



Gregory L. Geist  
Director

August 2, 2018

Board of County Commissioners  
Water Environment Services Board

Members of the Board:

**Approval of a Resolution Authorizing a Department of Environmental Quality State Revolving Fund Loan Agreement with Water Environment Services to Finance a Solids Handling Project**

<b>Purpose/Outcomes</b>	To put in place a loan to finance the solids handling project, allow for sharing the cost of that project between rate zones, and provide “no cost” funding for a qualified surface water project.
<b>Dollar Amount and Fiscal Impact</b>	The loan maximum will be \$37,000,000. Principal and interest payments will be made in semiannual installments based on the final, total loan. These payments will be apportioned between Rate Zones 1 and 2 as required by the ORS 190 formation documents for WES.
<b>Funding Source</b>	Monthly sanitary sewer service charges. No County General Funds are involved.
<b>Duration</b>	The loan will have a 20 year term.
<b>Previous Board Action</b>	None.
<b>Strategic Plan Alignment</b>	1. Aligns with the County’s overall Plan to build strong infrastructure. 2. Aligns with strategic goal of by 2018, Clackamas County will have sewer plant improvements under construction that support the expected 20-year growth horizon.
<b>Contact Person</b>	Doug Waugh, Finance Manager, WES – 503-742-4564

**BACKGROUND:**

The Water Environment Services (WES) formation ORS 190 agreement requires the costs for the solids handling project to be specifically apportioned between rates zones 1 and 2 in WES. Borrowing the entire cost of the project from the Department of Environmental Quality State Revolving Fund program will create an annual debt service for the project. This level, annual debt service will be allocated between the rate zones as required, resulting in stable, annual rate increments for each rate zone. The winning construction bid was for \$33.5 million. We are asking for a maximum loan of \$37 million to provide for a contingency, should it be necessary. WES will only borrow what is needed to complete the project. In addition, this loan comes with a Sponsorship Option, where a qualifying surface water project can be financed through this loan with no increase in the total principal and interest payments over the life of the loan, allowing the surface water project to be no cost to WES.

**RECOMMENDATION:**

Staff recommends the Board approve the resolution and authorize Greg Geist, WES Director, to sign on behalf of Clackamas County.

Respectfully submitted,

A handwritten signature in blue ink that reads "Greg Geist". The signature is written in a cursive style with a long horizontal stroke at the end.

Greg Geist  
Director, Water Environment Services

**Attachments:**

Resolution Authorizing DEQ State Revolving Fund Loan Agreement with WES

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF CLACKAMAS COUNTY, STATE OF OREGON**

A Resolution Authorizing a Department  
of Environmental Quality State  
Revolving Fund Loan Agreement with  
Water Environment Services to Finance  
a Solids Handling Project



Resolution No. \_\_\_\_\_  
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This matter coming before the Board of County Commissioners of Clackamas County, Oregon (the "Board"), acting as the governing body of Water Environment Services, an intergovernmental entity created pursuant to Oregon Revised Statutes Chapter 190 ("WES"), in the Board's regular business meeting on August 2, 2018.

**WHEREAS**, WES has entered into negotiations with the State of Oregon Department of Environmental Quality ("DEQ") for a loan to WES from the State Revolving Fund ("SRF") in the approximate amount of \$37,000,000 for the Tri-City Solids Handling Improvements Project ("Project"); and

**WHEREAS**, funding the Project with this loan allows for costs to be apportioned between rate zones in WES as required by the WES formation ORS 190 agreement; and

**WHEREAS**, WES and DEQ are finalizing this agreement and the Board is desirous of delegating execution of the Agreement to the Director of WES; and

**WHEREAS**, it further appearing that it is in the best interest of WES to approve the SRF Loan Agreement;

**NOW THEREFORE, the Clackamas County Board of County Commissioners acting as Governing Body of Water Environment Services resolves as follows:**

1. The Board does authorize and approve WES to enter into a SRF Loan Agreement for the financing of approximately \$37,000,000 for the Solids Handling Project with terms and conditions standard to such agreements and as required by DEQ.
2. The Board does authorize and approve the establishment and funding of a designated reserve account to meet the "Loan Reserve" requirement of the SRF Loan Agreement.

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3. The Board does authorize and direct the Director of WES to execute the final SRF Loan Agreement and any ancillary related documents or amendments that may be required thereafter, so long as such amendments do not increase the amount of indebtedness.

**DATED** this 2<sup>nd</sup> day of August, 2018.

**BOARD OF COUNTY COMMISSIONERS**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary