



**GLADSTONE CITY COUNCIL WORK SESSION AGENDA
CIVIC CENTER COUNCIL CHAMBERS
May 23, 2023 - 5:30 PM**

5:30 p.m.

CALL TO ORDER
ROLL CALL
FLAG SALUTE

The City of Gladstone is abiding by guidelines set forth in House Bill 2560, which requires the governing body of the public body, to extent reasonably possible, to make all meetings accessible remotely through technological means and provide opportunity for members of general public to remotely submit oral and written testimony during meetings to extent in-person oral and written testimony is allowed. Therefore, this meeting will be open to the public both in person and virtually using the Zoom platform.

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/86045448436?pwd=Um5qSIFaTEs0Y0xnbWhjZ3EzZm4zZz09>

Passcode: 865144

Or One tap mobile :

+13462487799,,86045448436#,,,,*865144# US (Houston); +16694449171,,86045448436#,,,,*865144# US

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

+1 346 248 7799 US (Houston)

+1 669 444 9171 US

Webinar ID: 860 4544 8436

Passcode: 865144

The public is welcome to attend the Work Session in person, or on-line however, no public comment will be allowed.

WORK SESSION

- 1. DISCUSSION OF A PROPOSED NEW INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF GLADSTONE AND OAK LODGE WATER SERVICES RELATING TO WATER, WASTEWATER, AND STORM WATER.**
- 2. JOINT WORK SESSION WITH THE SENIOR CENTER ADVISORY BOARD TO DISCUSS CHANGING THE NAME OF THE GLADSTONE SENIOR CENTER.**
- 3. DISCUSSION OF THE INFLOW AND INFILTRATION (I&I) REDUCTION PROJECT IN ACCORDANCE WITH THE MEMO OF UNDERSTANDING WITH DEPARTMENT ENVIRONMENTAL QUALITY (DEQ).**

ADJOURN

Upcoming Meeting Dates:

Upcoming Meeting Dates:

- June 13, 2023 – Regular City Council Meeting- 6:30 p.m.
- June 27, 2023 – City Council Work Session - 5:30 p.m.

MEETING ACCESSIBILITY SERVICES AND AMERICANS WITH DISABILITIES ACT (ADA) NOTICE

The Civic Center is ADA accessible. Hearing devices may be requested from the City Recorder at least 48 hours prior to the meeting. Individuals requiring other assistance must make their request know 48 hours preceding the meeting by contacting the City Recorder at bannick@ci.gladstone.or.us. Staff will do their best to respond in a timely manner and to accommodate requests.

**WORK
SESSION
#1**

City of Gladstone Staff Report

Report Date: May 16, 2023
Meeting Date: May 23, 2023
To: Gladstone City Council
From: Jacque Betz, City Administrator

AGENDA ITEM

Work session to review a proposed new intergovernmental agreement with the City of Gladstone and Oak Lodge Water Services (OLWS) relating to water, wastewater, and storm water. Representatives from OLWS will be participating in the worksession.

BACKGROUND

Oak Lodge Water Services (OLWS) and Gladstone have adjacent and overlapping territorial boundaries. Within those boundaries, each entity operates a water and a wastewater collection system, and manages stormwater.

Territorial boundaries and utility systems have evolved over time, and OLWS and Gladstone have generally worked together to build their utility systems in an efficient manner throughout their combined territories. As a result, portions of Gladstone's water utility system serve customers located within OLWS's territorial jurisdiction, and portions of OLWS's water utility system serve customers located within Gladstone's territorial jurisdiction. The wastewater collection systems of each entity are interconnected, with the vast majority of wastewater in these areas flowing to OLWS's treatment plant (those areas not flowing to OLWS flow to WES). For stormwater, Gladstone has the primary responsibility for managing stormwater run-off from the rights-of-way it controls, whereas Clackamas County ("County") has the primary responsibility for managing stormwater run-off from the rights-of-way in OLWS's territory outside of Gladstone's boundary. However, OLWS helps the County manage some stormwater facilities, and portions of each stormwater system lie within the boundaries of the other entity.

As part of their efforts to develop and coordinate their utility systems, OLWS's predecessors and Gladstone have entered into at least six different intergovernmental agreements ("IGA"), originating from the 1970's, which themselves have been amended. Some of these agreements have broadly outlined each entity's roles and responsibilities, while others have addressed the provision of utility services to specific customers. However, it has become clear to the entities' professional staff that the previous IGAs no longer adequately capture the full relationship between the two entities. For many of the previous IGAs, the language is vague, leaving staff from both entities with many questions regarding the intent of those IGAs, or requiring lots of interpretation that may change over time.

The consolidation of the Oak Lodge Water District with the Oak Lodge Sanitary District, and now the conversion of that consolidated district to the Oak Lodge Water Services Authority, has created an opportunity for OLWS and Gladstone to revisit their relationship on a comprehensive basis. Staff and attorneys from each entity have been meeting periodically over the past several years to discuss the details of a new IGA that would combine many of the provisions of the previous IGA's into one place, update those provisions to match current business practices, and allow the entities to coordinate their utility systems on an even stronger basis going forward. Those efforts resulted in the IGA that is attached as Exhibit 1.

During the worksession, we will present the details of the IGA, which are briefly summarized below, and be available to answer the Board's questions.

