

# WATER/WASTEWATER TASK FORCE MEETING

## CORRECTED FINAL MINUTES

May 15, 2003  
11:30 a.m. - 1:30 p.m.  
Room 325 - Civic Center

### 1) CALL TO ORDER

The meeting was called to order by Councilor Wes Bennett, Task Force Chair.

### 2) INTRODUCTIONS

Introductions were made. Members, staff, and citizens were in attendance as noted below.

#### Members Present

Councilor Wes Bennett, Chair  
Mayor Janet Taylor  
Councilor Bruce Rogers  
Steven Anderson  
Steve Travis  
Charley Waters  
JB Summers  
Jack Lowery  
Wendy Kroger  
Eleanor Miller  
Rob Kissler (representing Keizer Councilor Moir)

#### Members Absent

Councilor Dan Clem  
Patti Milne, Marion County Commissioner  
Jacque Moir, Keizer Council President  
Vacant, Polk County Commissioner  
General Public Representative

Staff present included Tim Gerling (Public Works Director), Peter Fernandez (Assistant Public Works Director), Paul Eckley (Operations Services Manager), Ryuji Torihara (Management Analyst), Jack Merritt (Finance Director), Jon Ellis (Assistant Finance Director), Deborah Herman (Customer Services Manager), Pat Dodge (Management Analyst).

Bob House, Mike Harcourt (Rainsweet), and Doug Dietering (Oregon Fruit Processors) were also present.

### 3) CITIZEN INPUT

Tim reviewed the letter from Jon Yoder with regard to the use of utility funds for the Environmental Learning Center. He also spoke about the e-mail received from SEDCOR supporting a one-year freeze on water and wastewater rates for food processors. Copies of the e-mail were distributed.

4) **MINUTES**

Minutes of March 20, 2003, were approved as written.

5) **LOW INCOME RATEPAYER ASSISTANCE**

Tim Gerling presented information contained in an April 28, 2003, memorandum to Peter Fernandez regarding "Impact of Water/Sewer Rate Break or Subsidy." The flat dollar rate is tied to the Consumer Price Index. It is a good thing - very easy to administer.

The Water/Sewer fund is not a social service agency. Staff went to the Social Services Advisory Board to find out how low income is dealt with. There is no easy answer because there are so many different programs and so many different caveats. Staff is looking into the possibility of setting up an emergency safety net to help someone who needs temporary help. They looked at what other utilities do - PGE, gas, water, sewer, etc. There is a gamut of different resources and everyone does it differently. Staff needs to do more work before coming to the Task Force, but it will probably be a flat rate. Another possibility is to create a surcharge; \$.25/month could generate around \$50,000 a year. We would turn this over to some other agency and let them administer it to those in need. Another option is to set up deferred payment with a lien against the property. The problem with this is that not all people are homeowners and it becomes harder to administer. The flat rate would be indexed to rate increases. We could also do a donation program like the electric companies do and the only way to know if it would work would be to try it for a year. A surcharge would be mandatory and would have to go to Council. Mayor Taylor stated that the big problem is often getting the program to those who really need it.

Deborah Herman explained the points of contact with ratepayers, including the fact that a list of agency contact names and numbers is provided to those contacted for nonpayment of bills. Water is not just shut off - keeping the customer in service is the goal, not water shut off.

Questions from Councilors regarding rates:

1. Impact of a system-wide freeze on rates for food processors:
2. One-year system-wide freeze on all users.
3. 2010 mandate
4. Rate slope impacts with 5-year time extension
5. What is in the COSA in terms of rate split for I/I?
6. How much is broke?
7. What is the SDC cost for new users?
8. What has been transferred from Public Works?
9. What is Public Works doing to work with high volume users?

These are the kinds of things we have been putting together. And we are also looking at a G.O. bond option. We will try to bring back answers at next meeting.

At this point, Steve Travis was introduced to present, on behalf of food processors, reasons why food processors should have a rate increase frozen for them for one year. His goal was to make sure the Task Force knows why and what food processors are asking for and to make sure they are really informed about what is happening in the industry and why they are requesting a freeze and that the City review the COSA. Steve now turned the floor over to Bob House from Truitt Brothers. He gave a presentation to City Council. In 1992 David Truitt and Bob put on a presentation before City Council. This presentation today is, essentially, an extension of that. The information he presented is contained in David Truitt's letter to the Mayor and City Councilors dated 28 April 2002. Bob talked about a rate comparison of costs per ton from 1973 to 2002 and handed out information supporting food processing position. He said if labor rates had gone up - 1973 they were paying about \$2/hour - they would be paying about \$60/an hour today.

Truitt Brothers has one facility in Salem and they employ 400 people full time and up to a thousand people in summer. They have a stake in the community and they plan in being in the community. A handout from NW Food Processors shows the number of plant closures in the state in the last five years. In the 1960s, the Salem area was a huge processing area for fruit and vegetables. A Federal grant paid approximately 70 percent of the cost of treatment plant expansion. The food processors paid their fair share afterward. With a lot of the food processors leaving the valley now, it was built for BOD and summertime usage, not winter time. The City has had great opportunity to fill that with expanded residences. But you must understand one of the most important issues for food processors is I&I. The expansion of Willow Lake is based on leaking sewer pipe and we don't want to/can't discharge to the Willamette River. Food processors are paying a substantial amount but not creating the problem. That is why we are pressing to re-evaluate the COSA. A couple other concerns are the fees and the indirect costs and the 5 percent franchise fee - realizing that when we raise the rates above our actual usage, you get some additional amount of money. The letter from SEDCOR in the handout material talks about their opinion - they support the food processors on trying to freeze the rate and trying to re-evaluate the COSA. Oregon Cherry Growers spend \$650,000/year on waste treatment and water. Their rate would go up \$74,000 this year. Ten years ago they had 258 employees working - there are 74 right now. They are actually selling more products than they were two years ago, but a lot of the processing was transferred to the Dalles where they have two facilities. They have their own wastewater treatment facility - have the same permits the City of Salem does. We discharge to the Columbia - same permits, same requirements from EPA - and we are not expanding either facility. It is because they are built for handling solid BODs. Steve Travis handed out another report by Tappen and Group on the Health of the Industry. The very last page shows the number of facilities that have been sold and the assessed value versus the actual sale value. You need to look at it because you will notice that it is not a straight line equation. The assessed value is almost 50 percent higher than what the actual sales value consists of. They are trying to get a tax break on that. This report goes through the health of the industry, actual sales of a lot of different products, globalization happening with the food industry, and a lot of reasons why businesses are no longer in business. The food industry is fighting to survive and it is not an idle discussion.

Wendy - one of the questions she has is what does one year get you? Steve Travis replied that they are not saying that they are going to be okay next year. With the COSA, they feel that if it is re-evaluated and really study it, they will find that the food processors are not contributing the 25 percent of the I&I and their waste compared to other places are higher than they should be. Food processors are asking for the one-year freeze trying to survive the next year while an in-depth review of the COSA is done.

Bob House - COSA is an accounting thing. You have to keep in mind that there is no absolute accounting method.

Jack Lowery asked what the effect of the freeze is. Janet Taylor stated that we need to think beyond the city limits for our future. The farmers are a large part of Salem's future.

Steve Travis spoke about large businesses like AgriPac and others - they didn't just leave town, they went out of business. Jack asked what the National Cannery Association of Lobbyists is doing. Steve Travis replied that a lot is being done as far as co-ops, but Willamette Valley farmers do not get a subsidy because they do not qualify - not even on the radar screen with wheat, corn, soy, etc. That is one of the reasons food processors are hurting more than the wheat, corn, or soy farmers. NAFTA hurts food processors.

## 6) **RATE IMPACTS ON FOOD PROCESSORS**

Tim spoke a little about the impact the rate freeze would have. Peter Fernandez was introduced to cover this topic. Peter covered the information presented in the handout (file copy attached). If food processors are given a break for a year, the cost is \$2.8 million. Tim asked, "Does the community value food processors enough to freeze the rate for them for one year?" This is a policy consideration for Council. What happens when SUMCO shows up at Council, then the school district, then other groups show up?

JB Summers stated that this is complicated further by I&I. How are we going to take care of I&I problems? Tim stated that the heart of the problem is regulatory committees. If not for regulatory committees, we would be making other choices. We are committed to meeting the MAO deadline. Whatever that year is, nothing can be done about that.

Steve Travis stated that the 2010 deadline came from DEQ and EPA agreed. This is an EPA requirement, but DEQ says when. EPA is something like 20 years behind. DEQ is also way behind. These agencies are underfunded. The 2010 applies to everyone in the State of Oregon.

Jon Ellis talked about the preliminary timeline for the COSA update. There is a massive amount of detail, now we are three years into it, with data that is five years old. And now we are going to be Looking to come to the Task Force in November

Tim asked how often the Task Force want to be updated and how much information.

7) **OTHER**

8) **ADJOURN**

Meeting adjourned at 1:30 p.m.

These minutes are transcribed from notes and the tape recording of the Task Force meeting on May 15, 2003, as an overview of the meeting. They are not verbatim. Any attachments are to the file copy only.

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Linda Nelson, Staff Assistant II  
May 22, 2003

Attachments (file only):  
    Attendance Sheet  
    Rate Freeze Information