185,787	0%	100%	\$ -	\$ 185,787
Sludge Disposal	\$ 213,762	0%	100%	\$ -	\$ 213,762
Laboratory	\$ 563	29%	71%	\$ 165	\$ 398
Buildings, Grounds	\$ 65,604	29%	71%	\$ 19,224	\$ 46,380
Odor Control	\$ 6,214	29%	71%	\$ 1,821	\$ 4,393
Miscellaneous	\$ 338,757	29%	71%	\$ 99,265	\$ 239,492
Admin. -- Direct, Alloc.	\$ 366,932	29%	71%	\$ 107,522	\$ 259,410
TOTAL	\$ 1,575,948			\$ 461,798	\$ 1,114,150
Usage Percentages		14.12%	15.53%		
CCSD #1 Portion	\$ 65,226	\$ 173,005	\$ 238,230		
O & M Costs directly related to CCSD#1 (to be tracked separately)	\$ 200,000				
Total O & M Costs allocated to CCSD#1	\$ 438,230				

58

Treatment Capacity Allocation

Assets	Depreciated Costs Net of Grants		% Flow	% Load	Flow		Load	
	and Contributions							
Treatment Unit Process	\$ 682,679		100%	0%	\$ 682,679	\$	-	
Preliminary Treatment	\$ 97,575		100%	0%	\$ 97,575	\$	-	
Pretreat./Raw Sewage Pump.	\$ 361,064		100%	0%	\$ 361,064	\$	-	
Pretreat./Screenings Process	\$ 289,786		100%	0%	\$ 289,786	\$	-	
Pretreat./Grit removal process	\$ 86,913		100%	0%	\$ 86,913	\$	-	
Primary Treatment	\$ 285,427		50%	50%	\$ 142,714	\$	142,714	
Primary Sedimentation	\$ 113,248		50%	50%	\$ 56,624	\$	56,624	
Secondary/Process Blowers	\$ 164,541		0%	100%	\$ -	\$	164,541	
Secondary/Aeration Basin	\$ 906,854		50%	50%	\$ 453,427	\$	453,427	
Secondary/Clarifiers	\$ 263,613		50%	50%	\$ 131,807	\$	131,807	
Secondary/Return Sludge Pump	\$ 85,884		0%	100%	\$ -	\$	85,884	
Post Treat/Cl. Contact Basin	\$ 167,884		100%	0%	\$ 167,884	\$	-	
Post Treat/Cl. Equipment	\$ 583,698		100%	0%	\$ 583,698	\$	-	
Post Treat/Non-pot. Pump St.	\$ 98,250		100%	0%	\$ 98,250	\$	-	
Post Treat/Outfall	\$ 665,501		100%	0%	\$ 665,501	\$	-	
Solids Treat/Secondary Sludge	\$ 349,005		0%	100%	\$ -	\$	349,005	
Sludge Disposal System	\$ 347,219		0%	100%	\$ -	\$	347,219	
Solids Treat./Sludge Digestion	\$ 379,203		0%	100%	\$ -	\$	379,203	
Solids Treat./Generator	\$ 15,366		0%	100%	\$ -	\$	15,366	
Solids Treat./Digester Gas Util	\$ 21,536		0%	100%	\$ -	\$	21,536	
Generator	\$ 16,484		0%	100%	\$ -	\$	16,484	
Odor Control	\$ 10,848		64%	36%	\$ 6,924	\$	3,924	
General Plant	\$ 263,190		64%	36%	\$ 167,985	\$	95,205	
Land	\$ 1,186,895		64%	36%	\$ 757,552	\$	429,343	
General Plant/Admin. Bldg.	\$ 616,122		64%	36%	\$ 393,248	\$	222,874	
General Plant/Ops Center	\$ -		64%	36%	\$ -	\$	-	
General Plant/Shop Complex	\$ 337,118		64%	36%	\$ 215,170	\$	121,948	
General Plant/Office Complex	\$ 243		64%	36%	\$ 155	\$	88	
Construction WIP	\$ 404,846		64%	36%	\$ 258,398	\$	146,448	
TOTAL	\$ 8,800,992				\$ 5,617,354	\$	3,183,638	

Usage Percentages		14.12%	15.53%	<u>Total</u>
CCSD #1 Portion	\$ 793,412	\$	494,354	\$ 1,287,765
Remaining Useful Life (Composite Average)				<u>17.5</u>
Total capacity costs allocated to CCSD#1				\$ 73,587

5-82

11/18/98

Availability of Capacity Surcharge

Original Cost of Treatment-related Assets less Contributions

\$ 24,725,627

Usage Percentage -- Flow

14.12%

Composite Useful Life (when new)

27

Available Capacity Surcharge allocated to CCSD#1

\$ 129,345

Total Reimbursement

Operations and Maintenance Component

\$ 438,230

Treatment Capacity Allocation

\$ 73,587

Availability of Capacity Surcharge

\$ 129,345

TOTAL

\$ 641,162

11/18/98

5-83

Exhibit C
to
AGREEMENT FOR WASTEWATER TREATMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT

Sampling Schedule

The flow received from CCSD shall be sampled using flow proportional composite methods and analyzed to measure the Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) concentrations at least as frequently as is required for the influent to the Tri-City Wastewater Treatment Plant in Schedule B, Paragraph 1, NPDES Permit No. 101168.

Exhibit D
to
AGREEMENT FOR WASTEWATER TREATMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT

Expanded TCSD Treatment Facility

The Expanded TCSD Treatment Facility will include improvements functionally equivalent to Phases 1 and 2 listed in Table 1-4, "Recommended Sewerage Improvements Phases Through the Year 2020" of the Tri-City Service District Sewerage Master Plan, prepared by Water Environment Services, a department of Clackamas County, and CH2M Hill, dated October 1998.

INTERGOVERNMENTAL AGREEMENT
BETWEEN
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
AND
TRI-CITY SERVICE DISTRICT

THIS INTERGOVERNMENTAL AGREEMENT (this "Agreement") is entered into this 18th day of December, 2008 by and between CLACKAMAS COUNTY SERVICE DISTRICT NO. 1, a county service district ("CCSD#1") and TRI-CITY SERVICE DISTRICT, a county service district ("TCSO" and, together with CCSD#1, the "Parties").

RECITALS

WHEREAS, the Clackamas County Board of County Commissioners ("BCC") is the governing body of CCSD#1 and the governing body of the TCSO; and

WHEREAS, the Parties are authorized pursuant to Oregon Revised Statutes ("ORS") 451 to enter into agreements regarding the provision of services to their customers and service areas; and

WHEREAS, TCSO and CCSD#1 are separate legal municipal corporations, who do not intend for this Agreement to (i) commingle their assets, (ii) create a mechanism which would allow for a rate subsidy from one party to another, or (iii) alter the existing relationships of the respective districts' advisory committees.

WHEREAS, the Parties have entered into that certain Agreement for Wastewater Treatment dated February 25, 1999 (the "Diversion Agreement") pursuant to Board Order 99-33 regarding the diversion of flows and loads approximately equal to 5,500 Equivalent Dwelling Units as such are defined in CCSD#1's rules and regulations ("EDUs") of industrial-strength wastewater to the Tri-City Water Pollution Control Facility ("Tri-City Plant"); and

WHEREAS, CCSD#1 and TCSO desire to plan and provide for the long term capital and operational needs of wastewater treatment facilities to serve their respective customers and service areas, which may include mandated technological and regulatory changes, mitigation, construction of new facilities and repairs as necessary to provide sanitary sewer services; and

WHEREAS, CCSD#1 and TCSO have a common interest in coordination and delivery of a comprehensive package of public sanitary sewer collection and treatment services in order to provide service and create greater cost efficiency; and

WHEREAS, CCSD#1 has near-term needs to relieve loadings and flow on the Kellogg Creek Water Pollution Control Facility ("Kellogg Plant") to (i) facilitate

consistent permit compliance, (ii) accommodate near-term growth, (iii) permit required maintenance of the Kellogg Plant, and (iv) provide additional treatment capacity during the evaluation, planning, permitting, financing, design and construction of new wastewater treatment facilities for anticipated growth under the Metro 2040 Regional Plan; and

WHEREAS, CCSD#1 would not be in a position to bring new facilities on in a timely manner to avoid an interruption of service without relying in part on TCSD facilities; and

WHEREAS, TCSD anticipates that it will need to expand the Tri-City Plant within the next decade, depending on growth and projected long-term needs of the service district and desires the return of the rented capacity under the Diversion Agreement; and

WHEREAS, TCSD is willing to continue such diversion during the time necessary for CCSD#1 to construct new treatment facilities as an expansion to the Tri-City Plant as Phase 1 of the long-term CCSD#1 capacity plan (the "Phase 1 Capacity") with appropriate cost sharing as set forth below and on the understanding that this Phase 1 Capacity is not intended as an effort at consolidation of the two districts; and

WHEREAS, Engineering analysis has established that the necessary expansion of the Tri-City Plant and conveyance system from CCSD#1 to TCSD can be done in a coordinated and cost-effective manner that would accommodate the short-term needs of CCSD#1 and allow per-EDU cost savings to TCSD; and

WHEREAS, CCSD#1 anticipates constructing new and upgrading existing conveyance systems to the Tri-City Plant that may have some residual future value to TCSD. The Parties agree that there is currently too much uncertainty to appropriately set such value and therefore agree to enter into good faith negotiations at a later date when more certainty exists; and

WHEREAS, the Parties desire to provide for public health and safety, compliance with state and federal environmental laws, coordination of statutes, ordinances, and methods of implementation; and application of codes, implementation, and enforcement practices.

NOW THEREFORE, the Parties hereby agree as follows:

SECTION 1. INTERIM DIVERSION RATE AND TERMS.

1.1 Termination. The Diversion Agreement is hereby terminated. The diversion of wastewater from CCSD#1 to TCSD shall continue pursuant to the terms and conditions of this Section 1.

1.2 Availability of Capacity. TCSD agrees to and shall receive and treat by means of the existing facilities no more than two million gallons per day (the "Contracted Capacity"). TCSD will provide this quantity of contracted capacity of sewage until such time as construction of the Phase 1 Capacity. Once the Phase 1 Capacity is on-line and fully functional, the terms and payments contemplated by this Section 1 shall expire and the continuing and expanded diversion of wastewater into the Phase 1 Capacity facilities shall be governed by the other sections of this Agreement. No minimum level of diversion is defined and will be solely defined by the Tri-City Plant performance and available capacity.

1.3 Diversion Management. The Parties acknowledge that the sewage flows from CCSD#1 are more commercial and industrial in nature and typically exhibit a strength 2-3 times greater than the current sewage flows to the Tri-City Plant. The quality, strength and character of the CCSD#1 diverted flows will be more variable because of their commercial and industrial nature. These conditions require such diversions to be carefully managed and controlled so that consistent diversion flows and loadings are achieved and treatment plant performance is maintained.

Based on current flow monitoring and sampling, CCSD#1's Contracted Capacity is based on diversion of flows generated east of I-205 to the Tri-City Plant. Treatment plant performance conditions, actual diverted flow quantity, quality or character, or other conditions may occur that require CCSD#1 diversions to be controlled at levels below the Contracted Capacity. The plant managers from the Tri-City and Kellogg treatment plants will work cooperatively to manage the diversion of flows and loads to meet permit conditions and protect public health and safety. The Director or his designee will have primary responsibility for day-to-day control of the diversion flows and loads.

1.4 Capacity Limit. CCSD#1 may not discharge flows or loads into the Tri-City Plant in amounts greater than its Contracted Capacity. If it is determined that the actual flow and load of sewage is in excess of the Contracted Capacity of sewage, CCSD#1 shall pay, in addition to its ordinary charges described in Section 1.5 below, any extraordinary costs incurred to treat the excess sewage. TCSD's acceptance of excess amounts on any occasion or occasions shall not bind TCSD to accept excess sewage amounts on any other occasions.

1.5 Payments. Upon diversion of flow, CCSD#1 shall make an annual payment to TCSD for the treatment of the CCSD#1's wastewater. The payment shall consist of CCSD#1's proportionate share of the maintenance, operation, capital, allocated costs and debt service costs adopted in the annual budget of TCSD. TCSD's statement to CCSD#1 shall contain line items which delineate costs pertaining to operations, maintenance, and capital improvements. CCSD#1's percentage share of the total annual operations and maintenance, capital, overhead and debt service costs shall be established in accordance with this allocation formula:

1.5.1 CCSD#1's portion of maintenance and operation costs will be based on CCSD#1's measured sewage flow and load as a percentage of the total flow and load to the Tri-City Plant and the sewage treatment conditions specified in Sections 1.3 and 1.4.

- 1.5.2 Capital improvement costs for upgrade or expansion of the Tri-City Plant excluding the Phase 1 Capacity shall be based on the capacity allocations and the sewage treatment conditions specified in Sections 1.3 and 1.4.

If the amount remitted by CCSD#1 is less than the amount due and owing for the fiscal year based on audited actual maintenance, operation, capital, overhead and debt service costs, final adjustment and payment shall be made by CCSD#1 within 30 days of date of the Clackamas County Water Environment Services completed annual audit for CCSD#1. If CCSD#1 has overpaid, a credit shall be given by TCSD toward succeeding payments due from CCSD#1 until the credit is fully used. Costs of billing shall be borne by CCSD#1. The adjusting bill shall be accompanied by a full accounting of all flows and mass Biological Oxygen Demand ("BOD"), Total Suspended Solids ("TSS") and other applicable load levels as well as a separate summary of the actual maintenance, operation, capital, allocated costs and debt service costs incurred during the previous fiscal year.

1.6 Treatment of Wastewater Only. No Party shall allow discharge into the Treatment Facilities any hazardous, toxic or other wastewater prohibited by the Federal Clean Water Act, comparable state statutes, administrative rules, and the districts' respective Ordinances or Rules and Regulations.

1.7 Wastewater Quality. Each Party shall continue to use ordinances and programs to mitigate mass BOD and TSS or other pollutant levels which are higher than acceptable norms, for the various customer classes as determined by either regulatory requirements or by generally accepted environmental practices.

1.8 Pre-Treatment and Bio-Solids Disposal Ordinances. The Parties shall maintain Pre-Treatment and Bio-Solids Disposal Ordinances meeting all Federal and/or State requirements. Each Party shall be responsible for the administration and operation of its pre-treatment program, but in no event will any discharges violate TCSD's standards based upon its maximum allowable headworks loadings, as defined in the TCSD pretreatment program. Administration and operation shall include, but not be limited to, developing procedures, forms, and instruction; categorizing dischargers; record keeping; compliance tracking; establishment of local limits; sampling, testing, and monitoring; preparation of control documents; collection of fees and preparation of permits. TCSD shall be responsible for bio-solids management at the Tri-City Plant.

1.9 Operation and Maintenance of the Tri-City Plant. TCSD shall be responsible for the operation and maintenance of the Tri-City Plant subject to the terms of this Agreement. The Tri-City Plant shall be operated and maintained in accordance with generally accepted standards, and the standards established by the EPA, DEQ, the Oregon Health Department and other federal, state and local agencies. The quantity of sewage delivered by CCSD#1 into the Tri-City Plant shall be metered at the discharge points for the wastewater diversion (the "Discharge Points"), with the exception of commingled flows, which will be accounted for using either Equivalent Dwelling Units, or other methods as

agreed upon by the parties. The meters that measure CCSD#1's discharge of sewage into the Tri-City Plant shall be calibrated on a regular basis by CCSD#1 with oversight by TCSD if it so desires, and may be inspected by either Party at the expense of such Party at any time upon reasonable notice to the other. Interruptions of metering due to equipment malfunction or power loss shall be recorded by CCSD#1. As soon as reasonably possible after any such interruption, CCSD#1 shall provide data regarding the duration of the interruption and the methodology for estimating the flows discharged to the Tri-City Plant by CCSD#1. CCSD#1 will also monitor the mass BOD and TSS levels of the sewage diverted from its system to the Tri-City Plant in accordance with the current sampling program. TCSD may, at its own cost, conduct sampling at a greater frequency than the intervals established in the adopted sampling plan.

1.10 Reporting and Inspection Requirements. CCSD#1 shall provide TCSD with bimonthly reports of the number and type of new sewer connections. TCSD and CCSD#1 shall periodically inspect all sewer lines and other sewer facilities upstream from the Discharge Points owned and operated by either District (the "Internal System") to ensure adherence to applicable standards and to minimize infiltration, exfiltration, and deposits of rock or other debris. TCSD and CCSD#1 at any reasonable time may inspect the Internal System and related facilities of the other.

