

Terrebonne Sewer Advisory Group
c/o Ryan Rudnick
Parametrix
rrudnick@parametrix.com

August 3, 2022

Steve Dennison
Deschutes County Clerk
PO Box 6005
Bend, OR 97708-6005

Re: Petition to Form the Terrebonne Sanitary District

Dear Mr. Dennison:

Attached please find a Petition to form the Terrebonne Sanitary District pursuant to ORS 198.705 to 198.155 ("Petition"). We are filing this Petition on behalf of the Chief Petitioners listed at the end of this letter. In support of that petition, we provide you with the following information.

A. OVERVIEW

The unincorporated community of Terrebonne, Oregon, does not currently have a municipal wastewater facility, leaving all businesses and residents dependent upon onsite wastewater systems (septic tanks with drainfields, drill holes, or sand filters). Aged and failing septic systems, coupled with the low permeability of the soils, are resulting in onsite system failures, surfacing effluent, exorbitant repair/replacement costs, and business closures. These conditions create economic and practical hardships for new and existing businesses and residents.

Both Deschutes County and the Oregon Department of Environmental Quality ("DEQ") have concluded that a community sewer system is the only sound, long-term solution. The proposed system will collect wastewater within the service territory and then convey the wastewater to the proposed City of Redmond Treatment Wetlands Complex.

Community members formed the Terrebonne Sewer Advisory Group ("TSAG") in 2019 and began actively working with Deschutes County, DEQ, and the City of Redmond to study and develop a plan to provide community sewer service to Terrebonne. During that time, the TSAG has also engaged in community outreach, including community meetings. As a result of those efforts, the TSAG has concluded that the best mechanism to organize, fund, and operate the proposed community sewer system is to form a sanitary district under ORS Chapter 450.

The proposed Terrebonne Sanitary District will be organized under ORS 450.009 to ORS 450.245 for the purpose of providing sanitation facilities and services to inhabited property located within the Terrebonne Rural Community, Deschutes County, Oregon. The proposed territory to be included in the Terrebonne Sanitary District boundaries is described in **Attachment A**, the Lot and Block Description, and as the "Phase A Service Area" on **Attachment B**, the Boundary Map.

B. BACKGROUND

The TSAG has completed the required preliminary steps to submit this Formation Petition. On April 27, 2022, the Chief Petitioners submitted a prospective petition for formation of the Terrebonne Sanitary District to the Deschutes County Clerk pursuant to ORS 198.748. The prospective petition identified the required special district formation criteria under ORS 198.720 and described how the proposed Terrebonne Sanitary District met the criteria. On this date, the Chief Petitioners also submitted a lot and block description and a map of the proposed boundaries pursuant to ORS 198.748 and an economic feasibility statement prepared in accordance with ORS 198.749 for review by the Deschutes County Clerk.

On June 6, 2022, an attorney at Jordan Ramis PC emailed the Deschutes County Clerk on behalf of the Chief Petitioners and the TSAG to provide a copy of the draft formation petition for the Clerk's review. On June 9, 2022, the Deschutes County Clerk confirmed that the draft formation petition was complete and authorized the TSAG to move ahead with signature gathering. On June 15, 2022, the circulator, as defined in ORS 198.750(4), begin gathering petitioner signatures pursuant to ORS 198.750(4) and ORS 198.766.

This Formation Petition includes the petition form that was approved by the Deschutes County Clerk, which has now been signed by the Chief Petitioners. This Formation Petition submission includes the lot and block description for the proposed Terrebonne Sanitary District (**Attachment A**), the boundary map showing the Phase A Service Area proposed to be included in the Terrebonne Sanitary District boundaries (**Attachment B**), the petition signature sheets (**Attachment C**), the economic feasibility statement (**Attachment D**) and the required SEL 704 form (**Attachment E**) and required \$100 deposit.

C. SPECIAL DISTRICT FORMATION CRITERIA MET

This Petition meets the requirements for special district formation set forth in ORS 198.720:

ORS 198.720(1) A district may consist of contiguous or noncontiguous territory located in one or more adjoining counties. If any part of the territory subject to a petition for formation or annexation is within a city, the petition shall be accompanied by a certified copy of a resolution of the governing body of the city approving the petition.

The sanitary district will consist of territory located entirely within Deschutes County. Chief Petitioners contemplate the potential future expansion of the service area to other properties in the community. The community of Terrebonne is not an incorporated city.

ORS 198.720(2) A district may not include territory included within another district formed under the same principal Act when the other district is authorized to perform and is performing the services the affected district is authorized to perform, unless:

- (a) Withdrawal of such territory is proposed and the territory is withdrawn by withdrawal proceedings conducted in the other district simultaneously with the formation or annexation proceedings, and the proposed boundary changes are approved for both districts; or*
- (b) The principal Act provides for automatic withdrawal of the affected territory in such a case.*

The sanitary district will not include territory located within another existing sanitary district. The sanitary district will share a portion of the Terrebonne Water District service

territory; however, the sanitary district will provide services that are entirely distinct and separate from those provided by the Terrebonne Water District.

ORS 198.720(3) The boundary lines of a district formed under ORS 198.705 to 198.955 shall include only such territory as may in reason be served by the facilities or services of the district.

As detailed in the attached Economic Feasibility Statement, the proposed sanitary district boundaries include only such territory as Chief Petitioners and their technical consultants believe may reasonably be served by the facilities and services of the sanitary district at the time of its formation.

ORS 198.720 (4) For purposes of ad valorem taxation, a boundary change must be filed in final approved form with the county assessor and the Department of Revenue as provided in ORS 308.225.

The sanitary district will use a fee for service revenue model as detailed in the Economic Feasibility Statement attached as Attachment D. The sanitary district will not have a permanent tax rate.