1. **Term.** We are proposing a 40-year term for this IGA. Given the lifespan of utility facilities, such a long term is common for utility agreements. Indeed, OLWS and Gladstone are still operating under an IGA that is already more than 50 years old. This length of time will allow the entities to engage in meaningful, long-term planning.
2. **Service Areas.**
 - a. Section 4.1 of the IGA establishes the "Water Service Area" of each entity. Under these provisions, a water customer is deemed to be the customer of the entity that owns the water main from which that service is provided.
 - b. Section 4.2 of the IGA establishes the "Wastewater Service Area" of each entity. Under these provisions, a wastewater customer is deemed to be the customer of the entity that owns the water main from which water service is provided to that same customer.
 - c. The production of wastewater is highly correlated to water usage. The approach in the IGA is intended, to the extent practicable, to have each customer receive water and wastewater service from the same provider. Combining these linked services on the same bill will provide customers with more clarity regarding their charges, and it will allow a single utility provider to engage with that customer for all water-related purposes.
 - d. The IGA, however, does contemplate that there may be exceptions where it is more efficient for a customer to receive different services from different providers. Staff from both entities have identified an initial list of four properties where such an exception is warranted. For these properties, OLWS is the water service provider, but Gladstone would remain the wastewater service provider. This is because these four properties are connected to a wastewater collection system that is owned and operated by Gladstone both upstream and downstream of these properties. Staff therefore did not think it made sense for OLWS to be responsible for a small portion of the collection system that is bound on both sides by Gladstone's collection system.
 - e. Of note, for wastewater, the IGA does not govern any customers whose wastewater flows to WES, even if that customer is within both OLWS's and Gladstone's boundaries.
 - f. Section 4.3 of the IGA retains the current approach for stormwater, with Gladstone being responsible for the entire area within the City's boundaries. OLWS will continue to coordinate with the County for all other areas in the OLWS boundary.
3. **Rights and Obligations to Customers.** Article 6 of the IGA clarifies that each entity has the sole right to provide a utility service and establish the rates for that service within the established Service Areas. With those rights come certain obligations, such as performing all tests and inspections and communicating with customers. A primary goal here is to establish a structure that allows each customer to know with certainty which entity is providing its utility services, but also to give OLWS and Gladstone certainty with regard to the areas where each is expected to provide a utility service.
4. **Permits and SDCs.** Article 7 of the IGA clarifies how OLWS and Gladstone will conduct various permitting activities. These range from OLWS's use of Gladstone rights-of-way, including continued payment of Gladstone's ROW Use Fee, to coordinating the review of private development as part of the land use process. Article 7 also clarifies each entity's ability to assess System Development Charges ("SDCs"). This is especially important because some developers have been confused in the past when trying to determine which SDCs apply to a specific development and what the basis for those charges was.

5. **Gladstone as an OLWS Customer.** Because Gladstone does not have its own wastewater treatment facility, it contracts with OLWS (and WES) to provide that service. Gladstone and Oak Lodge also maintain multiple interties between their two water systems. Article 9 of the IGA consolidates these transactions from prior IGAs, and it more clearly sets forth the methodology used to calculate OLWS's charges to Gladstone for these purposes.

6. **Utility System Obligations.** Article 10 of the IGA re-establishes OLWS's and Gladstone's commitments to maintaining their utility systems. One area where this is most important relates to the wastewater systems, which are interconnected in various locations, both of which flow to OLWS's treatment plant. One of the pressures on OLWS's treatment plant is Inflow and Infiltration ("I&I"). OLWS has made meaningful gains in reducing I&I in its collection system. Gladstone has been supportive of that effort and, together, the entities recently performed an inspection of Gladstone's wastewater collection system. As a result of that inspection, Gladstone is agreeing to make more than \$700,000 in improvements through the end of 2027 that will further reduce I&I in the system. Gladstone will then conduct similar inspections every six years and identify further improvements that may be needed. Staff from both entities believe that the initial investment by Gladstone and the regular cadence of future inspections will create a much better system and, ultimately, extend the life and capacity of OLWS's treatment plant.

RECOMMENDATION

Staff requests the City Council to review the IGA and discuss the various provisions during the worksession with Staff and with OLWS representatives. The OLWS Board conducted a similar worksession on May 16, 2023, of which Gladstone representatives participated. The current plan is to bring the IGA to the Gladstone City Council for adoption on July 11, 2023, and then to the OLWS Board for adoption on July 18, 2023.

Department Head
Signature

Date

Jacquie M. Betz 5/17/23
City Administrator
Signature Date

Attachments

1. Draft IGA

**INTERGOVERNMENTAL AGREEMENT
BETWEEN OAK LODGE WATER SERVICES
AND
THE CITY OF GLADSTONE
RELATING TO THE PROVISION OF DOMESTIC WATER, WASTEWATER, AND
STORMWATER SERVICES**

This Intergovernmental Agreement (“**Agreement**”) is executed and entered into as of the date last signed (“**Effective Date**”) by and between the Oak Lodge Water Services Authority, an Oregon joint water and sanitary authority organized under ORS Chapter 450 (“**Oak Lodge**”), and the City of Gladstone, an Oregon municipal corporation (“**Gladstone**”), each referred to herein as a “**Party**” and collectively as the “**Parties**”.

RECITALS

- A. The Parties each own and operate a domestic water supply system and a wastewater collection system within their respective territorial jurisdictions. The Parties also each manage stormwater within their respective territorial jurisdictions.
- B. Portions of Gladstone’s water utility system serve customers located within Oak Lodge’s territorial jurisdiction. Portions of Oak Lodge’s water utility system serve customers located within Gladstone’s territorial jurisdiction.
- C. Portions of the Parties’ wastewater collection systems are interconnected. Wastewater from both Parties’ wastewater collection systems flows to Oak Lodge’s wastewater treatment plant where Oak Lodge treats the wastewater.
- D. Gladstone has the primary responsibility for managing stormwater run-off from the right-of-way it controls within its territorial jurisdiction. This management includes ownership, operation, and maintenance of stormwater facilities.
- E. Clackamas County (“**County**”) has the primary responsibility for managing stormwater run-off from the right-of-way the County owns within the County’s territorial jurisdiction, which includes areas outside of Gladstone’s territorial jurisdiction but inside Oak Lodge’s territorial jurisdiction. Oak Lodge also regulates aspects of stormwater as part of its obligations under the Federal Clean Water Act, which it implements through its Watershed Protection Services. By agreement with the County, Oak Lodge provides regular maintenance of portions of the County’s stormwater management system within Oak

Lodge's territorial jurisdiction, but Oak Lodge does not own or operate those stormwater facilities.

