



**JOINT WORKSHOP
REDMOND CITY COUNCIL /
DESCHUTES COUNTY COMMISSIONERS**

October 17, 2023
Civic Rooms 207/208 • 411 SW 9th Street

**COUNCIL
MEMBERS**

Ed Fitch
Mayor

Cat Zwicker
Council President

Tobias Colvin
Councilor

Clifford Evelyn
Councilor

John Nielsen
Councilor

Kathryn Osborne
Councilor

Shannon Wedding
Councilor

OCTOBER 17, 2023

MEETING AGENDA

6:00 PM

I. CALL TO ORDER

II. PRESENTATIONS & DISCUSSIONS

A. Transportation Priorities / County Transportation System Plan

Topic Lead: *Chris Doty, Deschutes County; Jessica MacClanahan, City of Redmond; Matt Kittelson, Kittelson and Associates; Gary Farnsworth and Bob Townsend, Oregon Department of Transportation*

B. Water Resources / Water Permit / Deschutes Basin

Topic Lead: *Mayor Ed Fitch, City of Redmond*

C. CORE3 Project Update

Topic Lead: *Scott Aycock, Central Oregon Intergovernmental Council*

D. Terrebonne Intergovernmental Agreement / Redmond Wetlands Complex

Topic Lead: *Ryan Kirchner and Jon Skidmore, City of Redmond; Chris Doty, Deschutes County*

E. Fairgrounds Update

Topic Lead: *Geoff Hinds, Deschutes County Fairgrounds*

F. Negus Transfer Station / Landfill / Siting / Franchise Agreement Update

Topic Lead: *Tim Brownell, Deschutes County Solid Waste Director*

III. ADJOURN

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 6:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 6:00 p.m.

The City of Redmond encourages all citizens to participate in its programs and activities. This meeting location is accessible to people with disabilities. Requests for accommodation may include sign language interpreter service, assistive listening devices, materials in an alternate format or any other accommodation. If any accommodations are needed, please contact the ADA Coordinator at 541-504-3036 or access@redmondoregon.gov. Requests should be made as soon as possible, but at least 3 business days prior to the scheduled meeting.

The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities



CITY OF REDMOND

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STAFF REPORT

DATE: October 17, 2023
TO: City Council
THROUGH: Keith Witcosky, City Manager
Jason Neff, Deputy City Manager/Chief Financial Officer
FROM: Jessica MacClanahan, Public Works Director/City Engineer
SUBJECT: Terrebonne Intergovernmental Agreement / Redmond Wetlands Complex

Report in Brief:

This discussion provides an opportunity for the City Council and the Deschutes County Board of Commissioners to further understand the specifics of the proposed Intergovernmental Agreement (IGA) between the City of Redmond (City), Deschutes County (County), and the Terrebonne Sanitary District (District). The intent of the IGA is multi-faceted and aims to:

- Document how the City will provide treatment capacity for the District.
- Document the County's obligation to purchase treatment capacity for the community of Terrebonne.
- Document the District's obligations to pay for the requested treatment capacity and monthly sewer rates.
- Require the District to comply with all laws, rules, regulations, and ordinances regarding discharge to the Redmond Wetland Complex.

Background:

The City of Redmond Water Pollution Control Facility (WPCF) is currently located within the Dry Canyon, about 1.5 miles northwest of the Redmond City Center. The facility is surrounded by residential homes situated along the canyon walls, and more rural residential and farmland generally to the north.

Additionally, the City owns a 609-acre Irrigation Complex, located at 5801 Northwest Way, which produces orchard grass (hay) using effluent from the WPCF for irrigation and biosolids from the WPCF as fertilizer. The WPCF also leases 35 acres of land from BLM where disinfected effluent is infiltrated into the ground.

In 2020, the City amended its Wastewater Facility Plan (WWFP) to assess options for expansion of treatment facilities to accommodate Redmond's current and projected 20-year service needs. The WWFP Amendment recommended relocation of the existing WPCF from the Dry Canyon to the Irrigation Complex and design / construction of a lagoon treatment system along with a constructed wetland treatment and disposal system. The technology chosen for the treatment facility, and the amount of acreage associated with the facility will provide for future capacity expansions in a relatively simple and economical manner.

In June of 2023, the City of Redmond received land use approval from Deschutes County to construct the Redmond Water Pollution Control Facility, also known as the Redmond Wetlands Complex (RWC). The City is near completion of the final WPCF design and plans on starting construction during the spring of 2024.

The Terrebonne community relies on onsite septic systems for wastewater treatment and many systems are nearing the end of their useful lives. Further, there are very limited replacement options. The County conducted a sewer feasibility study for the unincorporated community of Terrebonne that compared various approaches to serving Terrebonne with needed wastewater treatment. That study identified a preferred option of a Septic Tank Effluent Pumping (STEP) system and collection system to be managed by a sanitary district which would connect to the RWC to treat and dispose of effluent.

On November 15, 2021, the County and the City entered into a Memorandum of Understanding (MOU) to coordinate efforts to evaluate and make recommendations regarding the viability of discharging septic tank effluent generated in Terrebonne directly to the City's expanded treatment facilities. The parties determined that discharging Terrebonne's effluent to the City wastewater treatment facility was viable and pursued the development of a binding agreement in the form of an IGA.

The District was formed by voter approval of Measure 9-156 in the March 14, 2023, Special Election and thereafter by order of the Deschutes County Board of Commissioners on April 12, 2023, as per applicable provisions within Oregon Revised Statutes 198 and 450. District representatives, City, and County staff cooperatively developed the IGA which outlines the obligations of the three parties.

Discussion:

The IGA is the result of a significant amount of collaboration between representatives from the City, County and District since the MOU between the County and City was first entered. The group has worked to assure necessary treatment capacity for the Terrebonne community based on expected service connections and assures cost recovery for the City to provide such treatment.

The District's requested treatment capacity represents 3.5% of the total treatment capacity of the RWC. Based on an estimated project cost of \$63 million, the cost to provide that amount of treatment capacity is \$2.2 million. The County's million-dollar contribution is approximately 45% of that total cost. The IGA specifies that the District must repay the remaining amount owed in order to use that additional capacity.

The District will pay a monthly sewer treatment charge based on the metered gallons of flow per month. The fee itself will be calculated on the percentage of the City's Wastewater Division budget that is dedicated to wastewater treatment (which does not include collection costs). This will be reviewed and adjusted annually as warranted by the adopted budget.

The City will charge a 5% administrative fee to cover administrative and other maintenance costs associated with billing, maintenance of meter vaults, calibrating meters (3rd party service provider), and sampling services.

Through the coordination process associated with drafting the IGA, all representatives understood and worked to address the financial realities associated with the creation of a new sanitary district and construction of a new wastewater treatment facility. The IGA and resulting wastewater treatment support economic development opportunities and environmental health for residents in Deschutes County.

Fiscal Impact:

The IGA is structured to provide on-going cost recovery to the City for the costs incurred in construction of capacity to serve the District as well as the cost to treat effluent. The true and actual costs of construction will be relied on to finalize the financial obligations of the District for the full capacity requested. The remaining balance owed for the District's requested capacity will accrue interest based on the City's Department of Environmental Quality Clean Water State Revolving Fund loan agreement.

Alternative Courses of Action:

N/A

Recommendation / Suggested Motion:

N/A

INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement (IGA) is made and entered into by and between Deschutes County, a political subdivision of the State of Oregon, by and through its elected officials, hereinafter referred to as "County"; the Terrebonne Sanitary District, a special district of the State of Oregon, by and through its elected officials, hereinafter referred to as "District"; and City of Redmond, Oregon, an Oregon municipal corporation, by and through its elected officials, hereinafter referred to as "City," all herein referred to individually or collectively as the "Party" or "Parties".

RECITALS

1. By the authority granted in ORS 190.110, a unit of local government may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that are party to the agreement, its officers or agencies have the authority to perform.
2. Pursuant to said authority, County and City find it beneficial to both agencies and therefore wish to design, construct, operate, and maintain certain improvements within City's Wetlands Complex Expansion Project ["Project"] to serve the District.
3. The District's wastewater collection system will consist of a septic tank effluent pump [STEP] system with a single point of connection to City's Project. See Exhibit A.
4. The District was officially formed by voter approval of Measure 9-156 in the 3/14/2023 special election and thereafter by order of the Deschutes County Board of Commissioners on 4/12/2023, as per applicable provisions within ORS 198 and 450.
5. County and City held a joint work session on November 9, 2021, and subsequently executed a non-binding Memorandum of Understanding related to this matter on November 15, 2021 [DC-2021-922].
6. City is currently engaged in design to relocate and expand its sanitary sewer treatment facilities as part of the Project, which is located within the County at 5801 Northwest Way. See Exhibit A.
7. The District has requested a total treatment capacity of 164,000 gallons per day (gpd). The 164,000 gpd request is equivalent to 3.5% of the treatment capacity of the Project (4.6 MGD). The Project construction and design costs, minus pipeline costs, are estimated to be \$63,000,000 in total. The cost of treatment capacity for 164,000 gpd (3.5% of treatment capacity) is \$2,212,420. The total project cost and District portion due to City will be updated based on final contractor bids and DEQ loan terms.
 - a. District intends to serve development within the unincorporated community boundary of Terrebonne and estimates buildout sanitary flow of 164,000 gpd.
 - b. Should the District require additional treatment capacity beyond the estimated buildout sanitary flow of 164,000 gpd, this agreement may be revisited to develop a methodology for the District to purchase additional treatment capacity.
8. County has pledged \$1,000,000 to purchase capacity at the Project for the community of Terrebonne (45.2% of \$2,212,420). This payment will cover the cost to treat 74,128 gpd

of wastewater from District. District will purchase the remaining requested treatment capacity of 89,872 gpd as outlined in Exhibit B of this agreement.

NOW THEREFORE, the Parties agree as follows:

Parties will continue to coordinate efforts regarding design, construction, operation, maintenance, and funding to accommodate discharge of septic tank effluent generated in District directly to the Project to include the following:

County Obligations

1. County funding allocations to the City shall occur as follows:
 - a. \$500,000 in American Rescue Plan Act (ARPA) allocation awarded to City on August 23, 2023.
 - b. \$500,000 payment on or before July 31, 2024.

District Obligations

1. All activities and costs associated with the implementation and on-going management of a sanitary district in Terrebonne.
2. Design, construct, operate, and maintain, in perpetuity, a collection system and delivery pipeline to the Project as generally shown in Exhibit A.
3. Design and construct an effluent flow meter and monitoring vault including pipes, valves, sample ports, and PH/strength monitoring equipment. District will be responsible for paying all cost associated with replacing equipment as needed.
4. If odor issues arise that can be attributed to the District effluent via testing, additional measures will be taken by the District to mitigate odors resulting from the H2S concentration in its effluent.
5. Rates/Costs/Estimated Revenues
 - a. Purchase remaining treatment capacity from City [see Exhibit B].
 - b. Pay monthly rates and administrative fee to City based on the approved methodology [see Exhibit C].
6. Operation and Maintenance
 - a. Coordinate with City to ensure compliance with City Industrial Pre-Treatment Program. District customers exceeding established thresholds for significant flow, organic loading, or categorical pollutants will be subject to City discharge permit requirements.
 - b. Address odor issues attributable to District effluent (via testing).
 - c. Report District sewer connections to City on an annual basis.
7. District agrees to adopt and/or modify its ordinances and procedures to stay consistent with the Federal Clean Water Act, State Water Quality statutes under ORS Chapter 468, applicable administrative rules, City of Redmond Water Pollution Control Facility permits, and City of Redmond code applicable to the treatment, and disposal of wastewater for the City of Redmond's treatment system. The laws, rules, regulations, and ordinances regarding discharge to the City of Redmond's Water Pollution Control Facility shall apply to any user who is connected, whether that user is within or outside the corporate boundaries of the

party owning the treatment system. The District shall investigate and enforce City of Redmond sewer use ordinances for users connected to the City Water Pollution Control Facility.