D. FORMATION PETITION REQUIREMENTS MET

This Formation Petition meets the requirements for formation petitions articulated under ORS 198.750, as outlined below:

1. Per ORS 198.750(1)(a), the Formation Petition states that the petition is filed pursuant to ORS 198.705 to 198.955.
2. Per ORS 198.750(1)(b), the Formation Petition describes the affected county and includes a map defining the precise boundaries of the proposed Terrebonne Sanitary District (See **Attachment A**, Lot and Block Description, and **Attachment B**, Boundary Map). At this time, the TSAG is proposing to form the Terrebonne Sanitary District in the area designated as "Phase A Service Area" on the Boundary Map in Attachment B.
3. Per ORS 198.750(1)(c), the Formation Petition designates the principal Act for the sanitary district. This a district formation, not a change of organization as defined under ORS 198.705(4). As such, the only "affected district" is the proposed Terrebonne Sanitary District, for which the principal act is found in ORS 450.009 to ORS 450.245.
4. Per ORS 198.750(1)(d), the Formation Petition states that the nature of the proposal is formation of a district.
5. Per ORS 198.750(1)(e), the Formation Petition states that the territory subject to the petition is inhabited.
6. Per ORS 198.750(1)(f), the Formation Petition states the number of board members (five), given that the petition is for formation and district board members will be elected. The TSAG anticipates electing a board either through a formation election process initiated by petition pursuant to ORS 198.815 or through an election pursuant to ORS 198.825. The TSAG understands that

elections pursuant to either of these processes will be governed by ORS Chapter 255.

7. Per ORS 198.750(1)(g), the Formation Petition states that a tax rate limit does not need to be included in the petition since no tax revenues are necessary to support the services and functions described in the economic feasibility statement (**Attachment D**) for the proposed Terrebonne Sanitary District.
8. Per ORS 198.750(1)(h), the Formation Petition indicates that additional proposed terms and conditions for formation are not applicable.
9. Per ORS 198.750(1)(i), the Formation Petition signature form provides a space for formation petition signers to indicate whether they are landowners within the district, electors registered in the district, or both. Signatures have been gathered pursuant to ORS 198.755, ORS 198.760, and ORS 198.765, and the petition circulator ensured that signers of the petition indicated whether they are a landowner, elector, or both on the lines provided on the signature sheet. The TSAG has met the signature requirements articulated in ORS 198.755(1)(b) by gathering the signatures of not less than fifteen landowners within the Phase A Service Area boundary. This is explained in greater detail in Section D below.
10. Per ORS 198.750(1)(j), the Formation Petition states that the petitioners are requesting that the Board of County Commissioners commence proceedings to form the territory described.

Additionally, the Chief Petitioners are submitting a security deposit to accompany the Formation Petition pursuant to ORS 198.775. The proposed Terrebonne Sanitary District is located entirely within Precinct 18, so the Chief Petitioners are submitting a security deposit in the amount of \$100 based on the \$100 per precinct cost. The two Chief Petitioners have completed the SEL 704 form (**Attachment E**) and will each contribute \$50 in cash to the required deposit.

E. PETITIONER SIGNATURE REQUIREMENTS MET

ORS 198.755(1) provides four different pathways to meet the signature requirement for a formation petition. The TSAG decided to meet the standard by gathering the requisite number of landowner signatures as allowed under ORS 198.755(1)(b). ORS 198.755(1)(b) provides that a petition for formation must be signed by “not less than....[f]ifteen owners of land or the owners of 10 percent of the acreage, whichever is the greater number of signers, within the territory subject to the petition.”

The TSAG has met the requirements of ORS 198.755(1)(b) by gathering the signatures of not less than fifteen owners of land within the Phase A Service Area of the proposed Terrebonne Sanitary District.¹ During the process of gathering signatures, the circulator also gathered signatures of individuals who reside within the Phase A Service Area and support the project but are not landowners. The TSAG believes these signatures demonstrate widespread support for

¹ The group elected to meet the signature requirement by gathering signatures from not less than fifteen owners of land within the Phase A Service Area. The TSAG reached this decision after determining that fewer than fifteen landowners would be needed to reach the ten percent acreage requirement articulated in ORS 198.755(1).

the sanitary district effort and understand that non-landowner signatures do not count towards the signature standard articulated in ORS 198.755(1)(b). The purpose of this section is to summarize the TSAG's decision to meet the petition signature requirements by gathering the signatures of not less than fifteen owners of land within the territory subject to the petition.

The petition sheet attached to this Formation Petition contains sixteen unique landowner signatures. It also contains signatures from fifteen unique individuals that have a residence address within the Phase A Service Area but are not landowners. The TSAG understands that these fifteen signatures *do not* count towards the required number of landowner signatures per ORS 198.755(1)(b). The signature requirement has been met by securing the signatures of sixteen landowners.

F. NEXT STEPS

The TSAG understands that since the Formation Petition is permitted to be signed by landowners and has in fact been signed by landowners to meet the signature requirements of ORS 198.755(1)(b), the Deschutes County Assessor has ten days to examine the formation petition and determine whether it has been signed by the requisite number of qualified signers pursuant to 198.765(2). Should the County Assessor find that the requisite number of qualified signers have signed the formation petition, the TSAG expects that the County Assessor will file the formation petition with the Board of County Commissioners as provided in ORS 198.765(2). If the County Assessor finds that the requisite number of signers have not signed the Formation Petition, the Assessor will notify the Chief Petitioners, also as provided in ORS 198.765(2).

If you have any questions about the Petition or require any additional information, please contact me at (541) 508-7785 or the email address above or contact the Chief Petitioners:

Tim Brown

Landowner, Phase A Service Area of the proposed Terrebonne Sanitary District

Email: trbrown541@msn.com

Phone: 541-848-1239

Guy Vernon

Landowner, Phase A Service Area of the proposed Terrebonne Sanitary District

Email: guyvernon@me.com

Phone: 541-958-1508

Sincerely,



Ryan Rudnick

Engineer IV, Parametrix

Consultants to the TSAG

PETITION TO FORM SPECIAL DISTRICT

TERREBONNE SANITARY DISTRICT

To: The Board of County Commissioners, Deschutes County, Oregon

The undersigned, in support of this Petition, state as follows:

1. This Petition for Formation is filed pursuant to ORS 198.705 to 198.955 on 8/4/2022 (date) and Petitioners request the Board commence proceedings to form the territory described below as Terrebonne Sanitary District (name of district), Deschutes County, Oregon:

See attached lot and block description and boundary map.

(describe the territory and boundaries of the proposed District in detail. If more room is needed, a detailed description may be attached to this petition)

2. The principal act for Terrebonne Sanitary District (name of district) is ORS ORS 450.005 to ORS 450.245.
(Proper statutory reference required, see ORS 198.010 for listing of appropriate principal act)

3. *(if applicable)* The District board members will be generally elected and the number of board members is 5. *(if consent by all landowners)* The names of the first board members are as follows and each has consented in writing by the attached acceptance:

Should the Board of County Commissioners issue a formation order, the Terrebonne Sanitary District will hold elections pursuant to ORS Chapter 255 to elect the first district board.

(list each proposed board member)

4. *(if applicable)* The District includes a proposed permanent rate limit for operating taxes and the proposed rate is N/A - No tax revenues are necessary to support the services and functions described in the economic feasibility statement. *(expressed in dollars per thousand dollars of assessed value)*
5. This Petition for Formation affects only Deschutes County and is not in any incorporated city limits.

6. The Board of N/A (name of agency(ies) required to give approval under district's principal act) approved the petition pursuant to ORS 198.800 on N/A (insert date). *(Certification of such approval by the relevant agency(ies) is provided below.)*

7. The territory subject to this Petition for Formation is primarily inhabited / uninhabited *(circle one)*. This petition is signed by land owners and/or registered voters in the area proposed to be formed as indicated opposite their respective signature, and all signatures were obtained on or after the 15th day of June, 2022.

8. *(if applicable)* The proposed formation is subject to the following terms and conditions:
N/A

9. This Petition has been signed by at least 15 percent of the electors, or 100 electors whichever number is greater, registered in the area proposed to be formed; or **at least 15 owners of land** or owners of 10 percent of the acreage, (whichever is greater) within the area proposed to be formed. (or)

(if consent by all landowners) This petition has been signed by 100 percent of the landowners in the proposed district as affirmed by the attached affidavit signed by N/A, stating the petitioner believes that the signers constitute all the owners.

10. A security deposit form and payment and an economic feasibility statement are attached to this petition.

Signed this 20 day of JULY, 2022 by Tim Brown, Chief Petitioner(s).

[Signature]
Signature 68314 Cloverdale Rd Sisters 97759
Address, City, State, ZIP

Signed this 26 day of JULY, 2022 by Guy Verner, Chief Petitioner(s).

[Signature]
Signature 2400 Amazonia Park Orford Ore
Address, City, State, ZIP 97465

Approved by the Board of

Name of Agency

Agency Signature

By: _____
(Print Name)

Title: _____

DATED this ___ day of _____, 20__

Approved by the Board of

Name of Agency

Agency Signature

By: _____
(Print Name)

Title: _____

DATED this ___ day of _____, 20__

ATTACHMENT A

Description of the proposed territory for inclusion in the sanitary district

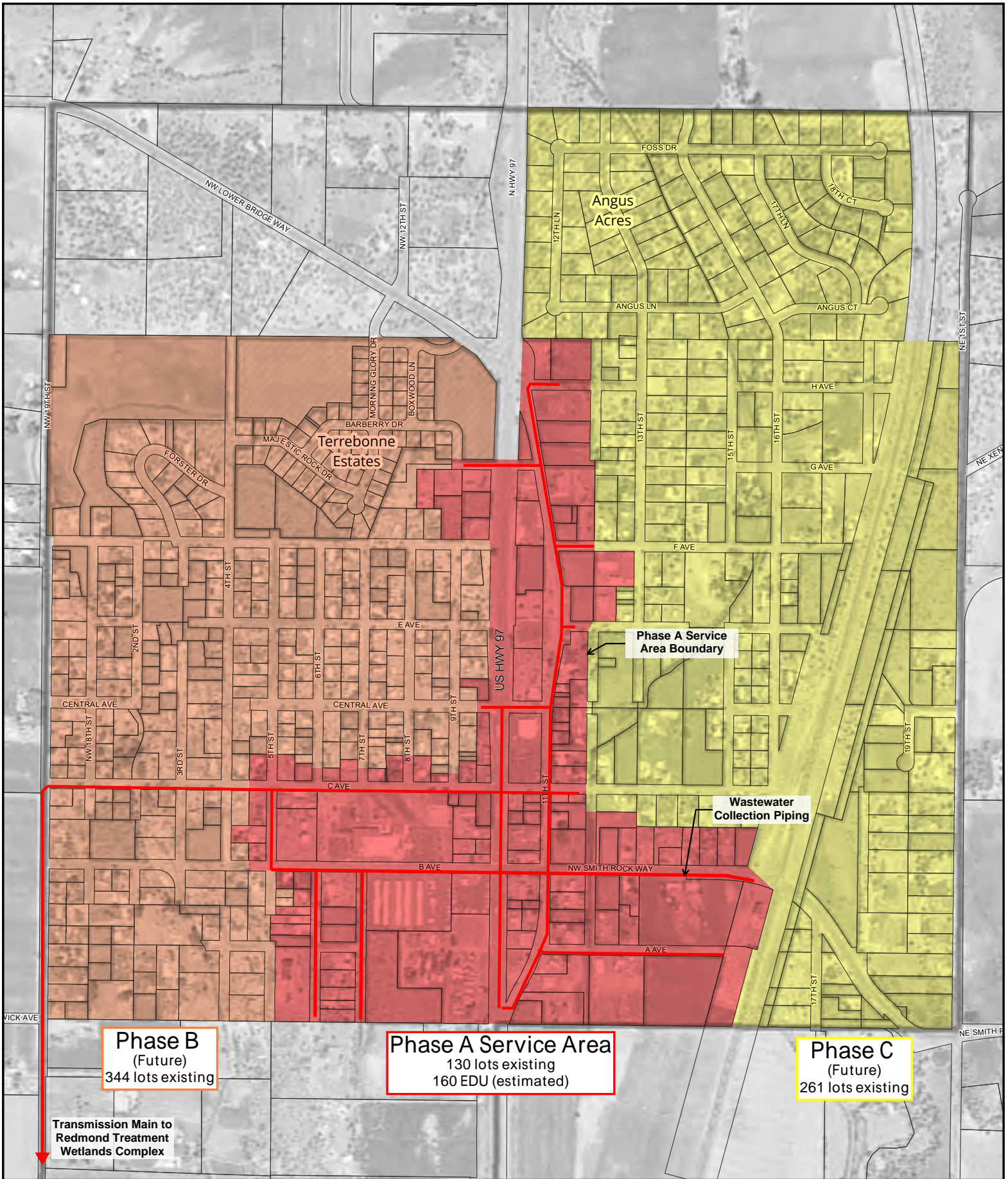
Terrebonne Sanitary District
Service Area Boundary Description (Lot & Block)
Prepared by: Ryan Rudnick, PE (Parametrix Inc.)
Date: 4/26/2022

The proposed service area boundary includes the following blocks and lots in the Plat of Hillman, filed November 22, 1909 under County Survey No. 07529, records of Deschutes County Surveyor, situated in Section 16, Township 14 South, Range 13 East, W.M., Deschutes County, Oregon:

Block 39	Lot 5-8, 17-32	Block 94	Lots 1-32
Block 40	Lots 27-32	Block 95	Lots 1-32
Block 51	Lots 1-6, 29-32	Block 96	Lots 1-32
Block 52	Lots 1-32	Block 97	Lots 1-32
Block 53	Lots 1-8, 13-32	Block 98	Lots 17-32
Block 54	Lots 1-32	Block 99	Lots 10-18
Block 55	Lots 1-32	Block 100	Lots 1-18
Block 56	Lots 1-32	Block 101	Lots 1-32
Block 57	Lots 1-32	Block 102	Lots 1-32
Block 58	Lots 1-3, 28-32	Block 103	Lots 1-32
Block 69	Lot 1-3, 27-32	Block 104	Lots 1-32
Block 70	Lots 1-32	Block 105	Lots 1-32
Block 71	Lots 1-32	Block 106	Lots 1-32
Block 72	Lots 1-32	Block 107	Lots 1-32
Block 73	Lots 1-32	Block 108	Lots 1-32
Block 74	Lots 1-32	Block 109	Lots 1-32
Block 75	Lots 1-32	Block 110	Lots 1-32
Block 76	Lots 1-6, 31-32	Block 111	Lots 1-12, 21-32
Block 79	Lots 8-32	Block 114	Lots 1-24
Block 84	Lots 1-32	Block 124	Lots 1-9, 24-32
Block 86	Lots 4-5, 28-32	Block 125	Lots 1-32
Block 87	Lots 1-5, 17-32	Block 126	Lots 1-32
Block 88	Lots 1-32	Block 127	Lots 1-32
Block 89	Lots 1-32	Block 128	Lots 1-32
Block 90	Lots 1-32	Block 129	Lots 1-9, 24-32
Block 91	Lots 1-32	Block 142	Lots 1-9
Block 92	Lots 1-32	Block 143	Lots 1-19
Block 93	Lots 1-32	Block 144	Lots 1-3

ATTACHMENT B

Boundary Map of the territory proposed for inclusion in the sanitary district



Phase B
(Future)
344 lots existing

Phase A Service Area
130 lots existing
160 EDU (estimated)

Phase C
(Future)
261 lots existing

Transmission Main to
Redmond Treatment
Wetlands Complex



ATTACHMENT C

Petition Signatures

NAME OF DISTRICT: Terrebonne Sanitary District Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
1 Print Name: <u>Tim Brown for Jackson Branch</u> Signature: <u>[Signature]</u>	Date: <u>6/15/22</u>	PROPERTY ADDRESS: <u>653 Smith Rock way</u> RESIDENCE ADDRESS (If Different): <u>68314 Cloverdale Rd Sisters</u>	Landowner: Yes <u>X</u> No <u> </u> Acreage: <u>0.30</u> Registered Voter: Yes <u>X</u> No <u> </u> Pre: <u> </u>
2 Print Name: <u>Tim Brown</u> Signature: <u>[Signature]</u>	Date: <u>6/15/22</u>	PROPERTY ADDRESS: <u>8115 6th St Terrebonne</u> RESIDENCE ADDRESS (If Different): <u>68314 Cloverdale Rd Sisters</u>	Landowner: Yes <u>X</u> No <u> </u> Acreage: <u>1.98</u> Registered Voter: Yes <u>X</u> No <u> </u> Pre: <u> </u>
3 Print Name: <u>Tony Butler</u> Signature: <u>[Signature]</u>	Date: <u>6/15/22</u>	PROPERTY ADDRESS: <u>8045 N Hwy 99 #223</u> RESIDENCE ADDRESS (If Different): <u>Terrebonne dr 97768</u>	Landowner: Yes <u>X</u> No <u> </u> Acreage: <u> </u> Registered Voter: Yes <u>X</u> No <u> </u> Pre: <u> </u>
4 Print Name: <u>Debra K Arts</u> Signature: <u>[Signature]</u>	Date: <u>6-15-22</u>	PROPERTY ADDRESS: <u>8045 N Hwy 99 Unit 208 Terrebonne</u> RESIDENCE ADDRESS (If Different): <u> </u>	Landowner: Yes <u>X</u> No <u> </u> Acreage: <u> </u> Registered Voter: Yes <u>X</u> No <u> </u> Pre: <u> </u>
5 Print Name: <u>David Starking</u> Signature: <u>[Signature]</u>	Date: <u> </u>	PROPERTY ADDRESS: <u>8045 N Hwy 99 Unit 208</u> RESIDENCE ADDRESS (If Different): <u> </u>	Landowner: Yes <u>X</u> No <u> </u> Acreage: <u> </u> Registered Voter: Yes <u>X</u> No <u> </u> Pre: <u> </u>

