

The Linking Letter

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Preface: Water rates seem to be a frequent source of citizen protest in Independence.
Question: . **When will fees stabilize?**

Fees won't flatten – not any time soon. At a May 16 meeting held by the city to address allegations by Independence citizens that they feel saddled with incomparably high water & sewer rates, city staff explained that future infrastructure costs -- upgrades for water treatment and costs of public personnel – mean water rates are likely to rise. The question is whether the upticks can be kept relatively low or whether the increases will become even more substantial.

In fact, the most recent water-quality report on drinking water by the city shows the concentration of copper has reached a federally defined “action level,” meaning a point that the US Environmental Protection Agency (EPA) considers the system in possible need of more testing for the metal -- and more corrosion-control treatment. (Concentrations of lead or copper in tap water are determined by a standardized measure, an average based on the 90th percentile).

Asked after the meeting about local drinking water reaching an EPA action level for copper of 1.3 milligrams per liter, a staff member from public works indicated that the city's water sampling recognizes the “action level” for copper as 1.35 milligrams per liter – not 1.3 milligrams per liter. Either way, more control measures are likely in the future, though there are no plans for water-quality sampling for public reporting until 2018 (The samples taken for the most recent 2015 report were taken in 2014.)

Additionally, the city has lost more than 50% of the original production from two wells -- a portion of the city's water rights for them expired when they were rendered inactive due to water-quality concerns from 1995 to 2000, according to the city's 2015 report on the plan for water management and conservation.

Attendees at the recent mid-May meeting protested that part of the water bill, about 10% or an average of \$10 for most users, goes to pay off debt incurred by the city's fiber-optic infrastructure for Minet. City officials didn't disagree but both the city manager and the city budget director pointed out that the city is obligated to repay those debts, with water rates pledged as one means to do so.

There are few revenue-generating options available for any city, with growth topping the list, explained City Manager David Clyne. In addition to the percentage of water-rate fees, a chunk of the sewer rate goes to pay on the debt for the Civic Center. However, like the water-rate allocation for Minet, the amount directed to the Civic Center payments is not listed on the billing, said Gloria Butsch, the city's budget director. After a call for more transparency by some of those in attendance, City Councilor Marilyn Morton suggested that individuals who are concerned should attend a council meeting --

and request by letter or testimony a precise breakdown of where water and sewer revenue is utilized.

Another source of concern to some who attended the meeting was a comparison list of water rates in small Oregon cities that was provided by city staff, which purported to show that Independence is in the mid-range of monthly charges to residents. When similar protests were lodged in Portland – where that city’s staff used San Francisco as one example for comparative purposes with Portland’s water rates – contradictory research later surfaced from the research firm Black & Veatch. That data suggested that some other West Coast cities showed lower fees, compared with Portland and San Francisco. The situation prompted some press reports to note that cherry-picking may be underway when cities seek to placate the inevitable public outcry that occurs when residents face rate hikes.

Even so, there is no argument that water costs will rise: More bond debt is necessary to finance repairs and improvements to all urban water systems, in order to meet the growing demand of expansion and from the need to comply with federal clean-water standards. This past January, a report by the water-rights consulting firm GSI to the City of Independence showed the city has some groundwater access that may be jeopardized by incomplete registration, a common problem to cities that long ago initiated a right to groundwater, but were delayed in fully documenting that right.

In addition, a more “robust” treatment process for discharging treated water is already being considered by the city, which in 2008 considered formation of a regional facility with Monmouth. But it was determined, through cost comparison, that developing separate treatment facilities to serve the two communities for the next 20 years would be approximately a third of the cost of developing a regional one (\$25 million compared with \$80 million). And, to form a regional facility, one or both communities would have to abandon the existing lagoon systems and replace that treatment capacity with new facilities.

Once the decision was made for both communities to continue operating and maintaining separate facilities, Independence tentatively determined a Membrane BioReactor was the best choice for its long-term Sanitary Sewerage System Facilities Plan. Though relatively costly, a Membrane BioReactor may allow the City to downsize the existing lagoons. City Manager Clyne has said that planning and budgeting for such construction is needed, and should be ongoing.

EDITORIAL: Hard Lessons for an Ambitious City

Over cups of coffee and glasses of wine or beer at any gathering among neighbors and friends in the restaurants or taverns of our town, one question seems likely to pop up when the conversation turns local. Why doesn’t our city declare bankruptcy to deal with the debt from all those infusions of money into Minet?

It's a good question. The prospect of *years and years* of half-million-dollar payments to clear off what's owed -- by tapping into water-rate revenue -- appears distressful to many. So filing for Chapter 9 can seem the better of two sad solutions.

If only it were that simple.

Oregon doesn't allow municipal bankruptcy. Like those college debts that forever follow students who borrow big sums of money to pay for their education, there is almost no provision for Oregon cities to seek relief in court -- regardless of the level of burden. The result: There is no incentive for creditors to let taxpayers off the hook, even incrementally.

This helps explain why, when I began to cover City Council meetings for the *The Linking Letter*, numerous loan documents seemed a frequent part of council business. The aim was to improve the outlook for debt repayment of Minet, the fiberoptic that saved the town from a cumbersome, dial-up system. It's easy in hindsight to criticize the move by the city to found its own broadband, which has meant loans that city officials now publicly acknowledge are bad debt. But no cable company at the time of Minet's founding showed much interest in the city.

And Minet, for all its questionable management tactics over the years, is superbly fashioned to handle large streams of data. This makes it promising, with a potential to attract businesses that need to move lots of data, including high-quality video streaming. Ironically, that's prompted some inquiries about the feasibility of selling Minet -- if it's so good, why not put it up for sale? But when other cities have done so, the return on investment comes as a public shock. Google purchased a Utah city system similar to Minet, called *iProvo*, in 2013. The price tag was ratcheted down to a single dollar. That's right ... \$1, to take it off Provo's hands.

As a citizen of Independence, I started this little newsletter for neighbors in 2014, after a few of them complained that no one seemed to know the outcome of a half-built downtown structure known as "Independence Station." It didn't take long -- once I started attending council meetings -- to learn that the city's hoped-for *Leed Platinum* building seemed destined to remain just what it had become: an unfinished monument to a big dream. Has the city learned from "Independence Station" as the town reaches toward a new future? Time will tell, as plans for a tourist-drawing hotel roll out and the city grapples with a debt that won't go away ...

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