

# **Clean Water Services**

## **Clean Water Advisory Commission**

### **Meeting Notes**

February 10, 2016

#### **Attendance**

The meeting was attended by Commission Chair Tony Weller (Builder/Developer), Commission Vice Chair Mike McKillip (District 3-Rogers), and Commission members Molly Brown (District 2-Malinowski), Alan DeHarpport (Builder/Developer), Lori Hennings (Environmental), Erin Holmes (Environmental), Art Larrance (At-Large-Duyck), Erin Poor (District 1-Schouten), Richard Vial (District 4-Terry), David Waffle (Cities), and Clean Water Services District General Manager Bill Gaffi.

Commission members John Jackson (Agriculture), Judy Olsen (Agriculture), and Stephanie Shanley (Business) were absent.

The meeting was also attended by Nacia Bonilla (Metropolitan Land Group) and Kristan VanDomelen (Northwest Stormwater Compliance).

Attending from Clean Water Services were Bob Baumgartner (Regulatory Affairs Department Assistant Director), Andy Braun (Engineering Services Division Manager), Nora Curtis (Conveyance Department Director), Karen DeBaker (Communications Supervisor), Bob Falconer (Clean Water GROW Community Outreach Manager), Mark Jockers (Government and Public Affairs Manager), Mac Martin (Water Resource Analyst), Mark Poling (Business Services Director), and Diane Taniguchi-Dennis (Deputy General Manager).

#### **1. Call to Order**

The meeting was called to order by Mr. Weller at 6:30 PM in the conference room at the Clean Water Services Administration Building.

#### **2. Review of Meeting Notes from November 18, 2015**

There were no comments regarding the Meeting Notes from November 18, 2015.

#### **3. Election of Chair and Vice Chair**

Mr. DeHarpport moved to nominate Tony Weller and Mike McKillip as Chair and Vice Chair, respectively. Mr. Vial moved to close the nominations. Mr. Weller and Mr. McKillip were elected by voice vote, with none opposed.

#### **4. Confirmation/Recommendation of Budget Committee Members**

Mr. Jockers reviewed the composition, responsibilities, and process of the Clean Water Services Budget Committee. Mr. Poling noted that the Budget Committee will meet May 11, 12, or 13, not May 6.

Staff will take to the Board of Directors the Commission's recommendation to confirm the existing appointments of Ms. Brown, Ms. Hennings, and Mr. McKillip, re-appoint Mr. Weller, and appoint Ms. Poor to the Budget Committee. Mr. Jockers will note Ms. Holmes' interest in filling the next vacancy.

Mr. Vial asked about the residency requirement for serving on the Budget Committee. Mr. Poling will send an explanation of the applicable Oregon law for special service districts to Commission members.

## **5. Budget Overview**

Mr. Poling reviewed the budget in the context of the Clean Water Services mission to protect and enhance public health, watershed health, and resource recovery (*presentation attached*).

The wastewater industry is capital-intensive, but through sound financial policies and innovative approaches to technology and regulatory policies—including a variety of partnerships with other agencies and organizations—Clean Water Services has kept rates relatively low while providing environmental benefits throughout the entire watershed. Clean Water Services rates are currently the lowest of comparable municipalities in the area. Clean Water Services is also meeting stricter regulations with more programs and services for a larger population with a staff that is 30% smaller than 20 years ago.

More than 90% of Clean Water Services funding comes from rate payments (82%) and systems development charges (11%). Total estimated revenue for 2015-16 is \$152 million. The 2015-16 capital expenditures budget is \$66 million, nearly equal to the operating expenses budget.

Clean Water Services staff and Board of Directors maintain a 10-year financial plan. Financial strategies adopted by the Board of Directors about 10 years ago include:

1. Keeping rate increases small and predictable
  - a. Over the past decade, annual rate increases for sewer and stormwater combined have averaged just over 4%.
  - b. For the next decade, projected annual combined rate increase is 3.5%.
2. Building financial capacity to issue debt (if needed) on favorable terms
  - a. Clean Water Services bond rating was upgraded last year by Standard & Poor from AA to AA+
3. Maintaining good financial reserves
  - a. By the end of this fiscal year, Clean Water Services is projected to have enough unrestricted reserves to cover one year of operating expenses.

The development process for the 2016-17 budget is just beginning in preparation for the Budget Committee meeting in May, so no specific details are available yet.

## **6. Clean Water GROW**

Mr. Martin, Ms. DeBaker, and Mr. Falconer shared information about Clean Water GROW (*presentation attached*), a “stream-friendly” plant food product made with phosphorus recovered from Clean Water Services wastewater treatment facilities. Removing phosphorus from wastewater meets regulatory requirements for reducing water pollution. It also reduces operation and maintenance expenses at the treatment facilities, as phosphorous combines with other elements to build up and eventually block pipes.

Potassium and slow-release nitrogen are added to the phosphorous to make Clean Water GROW, which has been available since 2013. It is sold for residential or small-scale commercial use and is currently available at about 40 stores in the Portland metro area, including Washington County and Vancouver, WA. A 2.5-pound bag costs about \$14. About 700 bags of Clean Water GROW was sold in each of the past two years. While the goal is to sell enough of the product to make it self-supporting, the larger vision is to use it as a vehicle for public education about watershed health and resource recovery.

There are other “slow-release” fertilizer products that are similarly priced, but they are water-soluble and subject to leaching and runoff with irrigation or rainfall. GROW is activated by the plant root, a major economic and environmental advantage. The product is particularly well-suited for use in containers—it can be blended with the potting medium and will release the nutrients directly to the roots as the plant “asks” for them throughout the growing season, up to 200 days.

Marketing efforts so far have been no-to-low-cost, including public service announcements on radio and TV, sewer billing inserts, info tables at stores, fairs, and farmers markets, community group presentations, and a Facebook page. A program for nonprofit groups, such as garden clubs, to sell GROW as a fundraiser has been established. Marketing efforts are being stepped up this spring, with a small “mass market” media buy planned for March-April-May. The target audience is the higher education, higher income segment of the population with an interest in “organic,” “green,” and “sustainable” practices, and interest in gardening/outdoors.

The phosphorous used in Clean Water GROW is only a small fraction of the total amount that is recovered. Nearly all of the recovered phosphorous is sold to Ostara, the Canadian company which developed the process and equipment, to make its own fertilizer product for large-scale agricultural customers. Last year 450 tons of phosphorous was recovered and the projection for this year is 600 tons.

Samples of Clean Water GROW were provided to meeting participants.

Questions and additional comments on this agenda item are listed in the Appendix.

## **7. Reimbursement District Update**

Mr. Braun reviewed that a reimbursement district is a mechanism that allows a developer

or Clean Water Services to be reimbursed for capital expenses of an infrastructure project when it benefits other properties beyond the specific one being developed. Clean Water Services Ordinance 41 allows for reimbursement districts for stormwater and sanitary sewer projects. The existing ordinance needs some revision, as there are two upcoming projects in the North Bethany area which do not fit the parameters, and there are potential similar situations in several other developing areas, such as South Hillsboro ~~South Hills~~ and South Cooper Mountain.

Mr. Braun noted that the current Ordinance 41 was crafted with input from the Commission, along with representatives from the development and homebuilding communities. He would like the Commission's assistance in updating the ordinance. Construction on the two North Bethany projects is scheduled for this summer, so a recommendation should be brought to the Board of Directors in April or May.

Staff and Commission members discussed several options for the revision process. Because this work involves a revision, not an entirely new ordinance, and because it will apply only to a few parties in unique circumstances, the group decided that staff should first meet with developer and homebuilder representatives. Commission members will be advised of the meeting(s) and will be welcome to attend. Staff will draft possible revision points from those discussions and distribute them to Commission members for review prior to the March and/or April meeting(s). Mr. Braun noted that Ms. Brown, Mr. DeHarpport, Mr. McKillip, and Mr. Weller all served on the committee which drafted the existing ordinance, providing a solid knowledge base for Commission meeting discussions.

Ms. Curtis pointed out that some cities also have reimbursement district rules in place. The revised Ordinance 41 would not replace those, but could be used by the cities if they chose.

Mr. Vial asked if reimbursement districts are used when a LID (Local Improvement District) is not possible. Mr. Braun said a LID and a reimbursement district can sometimes fit the same situation, but a reimbursement district is a more streamlined process in that it can be formed by the Board over the objections of ~~does not require a buy-in process involving all the~~ benefitting properties because it does not result in an assessment against the property. Mr. Weller observed that a LID in such situations as North Bethany ~~would either require a much larger project in order to go around it,~~ ~~or could result in~~ the benefitting properties ~~would be~~ paying assessments before they had use of the improvements built under the LID services.

## **8. Announcements**

Ms. Curtis noted that Carrie Pak, who has shared information with Commission members at many meetings, recently left her position as Engineering Services Division Manager. After 10 years with Clean Water Services, Ms. Pak is now Chief Engineer for the Tualatin Valley Water District.

Mr. Jockers offered an update on the Water Supply Project, an agenda item at the last

Commission meeting. The omnibus bill passed by Congress and signed in December accomplished both of Clean Water Services top two legislative priorities: Reclamation's Safety of Dams program was reauthorized with a new cost ceiling to allow the agency to go forward with repairs such as seismic upgrades, and Reclamation is now authorized to work with non-Federal partners to pursue dam safety projects concurrently with other beneficial projects such as storage capacity. With passage of this bill, increasing the capacity of Hagg Lake with a dam at current seismic standards has gone from an "if" project to a "when" project. Work on the EIS (Environmental Impact Statement) will likely begin in 2017. The downstream dam option, which was presented at the last meeting, remains under study as a viable alternative to raising/rebuilding the existing Scoggins Dam.

Mr. DeHarpport asked about any properties already purchased by Clean Water Services in anticipation of raising Scoggins Dam. Mr. Gaffi said there are two such parcels. One would probably be sold if the downstream dam option is selected. The other has value as elk habitat and would likely be kept in either case. Regardless of the dam option chosen, affected landowners will have to be compensated. The downstream dam option involves 28 homes and the Stimson lumber mill, but could still cost \$100 million less than raising/upgrading the existing dam.

Mr. Jockers also noted that Oregon Public Broadcasting's *Oregon Field Guide* show will feature the Trees for All program on Thursday, February 25 at 8:30 PM.

The next meeting of the Commission is scheduled for Wednesday, March 9.

## **9. Adjournment**

The meeting was adjourned by Mr. Weller at 8:20 PM.

*(Meeting notes prepared by Sue Baumgartner)*

**Appendix**  
**Clean Water Services Advisory Commission Meeting Notes**  
**February 10, 2016**

Questions and comments regarding Clean Water GROW:

1. Why would people buy this product instead of some other fertilizer?
  - a. It is sustainable (wastewater is readily available and must be treated anyway) and locally-produced (not taken from a mine in Florida and then shipped across the country), slow-release (“one and done” application per growing season), and root-activated (not water-soluble), so it goes directly to the plant when it needs it instead of leaching into the soil and running off with irrigation or rainfall.
  
2. What would happen to all that recovered phosphorous if it didn’t go to Ostara?
  - a. It would be used for land applications as biosolids ag fertilizer, some locally and some in the Arlington, OR area.
  - b. It would not be removed as early in the treatment plant process and would build up in pipes, causing inefficient operation and expensive maintenance.
  - c. Ostara is the Canadian company which developed the phosphorous removal process and equipment. Ostara buys nearly all the recovered phosphorous from Clean Water Services to make its own fertilizer product for large-scale agricultural customers.
  
3. What is the break-even point for sales of GROW?
  - a. Sales would need to be at 7,800 2.5-pound bags (19,500 pounds) to break even, hence the emerging emphasis on marketing.
  - b. Clean Water Services spends a lot of money removing the quick-release, water-soluble nutrients that are found in other fertilizers, so the Board of Directors recognizes the value of GROW as a public education tool and is prepared to invest some time and money from that perspective.
  
4. What is the media buy budget?
  - a. About \$7,500 will be spent.
  - b. When publicizing information, Clean Water Services uses a combination of paid media, earned media (contacting outlets to encourage print articles and broadcast stories), and self-managed grassroots efforts (presentations or info distribution by staff or volunteers at various community events and meetings).
  - c. The ads and messages developed for the media buy can be used to support other marketing efforts for several years.
  - d. By stepping into “mass marketing” for the product, more customers can be reached and then educated about the larger messages.

5. Is GROW sold in sizes other than 2.5-pound bags?
  - a. It is available direct from Mr. Martin at Clean Water Services in 25-pound and 50-pound bags.
6. What about sending a sample in billing notices?
  - a. Small sample bags are available and are distributed at events.
  - b. Mailers/mailling turned out to be too expensive, but info flyers and a coupon have been included with bills.
  - c. New customer kits include samples, and participants in treatment plant tours (about 2,000 people annually) receive a sample package.
7. With so much interest in native plants, backyard birds, pollinators, etc., partnerships with groups like Audubon might be appropriate.
  - a. Clean Water Services provided 500 samples of GROW last year to be distributed as part of the backyard habitat certification program.
8. Would this product be beneficial to grape growers?
  - a. This has been explored but grapes actually do better in “poor” soil
  - b. Golf courses have also been suggested, except that grass requires little phosphorous.
9. Emphasize the idea that this product might be the most expensive per pound, but if you need less of it and/or it lasts longer than less expensive products then it is cost-effective, even without considering the environmental benefits.