I, Nick Rezer, certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: [Signature]

County of State of
 SUBSCRIBED AND SWORN before me this day of , 20
 Notary Public for Oregon My Commission Expires:
 Signature: SEE ATTACHED (affix notary stamp)

PAGE 1



NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
6 <u>TUAN Brockman</u> Print Name <u>Dan Brockman</u> Signature	<u>6-15-22</u> Date	<u>8045 North Hwy 97 #12</u> PROPERTY ADDRESS <u>8045 N Hwy 97 #12</u> RESIDENCE ADDRESS (If Different)	Landowner Yes <u>✓</u> No <u>✓</u> Acreage Registered Voter Yes <u>✓</u> No <u> </u> Pre <u> </u>
7 <u>Teanne Wendell</u> Print Name <u>Teanne Wendell</u> Signature	<u> </u> Date	<u>8045 N. Hwy 97 #14</u> PROPERTY ADDRESS <u> </u> RESIDENCE ADDRESS (If Different)	Landowner Yes <u> </u> No <u> </u> Acreage Registered Voter Yes <u> </u> No <u> </u> Pre <u> </u>
8 <u>JANICE D. BRUSH</u> Print Name <u>JANICE D. BRUSH</u> Signature	<u>6/15/22</u> Date	<u>8045 N HWY 97 #16</u> PROPERTY ADDRESS <u> </u> RESIDENCE ADDRESS (If Different)	Landowner Yes <u> </u> No <u> </u> Acreage Registered Voter Yes <u> </u> No <u> </u> Pre <u> </u>
9 <u>Melanie Stone</u> Print Name <u>Melanie Stone</u> Signature	<u>6/15/22</u> Date	<u>8045 N. Hwy 97 #16</u> PROPERTY ADDRESS <u> </u> RESIDENCE ADDRESS (If Different)	Landowner Yes <u> </u> No <u> </u> Acreage Registered Voter Yes <u> </u> No <u> </u> Pre <u> </u>
10 <u>JACKIE SHEPHERD</u> Print Name <u>JACKIE SHEPHERD</u> Signature	<u> </u> Date	<u>8045 N Hwy 97 #5</u> PROPERTY ADDRESS <u> </u> RESIDENCE ADDRESS (If Different)	Landowner Yes <u> </u> No <u> </u> Acreage Registered Voter Yes <u> </u> No <u> </u> Pre <u> </u>

I, Nick Kezede certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: Nick Kezede

County of State of
 SUBSCRIBED AND SWORN before me this day of , 20

Notary Public for Oregon My Commission Expires:

Signature SEE ATTACHED (affix notary stamp) COMMISSION NO. 989456 MY COMMISSION EXPIRES JULY 28, 2023



PAGE 2

NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
11 Christina Muebay Print Name Christina Muebay Signature	6-15-22 Date	8045 N HWY 97 #1 PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage _____ Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
12 Heber Turner Print Name Heber Turner Signature	6-15-22 Date	8131 7th St PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage .116 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
13 Donald L. Jones Print Name Donald L. Jones Signature	6-15-22 Date	8004 6th St PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage .116 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
14 Barbara J. French Print Name Barbara J. French Signature	6-15-22 Date	8133 6th St PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage .34 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
15 Barbara J. French Print Name Barbara J. French Signature	_____ Date	8125 6th St PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage .32 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>

I, Nick Kezek certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: [Signature]

County of _____ State of _____
 SUBSCRIBED AND SWORN before me this _____ day of _____, 20____
 Notary Public for Oregon _____ My Commission Expires: _____

Signature See Attached (affix notary stamp)

COMMISSION NO. 989456
 MY COMMISSION EXPIRES JULY 28, 2023

PAGE 3

NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

	PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
16	Print Name	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____
17	Print Name	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____
18	Print Name	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____
19	Print Name	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____
20	Print Name	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____


I, Mike Kezela certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: [Signature]

County of _____ State of _____

SUBSCRIBED AND SWORN before me this _____ day of _____, 20____

Notary Public for Oregon _____ My Commission Expires: _____

Signature See Attached (affix notary stamp)

 OFFICIAL STAMP
PAMELA LYNN HORNBERGER
NOTARY PUBLIC - OREGON
COMMISSION NO. 989456
MY COMMISSION EXPIRES JULY 28, 2023

PAGE 4

NAME OF DISTRICT: Terrebonne Sanitary District Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
21 Wanda M. Hill Print Name Signature Date 6/15/22 81336th ST PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)			Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage <u>.34</u> Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
22 Kevin Swift Print Name Signature Date 8345 5th ST PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)			Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage <u>.46</u> Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
23 Daniel Singleton Print Name Signature Date 8069 7th ST PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)			Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage <u>.34</u> Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
24 Print Name Signature Date PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	_____	_____	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____
25 Print Name Signature Date PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	_____	_____	Landowner Yes _____ No _____ Acreage _____ Registered Voter Yes _____ No _____ Pre _____

I, Nick Kezela certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: [Signature]

County of _____ State of _____
 SUBSCRIBED AND SWORN before me this _____ day of _____, 20____
 Notary Public for Oregon _____ My Commission Expires: _____

Signature See Attached

COMMUNITY DEVELOPMENT
 MY COMMISSION EXPIRES JULY 28, 2023

OFFICIAL STAMP
 HORNBERGER

NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
26 Kayla JEFFREY Signature:	6/16/22	8320 US-97 Terrebonne PROPERTY ADDRESS 14415 Old Bend Redmond Hwy 97703 RESIDENCE ADDRESS (If Different) Bend OR	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.69 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
27 Danielle C. Felter Print Name Signature:	6/16/22	11th Street Skull Hill 97 Terrebonne PROPERTY ADDRESS 2697 NE 6th Dr Redmond RESIDENCE ADDRESS (If Different) Redmond OR 97756 (TAXLOTS 1600, 1700, 1701)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 1.16 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
28 Ted Fehrenbacher Print Name Signature:	6/17/22	2222 N. Hwy 97 Terrebonne PROPERTY ADDRESS 7025 NW Lone Pine Ln Terrebonne RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 6.85 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
29 Kustin Judin Print Name Signature:	6/17/22	400 NW Smith Rock Hwy PROPERTY ADDRESS 1775 SW Tommie Blvd OR 97702 RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 1.49 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
30 Print Name Signature:	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input type="checkbox"/> No <input type="checkbox"/> Acreage Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>

I, Nick Keele, certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature:

County of _____ State of _____
SUBSCRIBED AND SWORN before me this _____ day of _____, 20__

Notary Public for Oregon
Signature: See Attached

My Commission Expires:
PAMELA J. ...
NOTARY PUBLIC
COMMISSION NO. 989456
MY COMMISSION EXPIRES JULY 28, 2023

PAGE 6

NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

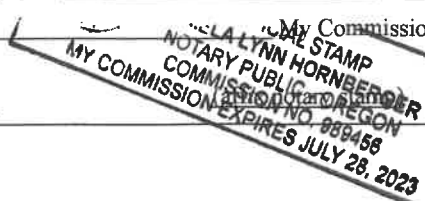
PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
Print Name	Date	PROPERTY ADDRESS	Landowner
Signature	Date	RESIDENCE ADDRESS (If Different)	Registered Voter
32 Print Name <u>Beryl S. Ferguson</u>	Date <u>6/19/22</u>	PROPERTY ADDRESS <u>648 W 211th, Terrebonne</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>4.91</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
Signature <u>Beryl S. Ferguson</u>	Date <u>6/17/22</u>	RESIDENCE ADDRESS (If Different) 8066 11th St <u>1971 N.W. Canyon Dr Redmond 97756</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>0.48</u> Registered Voter Yes _____ No _____ Pre _____
33 Print Name <u>Beryl Ferguson</u>	Date <u>6/17/22</u>	PROPERTY ADDRESS <u>8040 11th St Terrebonne</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>0.50</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
Signature <u>Beryl Ferguson</u>	Date <u>6/17/22</u>	RESIDENCE ADDRESS (If Different) <u>1971 N.W. Canyon Dr Redmond 97756</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>1.70</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
34 Print Name <u>Daryl Ferguson</u>	Date <u>6/22/22</u>	PROPERTY ADDRESS <u>842 1 11th St Terrebonne</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>1.70</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
Signature <u>Daryl Ferguson</u>	Date <u>6/22/22</u>	RESIDENCE ADDRESS (If Different) <u>1971 N.W. Canyon Dr Redmond OR.</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>1.70</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
35 Print Name <u>Daryl Ferguson</u>	Date <u>6/22/22</u>	PROPERTY ADDRESS <u>842 1 11th St Terrebonne</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>1.70</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____
Signature <u>Daryl Ferguson</u>	Date <u>6/22/22</u>	RESIDENCE ADDRESS (If Different) <u>1971 N.W. Canyon Dr Redmond OR.</u>	Landowner Yes <input checked="" type="checkbox"/> No _____ Acreage <u>1.70</u> Registered Voter Yes <input checked="" type="checkbox"/> No _____ Pre _____

I, Nick Kezela, certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: Nick Kezela

County of _____ State of _____
SUBSCRIBED AND SWORN before me this _____ day of _____, 20____

Notary Public for Oregon _____ My Commission Expires: _____

Signature See Attached



PAGE 7

NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
36 Michael Cumrine Print Name Signature	Date	844 C Avenue Terrebonne PROPERTY ADDRESS 13998 SW Prairie Terrebonne RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.11 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
37 Michael Cumrine Print Name Signature	Date	888 C Avenue Terrebonne PROPERTY ADDRESS 13998 SW Prairie Terrebonne RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.11 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
38 Michael Cumrine Print Name Signature	Date	8344 11th St Terrebonne PROPERTY ADDRESS 13998 SW Prairie Terrebonne RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.46 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
39 Michael Cumrine Print Name Signature	Date	8330 11th St Terrebonne PROPERTY ADDRESS 13998 SW Prairie Terrebonne RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.23 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
40 Robert L. Treuf Print Name Signature	Date	(TAXLOT 120A) PROPERTY ADDRESS Terrebonne 8250 6th St 80305 RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 1.70 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>

I, Nick Kezle certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: [Signature]

County of _____ State of _____
 SUBSCRIBED AND SWORN before me this _____ day of _____, 20____
 Notary Public for Oregon _____ My Commission Expires: _____
 Signature See Attached (affix notary stamp)