1.11 Allocated Costs. CCSD#1 will pay allocated costs as established in Section 1.5. The allocated cost percentage may be evaluated by district staff at the request of CCSD#1.

1.12 CCSD#1's Rates and Sources of Payment. CCSD#1 shall pay the charges described in Section 1 out of the available and unpledged revenues of CCSD#1. CCSD#1's payment obligation to TCSD shall not be prior and superior to any charge or lien of any existing or future revenue bonds issued by CCSD#1. CCSD#1 shall establish rates and collect fees and charges for sewer service in accordance with all applicable laws and regulations in an amount at least sufficient to pay for, in addition to any other obligation of the district, CCSD#1's payments to TCSD.

1.13 TCSD Rates. TCSD shall establish rates and collect fees for sewer service in accordance with all applicable laws and regulations in amounts at least sufficient to pay for, in addition to any other obligation of the district, its proportionate share of the maintenance and operation of the Tri-City Plant.

1.14 Term of Diversion. This Section 1 and the rental of capacity by CCSD#1 from TCSD that it governs shall continue from the date this Agreement is executed until the date the Phase 1 Capacity is certified by the design engineer for continuous operation ("Phase 1 Start Date"), at which time all terms of this Section 1 shall cease to have any effect and the terms of Sections 2-8 shall exclusively govern the relationship of the Parties.

SECTION 2. GROUND LEASE AND CAPITAL PAYMENT.

2.1 Lease of Property. TCS D leases to CCSD#1, and CCSD#1 leases from TCS D, the real property consisting of approximately 2.88 acres (the "Premises") described on Exhibit A attached hereto and incorporated by this reference.

2.2 Term of Lease. The Premises are leased until December 31, 2030 (the "Term"), commencing on the Phase 1 Start Date.

2.3 Phase 1 Capacity. CCSD#1 intends to construct a wastewater treatment process on, under, and over the Premises. This Phase 1 Capacity includes any future alterations, additions, replacements, or modifications thereto during the Term of this Agreement. The preliminary plans and specifications for the Phase 1 Capacity are attached as Exhibit B hereto and incorporated by this reference. CCSD#1 shall incorporate into the design of the Phase 1 Capacity provisions appropriate to control septic conditions, odors and other conditions normally expected to occur in a long force main and membrane treatment process train, that could impact TCS D plant performance, cause objectionable conditions at the TCS D plant site, or increase plant operations and maintenance costs and complexities.

2.4 Construction. CCSD#1 shall construct the Phase 1 Capacity in accordance with the final plans and specifications approved by TCS D, which approval shall not be unreasonably withheld, conditioned or delayed. The work shall be performed in accordance with all Legal Requirements (as defined below) and in a good and professional manner. For the purposes of this Agreement, the term "Legal Requirements" includes all present and future laws, ordinances, orders, rules, regulations, and requirements of all federal, state, and municipal governments, departments, commissions, boards, and officers, foreseen or unforeseen, ordinary as well as extraordinary. TCS D shall have the right to inspect the work at reasonable intervals subject to the supervision of CCSD#1 and in a manner that will minimize any interference with the work.

2.5 Rent. CCSD#1 covenants and agrees to promptly pay to TCS D on the Phase 1 Start Date an amount equal to the sum of:

- 2.5.1 One-half the actual cost of remediating the Premises for garbage cleanup and handling (the "Ground Lease Payment"); *provided, however,* that in no event shall the Ground Lease Payment be less than Four Hundred Thirty-One Thousand Eight Hundred Eighteen and No/100 Dollars (\$431,818.00), and *provided, further,* that if such total actual cost exceeds \$1.2 million, the Parties agree to meet and discuss the projected costs, options of cost control, and appropriate allocation of costs going forward over \$1.2 million.
- 2.5.2 Three Million Three Hundred Thirty-Two Thousand Nine Hundred Thirty-One and No/100 Dollars (\$3,332,931.00), representing a one-time present-valued payment for use of the existing capital infrastructure of the Tri-City Plant from the date that the Phase 1

Capacity is completed and brought on-line through the Term of the Agreement (the "ROI Payment").

- 2.5.3 Two Hundred Thirty-Five Thousand Two Hundred Fifty-One and No/100 Dollars (\$235,251) as compensation for the opportunity to lease land and attach the Phase 1 Capacity to existing TCSD infrastructure (the "Opportunity Payment").

The Ground Lease Payment, the ROI Payment, and the Opportunity Payment together are the "Rent" for purposes of this Agreement.

2.6 No Offsets. It is intended that the Rent provided for in this section shall be an absolutely net return to TCSD throughout the Term, free of any expense, charge, or other deduction whatsoever, including all claims, demands, or setoffs of any nature whatsoever, except as provided in Section 2.24.

2.7 Use. CCSD#1 shall use and occupy the Premises continuously during the Term for the operation of the Phase 1 Capacity. CCSD#1 shall not use or occupy, or permit or suffer all or any part of the Premises or the Phase 1 Capacity to be used or occupied (i) for any unlawful or illegal business, use, or purpose, or (ii) for any purpose or in any way in violation of any Legal Requirements.

2.8 Flow Management. The Tri-City Plant Manager shall regularly monitor the relative quality, strength and character of the flows received from CCSD#1 and report on any unusual strength or content to the Director or his designee. At the Director's discretion, CCSD#1 may have a representative review the flow records and perform a general audit of flow delivered from CCSD#1 to the Tri-City Plant.

2.9 Regulatory Changes. The Parties acknowledge that construction of the Phase 1 Capacity will heighten discharge limitations for the Tri-City Plant as a whole pursuant to TCSD's National Pollution Discharge Elimination System ("NPDES") Permit. The current NPDES permit allows for a "20/20" BOD/TSS discharge standard, but after construction of the Phase 1 Capacity, the NPDES Permit will be modified to permit a "10/10" BOD/TSS discharge standard. Use of the Phase 1 Capacity could materially assist the Tri-City Plant as a whole in meeting the heightened standards. However, it is possible that TCSD may be required to upgrade certain facilities to meet the heightened standard. CCSD#1 and TCSD shall seek opportunities to minimize or avoid the cost of additional improvements through mutually agreeable modifications in the quantity and quality of sewage discharged by the parties. The Director or his designee will analyze the NPDES Permit requirements, the functionality of the Tri-City Plant's processes (including the Phase 1 Capacity) and apportion responsibility for any necessary capital costs given the relevant factors, including but not limited to the increased discharge restrictions imposed on the Tri-City Plant. This allocation formula shall be revisited in 2015, when current growth estimates anticipate TCSD would need to have upgraded the Tri-City Plant and triggered 10/10 regulatory compliance of its own accord.

2.10 Compliance with Requirements. CCSD#1 shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that now apply to the Premises or that have been granted to or contracted for by TCSD or CCSD#1 in connection with any existing or presently contemplated use of the Premises or the Phase 1 Capacity.

2.11 No Encumbrances. CCSD#1 shall have no power to do any act or to make any contract that may create or be the foundation for any lien, mortgage, or other encumbrance on the reversion or other estate of TCSD or on any interest of TCSD in the Premises; *provided, however,* that CCSD#1 may pledge its leasehold interest and an interest in the Phase 1 Capacity as security for bonds, obligations or other financial instruments necessary to finance the construction of the Phase 1 Capacity or other infrastructure of CCSD#1. CCSD#1 shall not suffer or permit any liens to attach to the interest of CCSD#1 in all or any part of the Premises by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to, CCSD#1 or anyone occupying or holding an interest in all or any part of the Phase 1 Capacity on the Premises through or under CCSD#1. If any such lien shall at any time be filed against the Premises, CCSD#1 shall cause the same to be discharged of record within 30 days after the date of filing the same, by either payment, deposit, or bond.

2.12 No Agency. Nothing in this Agreement shall be deemed to be, or be construed in any way as constituting, the consent or request of TCSD, express or implied, by inference or otherwise, to any person, firm, or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration, or repair of or to the Premises or to the Phase 1 Capacity, or as giving CCSD#1 any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that might in any way give rise to the right to file any lien against TCSD's interest in the Premises or against TCSD's interest, if any, in the Phase 1 Capacity. CCSD#1 is not intended to be an agent of TCSD for the construction of Phase 1 Capacity on the Premises. The foregoing shall not be construed to diminish or vitiate any rights of CCSD#1 in this Agreement to construct, alter, or add to the Phase 1 Capacity.

2.13 Regulatory Compliance. Throughout the Term, CCSD#1 shall promptly comply with all Legal Requirements that may apply to the Premises or to the use or manner of uses of the Premises or the Phase 1 Capacity or the owners or users of the Phase 1 Capacity, whether or not the Legal Requirements affect the interior or exterior of the Phase 1 Capacity, necessitate structural changes or improvements, or interfere with the use and enjoyment of the Premises or the Phase 1 Capacity, and whether or not compliance with the Legal Requirements is required by reason of any condition, event, or circumstance existing before or after the Term commences. CCSD#1 shall have the right to contest by appropriate legal proceedings, diligently conducted in good faith, in the

name of CCSD#1 or TCSD or both, without cost or expense to TCSD, the validity or application of any Legal Requirement.

2.14 Repairs and Maintenance. Throughout the Term, CCSD#1 shall have no obligation to repair or maintain the Premises or any Phase 1 Capacity, except to the extent necessary to comply with the Legal Requirements as set forth in Section 2.11 above. As set forth in more detail in Section 4, TCSD shall be responsible for all aspects of maintaining and operating the Phase 1 Capacity at CCSD#1's apportioned cost.

2.15 Provision of Services. TCSD agrees to furnish to the Premises such utilities as necessary to allow for the proper functioning of the Phase 1 Capacity, excluding any Force Majeure event as set forth in Section 7.5. The costs of such services shall be apportioned as set forth in Section 3 hereof.

2.16 Shared Right of Action. TCSD covenants to jointly plan and coordinate with CCSD#1 regarding any right of action or cause as TCSD may have against any parties causing damage to the Phase 1 Capacity or the Tri-City Plant as a whole.

2.17 TCSD Management. TCSD shall have the full right and authority to employ all personnel and to establish, modify, and enforce reasonable rules and regulations necessary for the proper operation and maintenance of the Tri-City Plant and the Phase 1 Capacity. TCSD shall have the right to close all or any portion of the Tri-City Plant to such extent as, in the opinion of the Director or his designee, may be necessary or prudent to perform acts in and to Phase 1 Capacity or other areas of the Tri-City Plant.

2.18 Alterations, Additions, and New Phase 1 Capacity. At any time during the Term and at CCSD#1's own cost and expense, CCSD#1 may make or permit to be made any Minor Modifications, provided there is no existing and unremedied default on the part of CCSD#1, of which CCSD#1 has received notice of default, under any of the terms, covenants, and conditions of this Agreement. Major Modifications shall require the prior consent of TCSD and shall be coordinated to allow for the efficient and compliance operation of the Tri-City Plant. All salvage or other material in connection with any Modification that CCSD#1 is permitted to make shall belong to CCSD#1. The term "Modifications" means any demolition, improvement, alteration, change, or addition, of, in, or to all or any part of the Premises or the Phase 1 Capacity. The term "Minor Modifications" shall mean any Modifications for which a building permit is not required, and the term "Major Modifications" shall mean any and all Modifications other than Minor Modifications. Multiple Modifications occurring within a period of 365 days shall be deemed a single Modification for the purposes of applying the provisions contained in this section.