City Obligations

1. Design, construct, operate, and maintain the Redmond Wetlands Complex.
2. Based on the \$1,000,000 payment to purchase capacity at the RWC, include and reserve treatment capacity within the Project to accommodate treatment for 74,128 gallons per day from the District, which corresponds to a metered flow rate of 2.224 MG/month.
 - a. Per County Obligation 1a, City to comply with ARPA subrecipient accounting and reporting requirements associated with \$500,000 funding allocation.
3. Reserve treatment capacity within the Project to accommodate an additional 89,872 gallons per day (2.696 MG/month) of treatment capacity to meet the District's full treatment capacity request.
4. Provide connection piping for the District collection system at or near headworks facility.
5. Operate and maintain District effluent flow meter and monitoring vault including pipes, valves, sample ports, and PH/strength monitoring equipment.
6. Monthly billing statements to District.

Joint City and District Obligations

1. Flow and waste stream monitoring. Review flow volume, pH, waste strength, and H₂S/odor data on a monthly basis.
2. Collaborate to resolve discrepancies as may arise.
3. Periodic inspection of City and District facilities to ensure on-going compliance with IGA.

TERMS AND CONDITIONS

1. This IGA will become effective when all required signatures have been obtained and will remain in effect until this IGA is terminated by one or all Parties or is superseded by an Amendment subsequently approved by the Parties.
2. The terms of this IGA will not be waived, altered, modified, supplemented or amended, in any manner whatsoever, except in writing by the Parties.
3. Parties intend that, if an impasse or disagreement among the Parties should occur on issues pertaining to the IGA, a collaborative resolution process will be initiated to resolve the difference. Notwithstanding the resolution process, the terms of this IGA may be terminated upon 365 days written notice and agreement by all Parties.

4. The foregoing IGA is a legally binding document which supersedes any previous discussions or agreements, either written or otherwise and including the Memorandum of Understanding executed by parties on November 15, 2021 [DC-2021-922].
5. This IGA may be executed in several counterparts all of which when taken together will constitute one document for all Parties, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of this IGA so executed will constitute an original.

SIGNATURE PAGE TO FOLLOW

THE PARTIES, by execution of this IGA, hereby acknowledge that their signing representatives have read this IGA, understand it, and fully support it.

DESCHUTES COUNTY by and through its elected officials

By _____
Anthony DeBone, Chair

Date _____

REVIEWED FOR DESCHUTES COUNTY

By _____
County Counsel

Date _____

City of Redmond by and through its elected officials

By _____
Ed Fitch, Mayor

Date _____

REVIEWED FOR CITY OF REDMOND

By _____
City Counsel

Date _____

TERREBONNE SANITARY DISTRICT by and through its elected officials

By _____
District Board President

Date _____

REVIEWED FOR TERREBONNE SANITARY DISTRICT

By _____
District Counsel

Date _____

EXHIBIT A

TERREBONNE WASTEWATER SYSTEM ALT 3 - STEP PUMP TO REDMOND WWTP

DATE: 10/19/2021

Parametrix

ENGINEERING, PLANNING, ENVIRONMENTAL SCIENCES

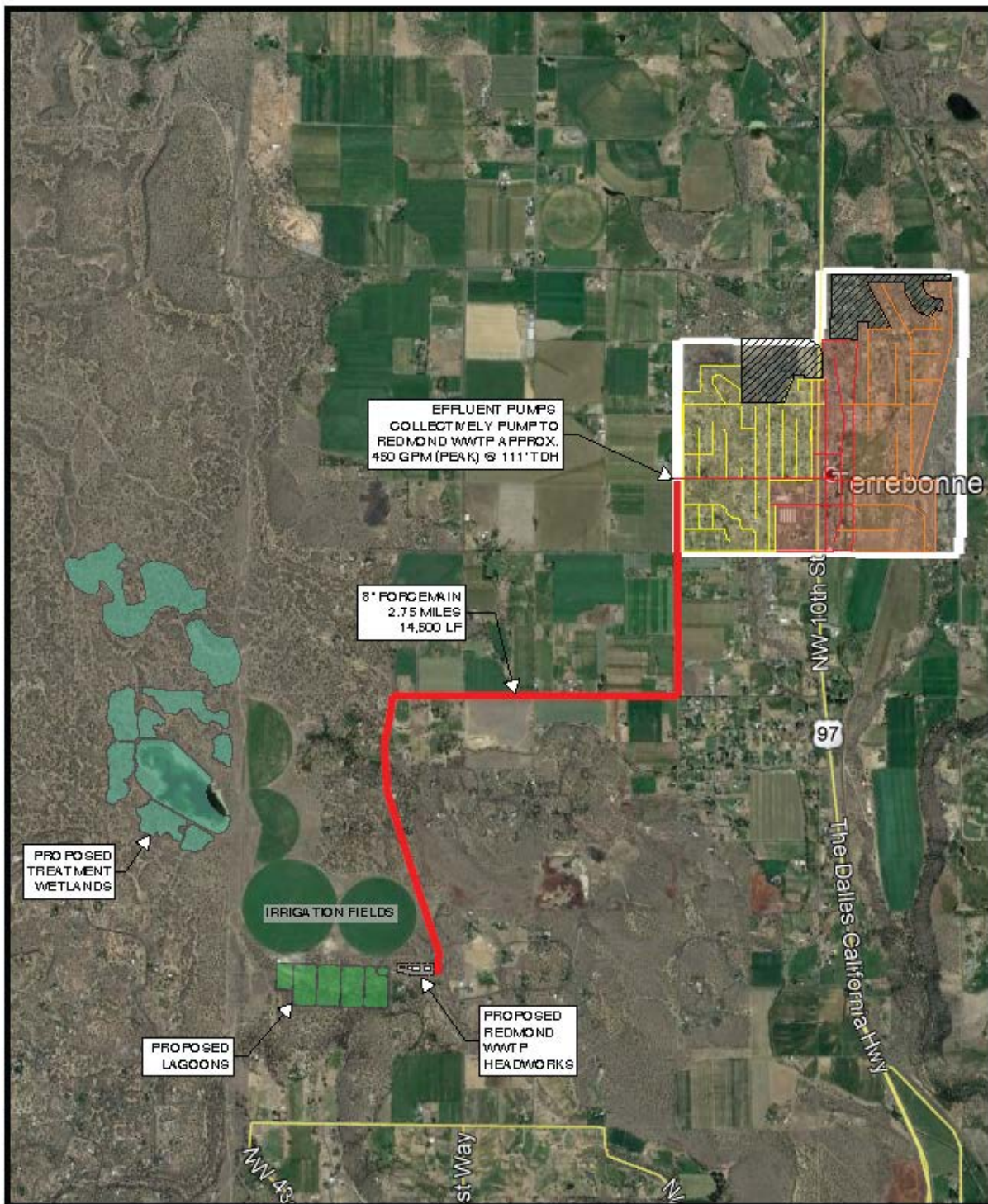


EXHIBIT B

Terrebonne Sanitary District Funding for Additional Treatment Capacity

The County has pledged a \$1,000,000 contribution towards the expansion of the Redmond Wetlands Complex (RWC) treatment capacity to accommodate projected effluent flows of 0.164 MGD (164,000 gallons per day) from the Terrebonne Sanitary District collection system. This amount of flow represents 3.5% of the total treatment capacity of the RWC. The cost to design and construct the RWC (not including the collection system improvements) is estimated to be \$63,000,000. Therefore, the cost to construct the requested treatment capacity of 0.164 MGD for the District is \$2,212,420.

The County's contribution of \$1 million covers the cost of 45.2% of the requested treatment capacity from the District. As such, once the \$1 million is paid to the City, the County has purchased 74,128 gallons per day of treatment capacity for the District. This equates to 2.224 million gallons per month. The City will charge the District to treat its effluent based on the monthly sewer rate as detailed in Exhibit C of this agreement.

The District is required to pay the City for the additional treatment capacity within the next 20 years which is currently valued at \$1,212,420 (2023 Dollars). Over 20 years, with debt service payments, this equates to \$1,517,520 based on the City's estimated debt service obligations through the DEQ.

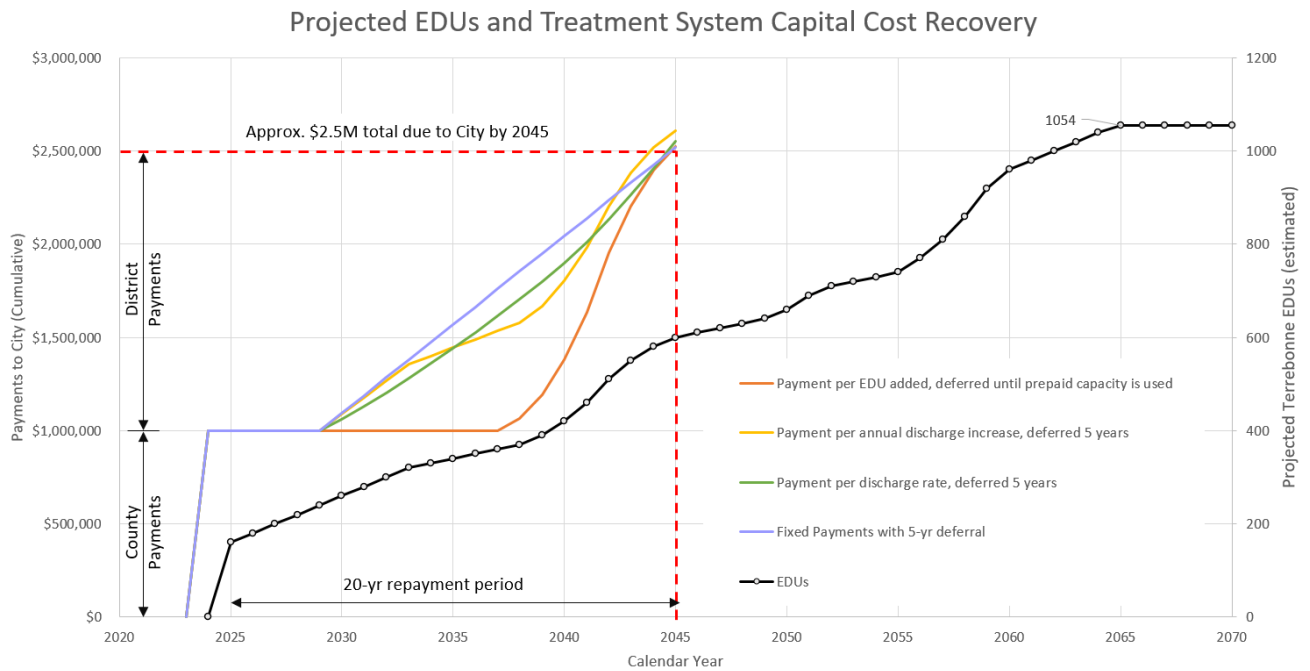
There are a variety of funding mechanism available to the District, including, but not limited to, the following:

- Include a surcharge in the overall rate structure
- Assess a standalone surcharge on monthly bills
- Assess system development charges at time of connection to the collection system
- Grants and loans

The District commits to paying for the additional capacity as noted above but reserves the right to utilize various funding mechanisms / strategies as determined by the District to be in its best interest.

RWC project construction costs and the District's 3.5% portion due to City will be updated to match final bids and DEQ loan agreements.

Projected City capital cost recovery payments from the Terrebonne Sanitary District and County, assuming EDU growth projections as shown and several example repayment methods:



Note: Graph is provided to illustrate payment methodology and the actual capital cost recovery payments per year will differ from projections.

EXHIBIT C

Monthly Sewer Rates based on Metered Flows

Terrebonne installs a flow meter on the forcemain discharge point at City RWC headworks. Both parties review meter data on a monthly basis to record effluent volume discharged. Redmond charges the District an agreed-upon monthly rate based on the effluent volume discharged to the RWC headworks, in terms of gallons.

This flow rate charge is based on the current City residential monthly rate multiplied by the percentage of the operating budget allocated to the wastewater treatment system operations & maintenance (currently 75%) and applied to the metered flow from the District. Starting July 1, 2023, the City's monthly sewer rate is \$34.56. This rate is adjusted to a monthly rate of \$25.92 for the District for Fiscal Year 2024.

The rate will be adjusted annually based on the City's adopted budget based on the percentage of the operating budget allocated to wastewater treatment system operations and maintenance. The District and City shall update the residential monthly rate and percentage of the operating budget allocated to wastewater treatment annually based on the City's adopted budget and rate schedule.

Terrebonne Sanitary District Monthly Sewer Rate:

*Current City monthly rate for 5/8" meter * 0.75 = \$25.92*

Average wastewater flow per EDU = 6200 gallons/month

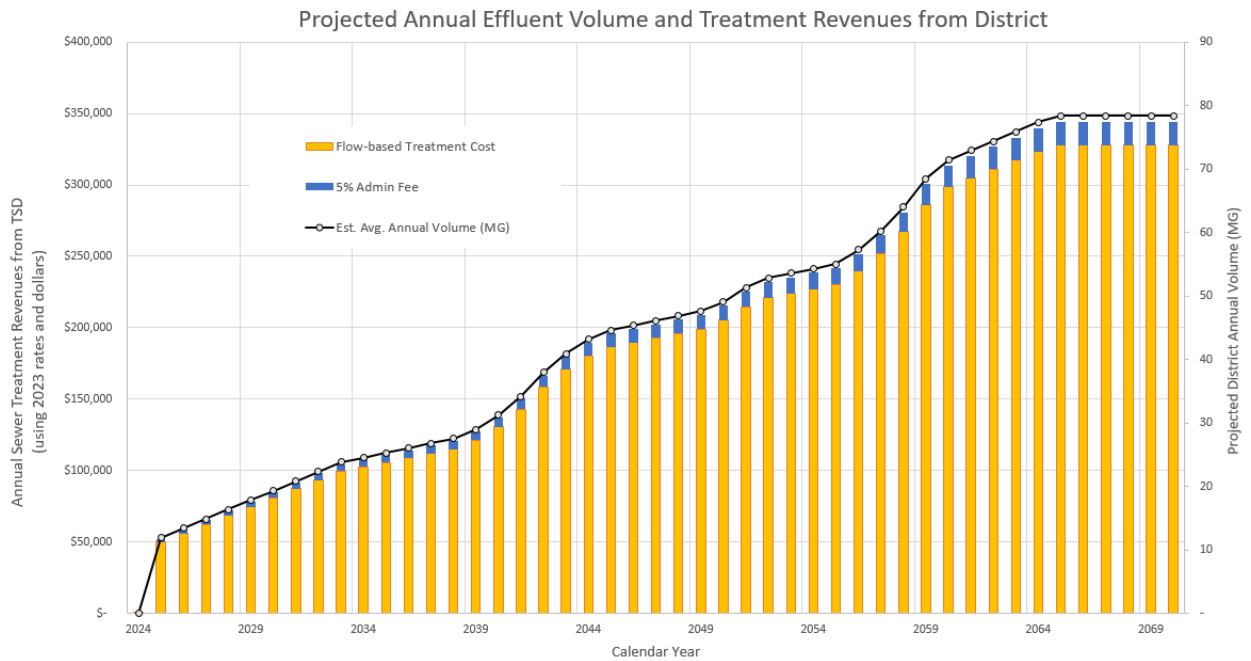
*Fee per 1000 gallons of flow = (\$25.92/6200 gallons per month) * 1000 = \$4.18*

District will be charged a rate of \$4.18/1000 gallons of flow metered at the discharge point on a monthly basis.

Monthly Administrative Fee:

An administrative fee of 5% will be applied to monthly billings to cover administrative and other maintenance costs associated with billing, maintenance of meter vaults, calibrating meters (3rd party service provider), and sampling services.

Projected City revenues from the Terrebonne Sanitary District, assuming 2023 dollars & rates:



Note: Graph is provided to illustrate the monthly treatment rate and maintenance fee methodology. Actual annual revenues will differ from projected revenues. 2023 rates and dollars were used, so actual annual revenues will escalate upward as City rates are increased.