- F. ORS 190.010 authorizes Oak Lodge and Gladstone to enter into intergovernmental agreements for the performance of any or all functions and activities each has authority to perform.
- G. Gladstone and Oak Lodge's predecessors, Oak Lodge Sanitary District and Oak Lodge Sanitary District No. 2, executed that certain Interim Agreement, dated September 14, 1971, setting forth the parties' rights and obligations for the interconnection of their wastewater collection systems ("1971 Sewer IGA"); which agreement the parties later refined through that certain Sanitary Sewer Treatment Agreement, dated January 15, 2019, as amended ("2019 Sewer IGA").
- H. Gladstone and Oak Lodge's predecessor, Oak Lodge Sanitary District, executed that certain Intergovernmental Cooperation Agreement, dated January 29, 1990 ("1990 Sewer IGA"), whereby Gladstone delegated and consented to providing Oak Lodge with the legal authority and responsibility for performance of technical and administrative activities necessary for implementation of a pretreatment program within portions of Gladstone.
- I. In 1990, Gladstone and Oak Lodge's predecessor, Oak Lodge Water District, executed an Intergovernmental Cooperation Agreement ("1990 Water IGA") establishing the parties' rights and obligations for the interconnection of their water systems; which agreement the parties later refined through that certain Intergovernmental Cooperative Agreement, dated May 22, 2007 ("2007 Water IGA").
- J. Gladstone and Oak Lodge's predecessor, Oak Lodge Water District, executed that certain Water Services Agreement, dated November 14, 1994 ("1994 Water IGA"), establishing the Parties' agreement to serve certain properties within each Party's territorial jurisdiction.
- K. The Parties desire to build on their history of regional cooperation to ensure a cost-effective provision of reliable utility services to present and future customers, while preserving beneficial opportunities for the sustainable development of each Party's utility systems.

Based on the foregoing, the Parties agree as follows:

AGREEMENT

Article 1. Definitions

- 1.1. **Effective Date:** The date this Agreement becomes effective, as set forth in the Preamble.

- 1.2. **Equivalent Dwelling Unit (“EDU”):** A unit of measurement used to quantify a customer’s use of a Utility Service based on volume or capacity attributable to that customer as defined by the Party providing the Utility Service.
- 1.3. **Event of Default:** The failure of a Party to keep, perform, or observe any promise, covenant or agreement set forth in this Agreement and which entitles the other Party to a remedy as set forth in Article 12.
- 1.4. **Force Majeure Event:** An event defined in Section 13.12.1.
- 1.5. **Initial Wastewater Improvement List:** The list of capital improvement projects the Parties developed that will replace or repair certain portions of Gladstone’s Wastewater System as set forth in Section 10.3.1.
- 1.6. **Initial Wastewater System Inspection:** The inspection the Parties performed and on which the Initial Wastewater Improvement List is based as set forth in Section 10.3.1.
- 1.7. **Intertie:** A point of connection between the Parties’ Water Systems as identified in Section 9.1.
- 1.8. **Service Area:** The geographic area in which that Party actually provides a Utility Service whether now or in the future as set forth in this Agreement. Each Service Area may be described generically as a Service Area or specifically as a Water Service Area, Wastewater Service Area, or Stormwater Service Area.
- 1.9. **Stormwater Service:** The development, operation, or maintenance of stormwater facilities necessary to manage stormwater consistent with state and federal permits including, but not limited to, rate setting, system development charge policies and procedures, and account administration.
- 1.10. **Stormwater System:** A system of catch basins, ditches, and other facilities a Party uses to manage stormwater in furtherance of providing Stormwater Service.
- 1.11. **Term:** The period of time this Agreement is in effect, which period is defined in Section 2.1.
- 1.12. **Termination Date:** The earlier of the last day of the Term as set forth in Section 2.1 and the date of termination provided in a Termination Notice.
- 1.13. **Termination Notice:** A notice provided by a Party indicating its decision to terminate this Agreement as set forth in Section 2.3.
- 1.14. **Territorial Area:** The entire area within a Party’s municipal boundaries in which it is authorized to provide a Utility Service or implement a regulation, whether or not a Utility Service is currently being provided or a regulation has been imposed. Each Party’s Territorial Area as of the Effective Date is as set forth in Article 3.
- 1.15. **Utility Service:** Refers to either Water Service, Wastewater Service, Stormwater Service, or any combination of those services a Party provides or is capable of providing.
- 1.16. **Utility System:** Refers to a Party’s Wastewater System, Stormwater System, Water System, or any combination thereof.
- 1.17. **Wastewater Improvement List:** The list of potential capital improvement projects the Parties develop after a Wastewater System Inspection that will

replace or repair certain portions of Gladstone's Wastewater System as set forth in Section 10.3.2.

- 1.18. **Wastewater Service:** The development, operation, and maintenance of wastewater collection facilities necessary to serve retail or wholesale customers including, but not limited to, collection pipes, pumps, rate setting, system development charge policies and procedures, and account administration.
- 1.19. **Wastewater System:** The physical facilities a Party uses for wastewater collection and conveyance in the furtherance of providing Wastewater Service.
- 1.20. **Wastewater System Inspection:** The periodic inspection of Gladstone's Wastewater System as set forth in Section 10.3.2.
- 1.21. **Water Service:** The development, operation, and maintenance of water system facilities necessary for a Party to serve retail or wholesale customers including, but not limited to, water supply, storage, fire flow, rate setting, system development charge policies and procedures, and account administration.
- 1.22. **Water System:** The physical facilities a Party uses for the provision to the public of piped water for human consumption in furtherance of providing Water Service.

Article 2. Term and Termination

- 2.1. This Agreement's term commences upon the Effective Date and continues to June 30, 2063 ("**Term**"), unless extended or terminated earlier by mutual consent of the Parties.
- 2.2. The Parties may terminate this Agreement at any time by mutual, written agreement.
- 2.3. Either Party may terminate this Agreement by providing notice ("**Termination Notice**"), in writing, to the other Party stating the date of termination ("**Termination Date**").
 - 2.3.1. The Termination Date shall be June 30th of the year of termination, and no sooner than ten (10) years from the date of the Termination Notice.
 - 2.3.2. If a Party provides a Termination Notice pursuant to Section 2.3, that Party may not withdraw the Termination Notice without the consent of the non-terminating Party.
- 2.4. Effect of Termination. Upon the Termination Date of this Agreement, each Party shall continue to serve the then-current Service Area for each Utility. Except for Sections 6.1, 6.2, 6.3, and 10.1, which shall survive termination of this Agreement, all other obligations and commitments pursuant to this Agreement shall cease.

Article 3. Territorial Areas

- 3.1. The Parties agree that the figure attached as Exhibit 1 accurately depicts Oak Lodge’s Territorial Area as of the Effective Date.
- 3.2. The Parties agree that the figure attached as Exhibit 2 accurately depicts Gladstone’s Territorial Area as of the Effective Date.
- 3.3. Each Party shall give the other Party notice of any changes to its Territorial Area within thirty (30) days of the date the change becomes effective.

Article 4. Service Areas and Service

4.1. Water Service

- 4.1.1. The Parties agree that the figure(s) attached as Exhibit 3 accurately depict(s) the location of the water mains that are part of each Party’s Water System in the area where the Parties’ Territorial Areas overlap.
- 4.1.2. A water customer shall be deemed to be the customer of the Party that owns the water main from which that customer receives water, regardless of the customer’s location with respect to that Party’s Territorial Area.
- 4.1.3. Oak Lodge’s Water Service Area shall be deemed to include only the area that consists of all customers identified in 4.1.2 connected to an Oak Lodge water main.
- 4.1.4. Gladstone’s Water Service Area shall be deemed to include only the area that consists of all customers identified in 4.1.2 connected to a Gladstone water main.
- 4.1.5. The Parties agree that the figure(s) attached as Exhibit 4 accurately depict(s) each Party’s Service Area for Water Service as contemplated by Section 4.1.3 and Section 4.1.4.
- 4.1.6. Nothing in this Agreement shall prevent the Parties from determining that a customer or set of customers in one Party’s Water Service Area may be more efficiently served by a connection to the other Party’s Water System. In such event, the Parties shall make that determination through a written agreement, which shall serve to modify each Party’s Water Service Area accordingly. The Parties shall maintain an updated list that identifies the address of each customer in each of the Party’s Water Service Areas.

4.2. Wastewater Service

4.2.1. The Parties agree to establish each Party's Wastewater Service Area as follows:

4.2.1.1. Oak Lodge's Wastewater Service Area shall consist of:

4.2.1.1.1. All areas within Oak Lodge's Territorial Area, except those areas described in Section 4.2.1.2.2 and 4.2.1.4; and

4.2.1.1.2. Those areas within Gladstone's Territorial Area which are connected to Oak Lodge's Water System, or which the Parties have agreed to make part of Oak Lodge's Wastewater Service Area, as identified on Exhibit 5.

4.2.1.2. Gladstone's Wastewater Service Area shall consist of:

4.2.1.2.1. Those areas within Gladstone's Territorial Area that are not within Oak Lodge's Wastewater Service Area as described in Section 4.2.1.1 and that are not within the area described in Section 4.2.1.4; and

4.2.1.2.2. Those areas within Oak Lodge's Territorial Area which are connected to Gladstone's Water System, or which the Parties have agreed to make part of Gladstone's Wastewater Service Area, as identified on Exhibit 5. Pursuant to the foregoing, Exhibit 5 includes four properties, listed in the table in Exhibit 5.1, as part of Gladstone's Wastewater Service Area that are connected to Oak Lodge's Water System.

4.2.1.3. The Parties agree that the figure(s) attached as Exhibit 5 accurately depict(s) each Party's Service Area for Wastewater Service as set forth in Section 4.2.1.1 and Section 4.2.1.2.

4.2.1.4. Those areas within the Clackamas Water Environmental Services (WES) jurisdictional boundaries and served by WES facilities shall not be considered within either Party's Wastewater Service Area for purposes of this Agreement. Notwithstanding anything to the contrary in this Agreement, customers subject to this provision shall remain WES customers.

4.2.2. Nothing in this Agreement shall prevent the Parties from determining that a customer or set of customers in one Party's Wastewater Service Area may be

more efficiently served by a connection to the other Party's Wastewater System. In such event, the Parties shall make that determination through a written agreement, which shall serve to modify each Party's Wastewater Service Area accordingly. The Parties shall maintain an updated list that identifies the address of each customer in each Party's Wastewater Service Area.

- 4.2.3. In the event a customer receives Wastewater Service from one Party that uses Wastewater facilities (e.g. a lateral or main) owned by the other Party, the Party providing the service is hereby authorized, after providing reasonable notice to the other Party and at its own expense, to modify, repair, or replace the Wastewater facilities owned by the other Party to the extent necessary to provide adequate Wastewater Service to that customer.

4.3. **Stormwater Service**

- 4.3.1. For purposes of this Agreement, Oak Lodge shall not be deemed to have a Stormwater Service Area, but will continue to operate under an agreement with the County to maintain stormwater facilities that are not within Gladstone's Stormwater Service Area.
- 4.3.2. Except as provided in Section 4.3.3, Gladstone's Stormwater Service Area shall consist of the entire area within Gladstone's Territorial Area.
- 4.3.3. Notwithstanding Section 4.3.2, any property or area draining to Gladstone's Stormwater System through a catch basin or ditch that originates outside Gladstone's Territorial Area and within Oak Lodge's Territorial Area shall not be considered part of Gladstone's Stormwater Service Area for purposes of this Agreement.

Article 5. Annexation

- 5.1. This Agreement shall have no effect on either Party's authority to annex territory to that Party's Territorial Area.
- 5.2. In the event Gladstone annexes territory in Oak Lodge's Territorial Area, Gladstone shall provide notice as required by Section 3.3 and the area being annexed shall be added to Gladstone's Stormwater Service Area, subject to the exceptions in 4.3.3.

Article 6. Service Area Rights and Obligations

- 6.1. Within each Party’s Service Area, that Party shall have the sole right and obligation to operate, maintain, repair and enhance its Utility System(s), including setting rates for use of its Utility Systems.
- 6.2. Each Party shall own all meters that are part of its Utility System(s). As such, each Party shall have responsibility for testing and maintaining those meters consistent with prudent utility practices.
- 6.3. Only the Party providing a Utility Service shall bill the customers receiving the Utility Service.
- 6.4. Except as provided in Section 6.5 and Section 8.4, each Party shall have the sole right and obligation to communicate with all customers in its Service Areas regarding its Utility Service.
- 6.5. Emergency Communications. The Parties shall develop a protocol for responding to emergency calls regarding facilities in the other Party’s Service Area or part of the other Party’s Utility System.

Article 7. Permitting and System Development Charges

- 7.1. Permitting.
 - 7.1.1. If Oak Lodge requires a permit from Gladstone for development within Gladstone’s Territorial Area, Oak Lodge shall apply for and pay for the permit at the rate documented in Gladstone’s then-applicable rate schedule.
 - 7.1.2. Oak Lodge acknowledges that portions of its Utility Systems are currently subject to a Gladstone “ROW Use Fee”.
 - 7.1.2.1. Oak Lodge agrees that any portion of its Water System or Wastewater System governed by this Agreement shall be subject to Gladstone’s current ROW Use Fee.
 - 7.1.2.2. Gladstone agrees that Oak Lodge may collect revenue from any or all customers within its Service Areas to generate sufficient funds to pay the ROW Use Fee, including by passing through any ROW Use Fee to Oak Lodge customers.
 - 7.1.3. Except as provided in this Agreement, Oak Lodge shall not be required to obtain any other consent to occupy Gladstone rights-of-way or to pay any other charges for the development, maintenance, and operation of its Utility Systems within Gladstone’s Territorial Area.

- 7.1.4. Gladstone shall notify Oak Lodge of any application for a development permit within Gladstone's Territorial Area that is also within an Oak Lodge Service Area and allow Oak Lodge to determine if the applicable Utility Service can be provided to the proposed development.
- 7.1.5. If Oak Lodge receives notice from Clackamas County of any application for a development permit within Oak Lodge's Territorial Area that is also within a Gladstone Service Area, Oak Lodge will immediately forward that notice to Gladstone for comment to the County.
- 7.2. System Development Charges. Each Party shall have the sole right and obligation to determine the amount of a System Development Charge it will charge within its applicable Service Area, and the Parties agree to take all actions necessary to ensure their respective ordinances and regulations allow for the imposition and collection of System Development Charges within their Service Areas.
 - 7.2.1. The Parties agree that water System Development Charges may be assessed on a property only by the Party whose Service Area for Water Service includes that property.
 - 7.2.2. The Parties agree that wastewater System Development Charges may be assessed on a property only by the Party whose Service Area for Wastewater Service includes that property.
 - 7.2.3. The Parties agree that stormwater System Development Charges may be assessed on a property only by Gladstone in Gladstone's Stormwater Service Area and only by Oak Lodge outside of Gladstone's Stormwater Service Area.

Article 8. Implementation and Coordination

- 8.1. Gladstone designates its Public Works Director as its primary point of contact for all communications with Oak Lodge regarding the subject matter herein.
- 8.2. Oak Lodge designates its District Engineer as the primary point of contact for all communications with Gladstone regarding the subject matter herein.
- 8.3. At any time, the Parties may mutually agree in writing to modify the Service Areas for a Utility Service.
- 8.4. Prior to one Party providing a Utility Service in a portion of a Service Area where it does not provide that Utility Service as of the Effective Date, the Parties will coordinate on communications to customers in that area to inform the customers of the change in service provider.
- 8.5. The Parties will develop a specific plan with respect to operation, maintenance, metering and billing for emergency interties or repairs.

Article 9. Gladstone as Oak Lodge Customer

9.1. Distinct from Utility Services the Parties provide to the public, the Parties maintain three separate connections between their Water Systems at the following locations (each an “**Intertie**” and collectively “**Interties**”):

- 17802 Oatfield Rd, Gladstone, OR 97027 (currently 6-inch meter)
- 5210 Rinearson Rd, Gladstone, OR 97027 (currently 6-inch meter)
- 16711 SE Valley View Rd, Gladstone, OR 97027 (currently 10-inch meter)

As part of the Interties, Gladstone uses an Oak Lodge 24-inch water transmission line and a 27-inch water transmission line to obtain water in emergency conditions and to build hydraulic head from Valley View to back feed part of Gladstone’s Water System.

9.1.1. The Parties agree to continue providing water through the Interties during emergency conditions.

9.1.1.1. An emergency condition is considered to be an occurrence created by a physical failure of facilities (including failure of water supply transmission pipelines), fire suppression activities, or premeditated shutdown of water supply facilities when such conditions result in insufficient water supply to water customers of either Party that would threaten the health or safety of those customers.

9.1.1.2. The Party supplying water during an emergency condition shall endeavor to supply the maximum quantity of water to the other Party and take all reasonable actions necessary to accomplish the same so long as such actions are consistent with minimum standards for the operation of its own Water System.

9.1.1.3. The Parties acknowledge that current system pressures only allow for water to flow from Oak Lodge’s Water System to Gladstone’s Water System. However, with modifications, water could flow into either Water System.

9.1.2. Oak Lodge agrees to continue providing water to Gladstone’s Water System from the Interties to meet an on-demand condition. An on-demand condition is considered to be an occurrence which results in a decrease in the water pressure normally present on Gladstone’s Water System. Such decrease in pressure below a predetermined level will result in the utilization of a pressure regulating facility, through which Oak Lodge water will flow, augmenting Gladstone’s water supply. Gladstone shall provide Oak Lodge with reasonable notice prior to taking water from the Interties during an on-demand condition.

9.1.3. Oak Lodge shall own the meters that measure water volumes passing through each Intertie.

- 9.1.3.1. Oak Lodge shall be responsible for testing and maintaining all meters associated with transmitting water between Oak Lodge's Water System to Gladstone's Water System.
- 9.1.3.2. In the event it is determined that a metering error has occurred, any charge for transmitting water between Gladstone's Water System and Oak Lodge's Water System will be trued up (either a surcharge or refund, as appropriate) with the next payment as applicable.
- 9.1.4. In the event it becomes necessary for the Parties to replace, modify, or upgrade the Intertie facilities, the Parties will negotiate in good faith to determine a method to share the costs for such activities.
- 9.1.5. Each Party agrees to pay, on a monthly basis, for any water provided by the other Party through the Interties. The rate for any such water shall be:
 - 9.1.5.1. If charged to Oak Lodge by Gladstone, (1) the then-applicable wholesale rate charged by the North Clackamas County Water Commission ("NCCWC") per 100 cubic feet and (2) an additional charge of \$0.05 per 100 cubic feet;
 - 9.1.5.2. If charged to Gladstone by Oak Lodge, (1) the then-applicable wholesale rate charged by NCCWC per 100 cubic feet; (2) an additional charge of \$0.05 per 100 cubic feet for water provided through the Interties at Oatfield Road and Rinearson Road, and \$0.15 for water provided through the Intertie at Valley View Road; and (3) fifty percent (50%) of Oak Lodge's then-current base charge applicable to the meter size at each Intertie.
- 9.2. Waste from Gladstone's Wastewater System flows to, and is treated by, Oak Lodge's wastewater treatment plant.
 - 9.2.1. Gladstone shall pay Oak Lodge a bi-monthly service fee for waste water treatment plant services based on Oak Lodge's then-applicable rates on the basis of Equivalent Dwelling Units or similar methodology ("EDU"), which will be determined as follows:
 - 9.2.1.1. Oak Lodge will calculate a proposed wastewater rate per EDU for a fiscal year and provide notice to Gladstone of the proposed rate by March 15th immediately preceding the fiscal year.
 - 9.2.1.2. Oak Lodge will notify Gladstone of the rate proposed by its Budget Committee by April 30th immediately prior to start of the new fiscal year.
 - 9.2.1.3. Oak Lodge will notify Gladstone of the final rate proposed by Oak Lodge's Board upon adoption of that rate.
 - 9.2.1.4. To determine the appropriate charges to Gladstone, Gladstone will provide

to Oak Lodge no later than May 15th of each year a report confirming the number of EDUs in Gladstone's Wastewater Service Area connected to Oak Lodge's Wastewater System and the winter water usage (October to March) for each service address associated with those EDUs. Oak Lodge will use that information to determine the specific charge applicable to Gladstone for all EDU's. Oak Lodge will bill Gladstone bi-monthly based on the final rate set forth in Section 9.2.1.3 as applied to the total number of EDUs reported by Gladstone.

9.2.2. Oak Lodge will also continue to have a "Connection Fee" or "Hook-up Fee" for any new connections in Gladstone's Wastewater Service Area that are connected to Oak Lodge's Wastewater System. The fee or charge will be equivalent to Oak Lodge's then-current SDC.

9.2.2.1. The Parties acknowledge that the City will pass the charges set forth in Section 9.2.2 through to the specific customers in the City whose use of the Gladstone Wastewater System results in the charges.

9.2.2.2. Gladstone will remit the charges set forth in Section 9.2.2 to Oak Lodge prior to allowing any new connections that flow to Oak Lodge's Wastewater System.

Article 10. Utility System Obligations

10.1. For each of its Utility Systems, each Party shall be solely responsible for the following:

10.1.1. Issuing all permits, and collecting any associated fees, required for any connection to the Party's Utility System.

10.1.2. Performing locates, inspections, or repairs necessary to keep the Party's Utility System in good working condition consistent with prudent utility practices.

10.1.3. Performing all billing and collection activities for customers taking service from the Party's Utility System.

10.1.4. Communicating with customers and resolving any customer disputes.

10.1.5. Enforcing all rules and regulations applicable to the Party's Utility System.

10.2. With respect to Wastewater Service:

10.2.1. Gladstone agrees to adhere to Oak Lodge's Rules and Regulations governing connections to Oak Lodge's Wastewater System for any property owned or controlled by Gladstone.

10.3. Inspections and Repair

10.3.1. Initial Inspection

- 10.3.1.1. On March 11, 2021, the Parties concluded an inspection, using a Pipeline Assessment Certification Program (PACP) Standard rating practice, on all pipes in Gladstone's Wastewater Service Area ("**Initial Wastewater System Inspection**").
- 10.3.1.2. The purpose of the Initial Wastewater System Inspection was to identify priority repairs or replacements for Gladstone's Wastewater System. Following the Initial Wastewater Inspection, the Parties prepared a list of all facilities on Gladstone's Wastewater System that received a "4" or a "5" rating using the PACP Standard ("**Initial Wastewater Improvement List**", Exhibit 6).
- 10.3.1.3. Gladstone shall repair or replace all facilities on the Initial Wastewater Improvement List no later than December 31, 2027.

10.3.2. Subsequent Inspections and Repairs

- 10.3.2.1. No later than March 2027, and then at least every 6 years thereafter, Gladstone shall inspect, using a PACP Standard rating practice, all pipes in its Wastewater Service Area ("**Wastewater System Inspection**") and provide records of these inspections to Oak Lodge. The inspection shall not include any areas encompassing a then-active CIP project.
- 10.3.2.2. Unless otherwise agreed to by the Parties, Gladstone shall conduct the Wastewater System Inspection.
- 10.3.2.3. In the event Gladstone determines it does not have the resources to conduct a Wastewater System Inspection, Oak Lodge shall conduct the Wastewater System Inspection, provided Gladstone notifies Oak Lodge of its inability to conduct the inspection no later than the July 1st preceding the applicable March inspection deadline under Section 10.3.2.1. If Oak Lodge conducts the inspection, Gladstone shall reimburse Oak Lodge for the actual inspection costs.
- 10.3.2.4. The purpose of the Wastewater System Inspection is to identify priority repairs or replacements for Gladstone's Wastewater System. Following each Wastewater Inspection, the Parties will prepare a list of all facilities on Gladstone's Wastewater System that receive a "4" or a "5" rating using the PACP Standard ("**Wastewater Improvement List**").

10.3.2.5. As Gladstone’s budget and other obligations allow, Gladstone shall prioritize repairing or replacing facilities on the Wastewater Improvement List prior to the conclusion of the next Wastewater System Inspection.

10.4. Gladstone shall notify Oak Lodge of any proposed new connections or changes in use to properties in Gladstone’s Wastewater Service Area so that Oak Lodge can determine if pretreatment services are required. In the event pretreatment services are required, Gladstone shall ensure all applicable requirements of the Oregon Department of Environmental Quality are satisfied before allowing the new connection or change in use.

Article 11. Dispute Resolution

- 11.1. In the event of a dispute concerning the performance of duties under this Agreement, the Parties will make a reasonable effort to reach an informal resolution of the dispute that is fair and equitable to both.
- 11.2. If the Parties are unable to resolve a dispute informally, despite reasonable efforts, the Parties shall endeavor to settle the dispute by a mediation administered by a mediator chosen by the Parties. If any aspect of the dispute is not settled through mediation, the Parties shall be entitled to pursue any legal proceeding.
- 11.3. Each party is responsible for its own attorney fees and expert fees. Each Party shall pay half of the costs arising out of and relating to retaining the services of a mediator.

Article 12. Default/Remedies/Limits of Liability

- 12.1. Events of Default. There is an event of default (“**Event of Default**”) if a Party fails to keep, perform, or observe any promise, covenant or agreement set forth in this Agreement.
- 12.2. Notice and Opportunity to Cure. Upon an Event of Default, the non-defaulting Party may cancel and terminate this Agreement upon giving 30 days’ advance written notice to the defaulting Party of the intention to terminate, at the end of which time this Agreement shall terminate, unless the Event of Default, which must have been stated in the notice, has been cured within such 30 days. If the defaulting Party cannot reasonably cure any alleged default within 30 days, such cure period shall be extended for such further period as the defaulting Party reasonably requires, provided that during such extended period the defaulting Party endeavors to cure such alleged default diligently and with reasonable continuity.
- 12.3. Remedies. If an Event of Default occurs and is continuing or is not timely cured, the non-defaulting Party may pursue any and all remedies available at law or in equity.

Article 13. Miscellaneous

- 13.1. North Clackamas County Water Commission. No provision in this Agreement

affects the Parties' participation in the North Clackamas County Water Commission, and this Agreement shall be construed so as not to contravene any obligation of the Parties with respect to their participation in that commission.

- 13.2. Compliance with Laws. Each Party shall comply with all federal, state, and local laws applicable to its operations and obligations under this Agreement.
- 13.3. Good Faith and Fair Dealing. The performances required by the provisions of this Agreement shall be undertaken in good faith, with each Party dealing fairly with the other.
- 13.4. Further Assurances. At any time and from time to time after the Effective Date, the Parties shall cooperate with each other to execute and deliver any other documents, instruments of transfer or assignment, files, books and records, and do all further acts and things as may reasonably be required to carry out the intent of the Parties under this Agreement.
- 13.5. Applicable Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon, without resort to any jurisdiction's conflict of laws, rules, or doctrines. A Party shall file any lawsuit regarding the interpretation or enforcement of this Agreement in the Circuit Court for Clackamas County.
- 13.6. Non Waiver. Failure by either Party to enforce a provision of the Agreement shall not constitute a continuing waiver, shall not constitute a relinquishment of the Party's right to performance in the future, and shall not operate as a waiver of the Party's right to enforce any other provision of the Agreement.
- 13.7. Assignment and Delegation. A Party shall not assign, sell, subcontract, dispose of or transfer rights or delegate its duties under the Agreement, either in whole or in part, without the other Party's prior written consent. Notwithstanding the foregoing, the rights under the Agreement may be assigned or transferred by operation of law, change of control, or merger of one Party with another public entity without the prior written consent of the non-assigning, non-transferring Party.
- 13.8. Binding Effect. All covenants, conditions, and terms of this Agreement shall extend to and be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto, if any.
- 13.9. Merger. This Agreement, including any attached exhibits, constitutes the entire and integrated agreement between the Parties and supersedes all prior contracts, negotiations, representations or agreements, either written or oral. All prior and contemporaneous agreements between the Parties on the matters contained in the Agreement are expressly merged and superseded by the Agreement. Such prior agreements include the 1971 Sewer IGA, the 1990 Sewer IGA, the 1990 Water IGA, the 1994 Water IGA, the 2007 Water IGA, and the 2019 Sewer IGA, including all amendments related thereto.

13.10. Severability. If any term or provision, or portions of any term or provision, is determined to be illegal, invalid, void, or unenforceable, the remaining terms and provisions of the Agreement shall remain in full force if the essential terms and conditions of the Agreement for each Party remain valid, binding, and enforceable.

13.11. Notice. Any notice required or permitted under this Agreement shall be made in writing and shall be (i) delivered in person or (ii) sent by certified mail, return receipt requested, deposited in a United States Post Office with postage charges prepaid. The date on which notice is deemed complete is upon delivery if delivered in person or, if sent by mail, upon five days after mailing. Notice must be delivered to:

If to Oak Lodge:	If to Gladstone:
Oak Lodge Water Services Attn: General Manager 14996 SE River Road Oak Grove, OR 97267	City of Gladstone Attn: City Administrator 18505 Portland Avenue Gladstone, OR 97027

13.12. Force Majeure.

13.12.1. Force Majeure Event Defined. Neither Party shall be held responsible for delay or default caused by war, insurrection, acts of terrorism, strikes, lockouts, labor disputes, riots, terrorist acts or other acts of political sabotage, volcanoes, floods, earthquakes, fires, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priorities, severe weather, or any other uncontrollable or unforeseeable act or circumstance beyond a Party’s reasonable control and without fault or negligence of the Party (“**Force Majeure Event**”).

13.12.2. Reasonable Efforts to Remove or Eliminate Force Majeure Event. A Party affected by the Force Majeure Event shall make all reasonable efforts to remove or eliminate the cause of the Force Majeure Event and shall diligently pursue performance of its obligations under the Agreement after the Force Majeure Event ceases.

13.12.3. Written Notice; Effect of Delay. If there is a delay as a result of a Force Majeure Event, the Party delayed shall give written notice of the delay and the reason of the delay to the non-delayed Party within thirty days after the Party delayed learns of the Force Majeure Event. The Party delayed may request an extension of time up to the length of time of the delay due to a Force Majeure Event.

13.13. Amendment. Unless expressly provided in this Agreement, no provision of this Agreement may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by the Party against which the enforcement of

such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such writing.

- 13.14. Counterparts. This Agreement may be executed in one or more counterparts and by the different Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, that all of which shall together constitute one and same instrument. Each copy of the Contract so executed shall constitute an original. The exchange of signed copies of the Contract by electronic mail in Portable Document Format, or its equivalent, shall constitute effective execution and delivery of the Contract. Signatures on the pages sent through electronic mail shall be deemed to be their original signatures for all purposes.
- 13.15. Captions. The captions and headings in this Agreement are for convenience of reference only and have no legal force or effect. Such captions and headings shall not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.
- 13.16. No Third-Party Beneficiaries. Oak Lodge and Gladstone are the only parties to the Agreement and are the only parties entitled to enforce its terms. Nothing in the Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, either directly, indirectly, or otherwise, to third parties unless such third parties are identified by name in the Agreement and expressly described in the Agreement as intended beneficiaries.

**OAK LODGE WATER SERVICES
AUTHORITY**

CITY OF GLADSTONE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**WORK
SESSION
#2**

City of Gladstone Staff Report

Report Date: May 16, 2023
Meeting Date: May 23, 2023
To: Gladstone City Council
From: Jacque Betz, City Administrator

AGENDA ITEM

Work session to discuss a proposed name change for the Gladstone Senior Center

BACKGROUND

The City Council adopted a goal to commence a community engagement process to change the name of the Gladstone Senior Center to provide expanded multigenerational services.

The Gladstone Senior Center Advisory Board embraced this opportunity and will attend the work session to go through the community outreach process, and to make a recommendation on the name change. This information will be handed out at the meeting.

RECOMMENDATION

No decision will be made at the meeting. If the City Council concurs with the recommendation then staff will prepare a resolution to bring back to the Council for consideration at the June 13, 2023 meeting.

Department Head
Signature

Date

City Administrator
Signature

Date

**WORK
SESSION
#3**

City of Gladstone Staff Report

Report Date : May 16, 2023
Meeting Date : May 23, 2023
To : City Council
From : Darren Caniparoli, Public Works Director

AGENDA ITEM

Update to the City Council on the Inflow & Infiltration (I/I) Reduction Project, which is an adopted City Council goal.

History/Background

The City of Gladstone has a longstanding history of Oregon Department Environmental Quality (DEQ) violations pertaining to raw sewage overflowing into the Clackamas River. Violations that have been a result of stormwater infiltration and inflow (I&I) into the city's sewer collection system.

As part of a Mutual Agreement Order (No. WQ/M-NWR-2019-038) between DEQ and the City of Gladstone; DEQ granted the city time to correct our system deficiencies. To date the City has met all obligations with DEQ.

In May 2019 the City contracted with Leeway Engineering to complete field work which included smoke testing and CCTV investigations, the findings from the field work was used to prepare the final I&I report for DEQ.

In April 2022 the City Council approved a contract with Leeway Engineering to design the I&I Reduction Project. Leeway Engineering is in the final design stages of the work that needs to be completed by January of 2024.

Rob Lee with Leeway Engineering will be providing a presentation for City Council to discuss Inflow & Infiltration, what it is, how to fix it and the project specific to the City of Gladstone. The next step is for the City to solicit bids to complete the work and a contract will come to the City Council this summer.

 5/17/23
Department Head Signature Date

 5/17/23
City Administrator Signature Date