2.19 Title to Phase 1 Capacity. Title to the Phase 1 Capacity shall be and remain with CCSD#1.

2.20 No Assignment. CCSD#1 shall not sell, assign, or in any other manner transfer this Agreement including by operation of law, or any interest in this Agreement or the estate of CCSD#1 under this Agreement without the prior consent of TCSD.

2.21 TCSD's Right to Encumber. TCSD, during the Term, may encumber, mortgage, pledge, or otherwise hypothecate its fee simple interest in the Premises.

2.22 Nonmerger. There shall be no merger of this Agreement, or of the leasehold estate created in Section 2 of this Agreement, with the fee estate in the Premises by reason of the fact that this Agreement, the leasehold estate created hereby, or any interest in this Agreement or in any such leasehold estate, may be held, directly or indirectly, by or for the account of any person who shall own the fee estate in the Premises or any interest in such fee estate, and no such merger shall occur unless and until all persons at the time having an interest in the fee estate in the Premises and all persons having an interest in this Agreement, or in the leasehold estate created by this Agreement, shall join in a written instrument effecting such merger and shall duly record the same.

2.23 TCSD's Representations. TCSD acknowledges that its representations and warranties are material inducements for CCSD#1 to enter into this Agreement, and warrants and represents to CCSD#1 that the following matters are true and correct:

2.23.1 No Legal Proceedings. There is no suit, action, arbitration, judgment, legal, administrative, or other proceeding, claim, lien, or inquiry pending or threatened against the Property, or any portion thereof, or pending or threatened against TCSD which could affect TCSD's right or title to the Property, or any portion thereof, affect the value of the Property or any portion thereof, or subject an owner of the Property, or any portion thereof, to liability.

2.23.2 Clear Title; Mechanics and Other Liens. TCSD holds clear title to the Property. No work on the Property has been done or will be done, or materials provided, giving rise to actual or impending mechanic's liens, private liens, or any other liens, against the Property or any portion thereof.

2.24 Return of Rent. The Parties acknowledge that the components of the Rent are calculated and paid with the condition that CCSD#1 will have full use of the Premises and ability to utilize the Phase 1 Capacity for its benefit. To the extent this Agreement is terminated at a date earlier than the end of the Term, TCSD agrees to return to CCSD#1 a pro-rated portion of the Rent plus interest accrued on such amounts during the span of this Agreement.

SECTION 3. COST SHARING – OPERATIONS AND MAINTENANCE.

3.1 Shared Operations and Maintenance. The Parties agree that the staff of the Tri-City Plant shall operate both the Phase 1 Capacity and the remainder of the Tri-

City Plant as a functional whole, to provide the greatest efficiency and insure NPDES Permit compliance. In operating and maintaining the Tri-City Plant, TCSO will incur costs for the benefit of CCSD#1. To apportion such costs, the Director or his designee will use the Allocation Percentage as defined below and apply it to the total costs expended on the operations and maintenance of the Tri-City Plant. For the purposes of this Agreement, the "Allocation Percentage" shall be defined by a supplemental agreement of the Parties, to be completed and added as an amendment to this Agreement within six months of the date hereof.

3.2 Special Allocation. To the extent there are additional training burdens or other operating expenses uniquely required by the Phase 1 Capacity, and such expenses can be clearly identified by the Director or his designee, a separate charge in addition to the shared operations and maintenance expenses described in Section 3.1 shall be paid by CCSD#1 in an amount equal to the unique expenses less any derivative value received by the TCSO by having more qualified staff operating the Tri-City Plant.

SECTION 4. DISPOSITION OF ASSETS.

4.1 TCSO Right of Purchase. TCSO shall have the option but not the obligation to purchase the Phase I Capacity as of January 1, 2031 (the "Option of Purchase"). To exercise this right, TCSO must obtain the concurrence of the Board of County Commissioners and deliver notice of such concurrence and its intent to exercise such right to CCSD#1 no later than January 1, 2027. The price to be paid for the Phase I Capacity shall be calculated as set forth in Section 4.2. The Parties hereby agree that if TCSO exercises the Option of Purchase, the Parties shall create and execute all necessary documents to effect such a transfer of ownership.

4.2 Methodology. If the Option of Purchase is exercised, the methodology applied to value the assets to be purchased shall be a formula whereby the Original Cost of the Phase I Capacity shall be inflated from the date of construction to the date of prospective ownership transfer by the Construction Cost Index, less the accumulated Depreciation of such assets. For the purposes of this section, the following terms shall have the following meanings: "Original Cost" shall mean the total dollars expended to construct the Phase I Assets as of the date of completion. "Construction Cost Index" shall mean the Construction Cost Index as published in the Engineering News Record or similar publication as mutually agreed by the Parties. "Depreciation" shall mean a straight line depreciation over the life of assets as established by industry standard.

4.3 Disposition of Additional Assets. The valuation methodology set forth in Section 4.2 shall also be applicable to the calculation of disposition value for any new assets constructed jointly by the Parties during the Term of the Agreement.

SECTION 5. FINANCIAL OBLIGATIONS AND COVENANTS.

5.1 System Development Charges. The Parties will work cooperatively in sharing information for each to develop revised system development charges as established

in ORS 223.297 through ORS 223.314 ("SDCs") to assure consistent application of existing capacity and system expansion costs across the districts SDCs will be used to finance in whole or in part (i) the construction or buyback of the Phase 1 Capacity or (ii) applied to repayment of qualified debt.

5.2 External Financial Review. The Parties may engage a duly licensed and qualified certified public accounting firm to provide an annual report to the Director or his designee at the request of the applicable district advisory committee regarding the flow of funds and adequacy of supporting documentation to insure that each transfer is consistent with the terms of this Agreement.

5.3 Cooperation with Underwriters. To the extent underwriters or bondholders' representative reasonably demands additional financial assurances for the issuance of the bonds necessary to finance the construction of the Phase 1 Capacity, the Agreement may be amended to reflect such assurances pursuant to Section 7.4 and in compliance with Section 7.12.

5.4 Bond Issuance. CCSD#1 and TCSD each retain its rights to issue bonds and other obligations in accordance with applicable law, but shall not act in such a manner as to impair the rights of the holders or owners of bonds issued by the other party.

5.5 Books and Accounts. TCSD shall keep full and complete books of accounts showing the maintenance and operation costs incurred in connection with the Tri-City Plant, and the portion thereof applicable to CCSD#1. The costs of keeping those books shall be considered an operational cost to TCSD. Audits of the books shall be performed annually. More frequent audits, if requested by CCSD#1, shall be charged to CCSD#1.

5.6 Rehabilitation Standards. Reconstruction, rehabilitation, expansion, or upgrading of the Tri-City Plant shall be in accordance with applicable federal, state, and local laws and regulations. Additions, betterments and improvements to the Tri-City Plant shall be installed and constructed in accordance with generally recognized engineering standards at least equal to the standards of TCSD and in accordance with all applicable federal, state and local laws and regulations.

5.7 Insurance. TCSD shall procure and maintain insurance sufficient to pay for all loss or damage to the Tri-City Plant including the Phase 1 Capacity resulting from operation in a normal and prudent manner, and CCSD#1 shall be charged a percentage of the cost of such insurance equal to the Allocation Percentage. CCSD#1 shall purchase and maintain insurance sufficient to pay for all loss or damage to the conveyance infrastructure relating to the Phase 1 Capacity.

SECTION 6. TERM AND TERMINATION.

6.1 Term. This Agreement shall commence upon execution hereof and terminate at the end of the Term unless terminated earlier pursuant to Section 6.2 hereof.

6.2 Early Termination. This Agreement may be terminated prior to the Termination Date upon the mutual written consent of the parties.

6.3 Community Partnership. The Parties hereto acknowledge that this Agreement may be terminated and replaced by an agreement negotiated amongst the parties and other governmental agencies for the provision of regional wastewater treatment services (the "Partnership Agreement"). If the Partnership Agreement is ratified and adopted by the Parties, they each hereby agree to terminate this Agreement as of the effective date of the Partnership Agreement and replace its terms with the terms of such agreement.

6.4 End of Term Negotiation. If the Option of Purchase described in Section 4 is not exercised, the Parties agree to meet and negotiate regarding the disposition of the assets and/or the financial terms for a continuing relationship between the Parties.

SECTION 7. ADDITIONAL PROVISIONS.

7.1 Other Necessary Acts. Each party shall execute and deliver to the other all such further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other parties the full and complete enjoyment of rights and privileges hereunder.

7.2 Severability and Waiver. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired in any way. One or more waivers by either Party of any provision, term, condition or covenant shall not be construed by the other Party as a waiver of subsequent breach of the same by the other Party.

7.3 Employee Protection Provision. Employees shall be protected under the provisions of Oregon Revised Statutes 236.610.

7.4 Amendment. The Agreement may be amended at any time by mutual written agreement.

7.5 Force Majeure. In addition to the specific provisions of this Agreement, performance by any party shall not be in default where delays or default is due to war, insurrection, terrorism, strikes, walkouts, riots, floods, drought, earthquakes, fires, casualties, acts of God, governmental restrictions imposed or mandated by governmental entities other than the Parties, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulation, litigation or similar bases for excused performance which is not within reasonable control of the party to be excused (collectively, a "Force Majeure Event").

7.6 No Third-Party Beneficiaries. The parties to this Agreement are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give,

or shall be construed to give or provide, any benefit or right, whether directly or indirectly or otherwise, to third persons.

7.7 Nonwaiver. Failure by any party at any time to require performance by any other party or parties of any of the provisions hereof shall in no way affect such party's rights hereunder to enforce the same, nor shall any waiver by any party or parties of the breach hereof be held to be a waiver of any succeeding breach or a waiver of this nonwaiver clause.

7.8 Governing Laws. This Agreement shall be governed and construed in accordance with the laws of the State of Oregon without giving effect to the conflict of law provisions thereof. Venue in connection with any legal proceeding affecting this Agreement shall be in the Circuit Court of the State of Oregon for Clackamas County.

7.9 Number and Gender. Whenever applicable, the use of the singular number shall include the plural, the use of the plural number shall include the singular, and the use of any gender shall be applicable to all genders.

7.10 Successors and Assigns. This Agreement is to be binding on the successors and assigns of the Parties hereto and is not to be assigned by either Party without first obtaining the written consent of the other. No assignment of this Agreement shall be effective until the assignee assumes in writing the obligations of the assigning Party, and delivers such written assumption to the original Party to this Agreement.

7.11 Amendment Notice. No amendment or modification of this Agreement shall be made without 30 days prior written notice to the advisory boards as set forth below:

CCSD No. 1 Advisory Council
c/o Water Environment Services
Attn: Director
150 Beaver Creek Road, 4th Floor
Oregon City, Oregon 97045

TCSD Advisory Committee
c/o Water Environment Services
Attn: Director
150 Beaver Creek Road, 4th Floor
Oregon City, Oregon 97045

Upon receipt of notice, the advisory boards shall have an opportunity to comment on any proposed amendments at their regular public meetings and further by providing comments to:

Water Environment Services
Attn: Director
150 Beaver Creek Road, 4th Floor

Oregon City, Oregon 97045

The Director shall communicate these comments to the governing body of the districts.

All notices as to plant operations or system management shall be sent to:

Tri-City Plant Manager
15981 South Agnes Road
Oregon City, Oregon 97045

Kellogg Plant Manager
11525 SE McLoughlin Blvd.
Milwaukie, Oregon 97232

7.12 No Waiver. No failure by TCSD or CCSD#1 to insist on the strict performance of any agreement, term, covenant, or condition of this Agreement or to exercise any right or remedy consequent on a breach, and no acceptance of full or partial Rent during the continuance of any such breach, constitutes a waiver of any such breach or of such agreement, term, covenant, or condition. No agreement, term, covenant, or condition to be performed or complied with by either Party, and no breach by either Party, shall be waived, altered, or modified except by a written instrument executed by the non-breaching Party. No waiver of any breach shall affect or alter this Agreement, but each and every agreement, term, covenant, and condition of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach.

7.13 Cumulative Remedies. Each right and remedy provided for in this Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by TCSD or CCSD#1 of any one or more of the rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the party in question of any or all other rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise.

SECTION 8 INDEMNIFICATION.

8.1 Mutual Notification and Indemnity. The Parties agree to provide each other with written notice of any condition of which they are or become aware of that may violate this Agreement or applicable laws, regulations, or permits. A written report on the nature and amount of the violating discharge will be prepared and provided to the other Party within 5 business days of the time the violating discharge is identified. If the Party has the capability but does not correct such a condition within a reasonable time of written notice thereof, the offending Party shall pay any reasonable and necessary costs and expenses incurred by the other Party in connection with such condition. To the extent the violation is

a result of a Force Majeure Event or an action by a person other than the Parties hereto, the Parties shall work collaboratively to resolve the issue as expeditiously as possible. If either Party discharges into the Tri-City Plant any solids, liquids, gases, toxic substances, or other substances which is reasonably believed to cause or will cause damage to the Tri-City Plant, or is creating a public nuisance or a hazard to life or property, that Party shall discontinue the discharge of such substances. Because substandard conditions of sewage may cause serious damage to the Tri-City Plant, both Parties shall comply with generally accepted standards regarding the composition of sewage, and after compliance, may thereafter allocate the costs associated with necessary corrective actions as may be agreed.

8.2 Hold Harmless. Each Party shall indemnify and hold harmless the other from any and all claims, demands, damages or actions, including attorney fees arising from the errors, omissions or acts attributable to that Party or their employees, agents, officers or advisors. The Parties shall cooperate with each other to determine the source of possible violations of applicable law, regulations and permits (including applicable NPDES Permits). In the event TCSD is fined or otherwise penalized by local, state or federal agencies for failure to operate or maintain the Tri-City Plant in accordance with the requirements of any such agency, and it is demonstrated that such failure is due, in whole or in part, to either Party's discharge of sewage in violation of this Agreement, then that Party shall pay its allocated share of the costs of such fines or penalties as determined by the Director or his designee, including its share of the associated administrative, legal, and engineering costs incurred by TCSD in connection with the fines or penalties.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date stated above.

CLACKAMAS COUNTY BOARD OF COMMISSIONERS, GOVERNING BODY OF THE	CLACKAMAS COUNTY BOARD OF COMMISSIONERS, GOVERNING BODY OF
TRI-CITY SERVICE DISTRICT	CLACKAMAS COUNTY SERVICE DISTRICT NO. 1
By: <u>[Signature]</u>	By: <u>[Signature]</u>
Title: Chair <u>12-18-08 IX.3</u>	Title: Chair <u>12-18-08 IX.3</u>
ATTEST: <u>Mary Raethke</u>	ATTEST: <u>Mary Raethke</u>

5-102

EXHIBIT A

Description of Premises

See Attached Map for Depiction of Premises.

IGA BETWEEN CCSD#1 & TCSD-EXHIBIT A

IGA BETWEEN CCSD#1 AND TCSD, PAGE 18 OF 18

5-103

City of Gladstone Staff Report

Report Date: April 21, 2015
Meeting Date: April 28, 2015
To: City Council
From: Pete Boyce, City Administrator

AGENDA ITEM

Minutes

History/Background

The City has been contracting with individuals to produce minutes for City Council and Planning Commission meetings. Recently the City received notice that the person producing the minutes can no longer provide this service. This is the third person in the last few years. It usually takes an estimated 10 hours to produce minutes. Staff has been unable to identify another individual to prepare the minutes. A company has been found that provides transcriptions and minutes. The cost for this service is being researched although it will be higher than what the previous individual charged. Staff has received inquiries in the past from Councilors regarding the need for minutes. Technically the City is not required to produce written minutes. The City is legally able to use audio/video recordings of the meetings.

Proposal

Discuss and ask questions regarding meeting minutes.

Options

Options could include contracting with a private company to produce minutes. Pros include a more stable agreement for a longer term and continuing the current practice of written minutes; cons would include higher price. Another option is relying on current recordings of meetings as the official record. Pros include reduced expense as recordings are a current practice; cons include no written document, recordings like written minutes must be kept forever.

Cost Impact

Estimates still need to be compiled.

Recommended Staff Action

Staff would like to determine City Council's preference regarding a written record vs. a digital recording. Staff supports the digital recording due to reduced expense and limited additional time required to implement.

Department Head: N/A
Date:

Administration: Pete Boyce
Date: 04/21/2015