NAME OF DISTRICT: Terrebonne Sanitary District

Formation Withdrawal Annexation

	PRINT NAME	DATE SIGNED	PROPERTY ADDRESS/ RESIDENCE ADDRESS (If Different)	LANDOWNER IN THE PROPOSED TERRITORY/ REGISTERED VOTER IN THE PROPOSED TERRITORY
41	Robert Trout Print Name <i>Robert Trout</i> Signature	6/24/22 Date	8250 6 th St. Terrebonne OR PROPERTY ADDRESS (TAXLOT 1201) 99365 FEMM D. ELMIRA OR RESIDENCE ADDRESS (If Different) 97437	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 0.46 Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
42	Print Name Signature	Date	PROPERTY ADDRESS	Landowner Yes <input type="checkbox"/> No <input type="checkbox"/> Acreage Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
43	<i>Debra Vernon</i> Print Name Signature	6/28/22 Date	RESIDENCE ADDRESS (If Different) (TAXLOT 1500, 1400) 8045 N. Hwy 97, Terrebonne PROPERTY ADDRESS Send on RESIDENCE ADDRESS (If Different) 97701	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 9.03 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
44	<i>Dylan Stott</i> Print Name Signature	7/5/22 Date	8560 11 th St. Terrebonne, OR 97760 PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Acreage 1.62 Registered Voter Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>
45	Print Name Signature	Date	PROPERTY ADDRESS RESIDENCE ADDRESS (If Different)	Landowner Yes <input type="checkbox"/> No <input type="checkbox"/> Acreage Registered Voter Yes <input type="checkbox"/> No <input type="checkbox"/> Pre <input type="checkbox"/>

I, Nick Kezale certify that I circulated this petition, and every person who signed this petition did so in my presence. Signature: Nick Kezale

County of _____ State of _____
SUBSCRIBED AND SWORN before me this _____ day of _____, 20____
Notary Public for Oregon _____ My Commission Expires: _____

Signature See Attached
COMMISSION NO. 989456
EXPIRES August 28, 2023

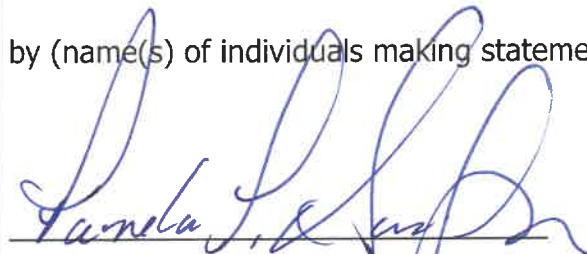
Verification on Oath or Affirmation

State of OREGON

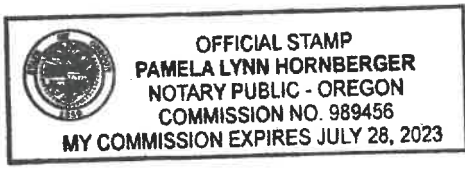
County of DESCHUTES

Signed and sworn to (or affirmed) before me on (date) JULY 22, 20 22

by (name(s) of individuals making statement) NICK VAN KEZELE


Notary Public - State of Oregon

Official Stamp



Document Description

This certificate is attached to page 9 of a * TERREBONNE SANITARY DISTRICT FORMATION SIGNATURES (title or type of document), dated JULY 22, 20 22, consisting of 9 pages.

ATTACHMENT D

Economic Feasibility Statement

Economic Feasibility Statement

Prepared for

Terrebonne Sanitary District

Prepared by

Parametrix

150 NW Pacific Park Lane, Suite 110

Bend, OR 97701

T. 541.508.7710 F. 1.855.542.6353

www.parametrix.com

CITATION

Economic Feasibility Statement.
Prepared by Parametrix
Bend, Oregon.
August 2022.

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1. SERVICES AND FUNCTIONS OF THE PROPOSED DISTRICT

1.1 Background

The unincorporated community of Terrebonne, Oregon, does not currently have a municipal wastewater facility, leaving all businesses and residents dependent upon onsite wastewater systems (septic tanks with drainfields, drill holes, or sand filters). The increasing age of septic systems and the low permeability of soils in Terrebonne, is resulting in an increasing trend of onsite system failures, surfacing effluent, exorbitant repair/replacement costs, and business closures. The downtown core area of Terrebonne that includes both commercial and residential zoned land is not well suited for onsite wastewater disposal. The area has a shallow bedrock that is typically within 24 inches of the ground surface.

To make matters worse, the area is platted with small lot sizes lacking adequate drainfield reserve area. Many lots have been denied Septic System approval by ODEQ and Deschutes County due to inadequate lot areas and/or poor soil permeability. Unfortunately, these conditions limit the ability of new and existing businesses and residents to exist in Terrebonne. Both Deschutes County and Oregon DEQ agree that for Terrebonne, a community sewer is the only sound, long-term solution.

Considering a community sewer requires an authority to manage and operate the system, the formation of a new special district is being proposed. The special district being proposed is a sanitary district as defined by Oregon Revised Statutes (ORS) Chapter 450 and will be referred to as the Terrebonne Sanitary District (TSD). The purpose of this Economic Feasibility Statement is to meet the requirements of ORS 198.749.

1.2 Service Area and Phasing

Per the most recent feasibility study, the recommended sewage collection and treatment alternative involves a Septic Tank Effluent Pump (STEP) pressurized collection system that pumps septic tank effluent to the proposed City of Redmond Treatment Wetlands Complex for treatment. Three phases have been planned for the proposed STEP collection system in Terrebonne: Phase A - Commercial Core, Phase B – Residential West, and Phase C – Residential East. As described in prior sections, the highest concentration of septic system problems and support for a sewer system exists within the Commercial Core Area, defined by Phase A. Properties within Phase A generally include commercial uses and residences on small lots lacking adequate drainfield and reserve areas. Properties outside the commercial core in Phases B and C are generally residential with larger lots and less urgent septic system problems at the time of this study. The STEP collection system has been planned to ultimately serve the entire Terrebonne community at full-buildout, but only construction of Phase A is proposed for funding and construction at this time. A figure showing the preliminary district boundaries with anticipated phasing is below:

1.3 Services and Functions Performed

The District will perform the following functions and provide the following services to the community of Terrebonne:

1. Provide a long-term, sustainable sanitary sewer collection and disposal system as an alternative to the historic use of septic drainfields and drill holes which will improve the public and environmental health in the community. In particular, the District will:
 - a. Apply for public infrastructure grants and loans to fund construction of the Phase A wastewater collection system.
 - b. Retain a civil engineer to prepare construction plans, specifications, and cost estimates for construction.
 - c. Retain an owner's representative/project manager to solicit contractor bids, manage construction schedules, inspect construction, and review contractor invoices.
 - d. Inform Terrebonne customers of the schedule, costs, and technical requirements for connection to the public sewer collection system.
2. Manage, operate, and maintain the Terrebonne community sewer system in accordance with the rules and regulations of ORS Chapter 450. In particular, the District will:
 - a. Hold District board meetings to review and discuss system revenues, expenses, issues, capital improvement plans, etc. and make formal decisions regarding the wastewater system.
 - b. Bill customers for hookup fees and monthly sewer service charges, with contracted assistance from utility billing service contractors.
 - c. Operate and maintain the wastewater system through proactive and reactive activities, with contracted assistance from a qualified maintenance contractor.
 - d. Review discharge meter volumes on a monthly basis and pay the City of Redmond for wastewater treatment charges, according to the Intergovernmental Agreement (IGA).

2. RELATIONSHIP TO OTHER GOVERNMENT SERVICES

There is the potential for TSD services to overlap with existing districts and government agencies in the area. The two existing entities that provide services and functions that relate to the TSD are the City of Redmond and the Terrebonne Water District.

2.1 City of Redmond

Based on the evaluation of wastewater system alternatives, the recommended alternative for Terrebonne is a STEP collection system and forcemain that discharges to the Redmond Treatment Wetlands Complex. This alternative presents the most cost-effective solution for the community, while also minimizing community impacts, environmental impacts, operational costs, and permit processes. This means that the TSD and City of Redmond will coordinate to provide a viable community sewer system for Terrebonne. The City of Redmond and Deschutes County have entered into a Memorandum of Understanding agreement regarding the intent for the Redmond Treatment Complex to accept effluent via the Terrebonne forcemain. An intergovernmental agreement (IGA) between the City of Redmond and the proposed TSD will be prepared, which will describe the terms, conditions, and costs for the City of Redmond to provide wastewater treatment and disposal. A portion of District revenues from monthly sewer rates and connection fees will need to cover the expenses for wastewater treatment and disposal provided by the City of Redmond.

2.2 Terrebonne Water District

The Terrebonne Water District provides clean drinking water to its residents in Terrebonne. While there are no other overlapping services at the outset of the new sewer system operation, there is potential for administrative and billing cooperation between the two districts. At the time of this Economic Feasibility Statement, however, no coordination or agreement between the two districts is planned. The operating budget assumes that no administrative, operational, managerial, or financial services will be shared by the two districts.

3. ECONOMIC FEASIBILITY STATEMENT

This section evaluates the economic feasibility of the proposed Terrebonne Sanitary District and outlines options for financing and implementing the proposed Phase A wastewater collection system improvements. To construct the proposed improvements, a financial plan acceptable to the District and its customers must be developed. It is anticipated that a combination of loans and grant funding will be obtained to construct the proposed Phase A collection system.

Below is a general summary of the District's estimated infrastructure costs, proposed rate structure, SDCs, and future wastewater system budgets. A summary of debt capacity for various loan terms and interest rates is also provided. Generally, most utility rate structures include funding for periodic minor system improvements and maintenance items, payroll costs for staff, and a regular allocation for future improvements. As a new wastewater system with few connections proposed at the outset, there are currently no existing revenue streams, and a relatively high level of grant funding will be necessary to establish this new system with rates and fees that are affordable to Terrebonne customers.

3.1 Engineer's Opinion of Probable Cost

The opinion of probable cost to construct the proposed Phase A collection system is \$3,830,320. This discrete dollar figure for capital costs was used for the purposes of this economic feasibility statement. However, the actual project costs are likely to range from \$2.68 Million to \$5.75 Million, based on Class IV cost estimating standards (-30% to +50%). The cost estimate shown here and below in Table 3-1 below includes five main components, each of which is discussed further below. It must be recognized that opinions of probable cost are preliminary and based on the level of planning presented in this study. Due to the nature of fluctuating economic conditions, the competitive bidding process, the preliminary nature of this planning document, and other unpredictable conditions, actual total project costs may vary from estimates presented here. As the project moves forward, it may be necessary to update the costs as more information becomes available.

This opinion of probable cost only accounts for the construction costs anticipated to be borne by the District. A significant portion of the Phase A collection system is being designed and constructed concurrently with the ODOT US 97 improvements project in Terrebonne. Approximately \$1 million in ARPA grant funding was allocated to ODOT via Deschutes County to incorporate sewer system design and construction into the planned transportation improvements. The capital costs for the work associated with the ODOT project and the \$1 million in funding from Deschutes County are not borne by the District and are therefore not included in this economic feasibility statement.

Deschutes County has allocated \$1 million in grant funding to reimburse the City of Redmond for additional treatment capacity at the proposed wetlands treatment complex related to the Terrebonne system (\$2 million estimated cost borne by Redmond). Per discussions with the City of Redmond, it is

anticipated that 50% of the City’s Sewer SDC (for 5/8” meter) will be charged to the District for each EDU that is connected to the Terrebonne collection system. This assumes that approximately half of Redmond’s sewer SDC revenues are directed towards treatment infrastructure and the other half towards collection infrastructure, which Terrebonne does not participate in or benefit from. Half of the current \$4,371 SDC is \$2,185.50, which allows approximately 457 EDUs to be covered by the \$1 million grant. Once the \$1 million grant is fully spent on the discounted Redmond SDCs for the District, the District will be expected to begin reimbursing the City over time for the remaining treatment system capacity per the terms and conditions agreed upon in the forthcoming intergovernmental agreement.

Table 3-1. Phase A Collection System Cost Estimate (Engineer’s Opinion of Probable Cost)

Construction Item	Quantity	Unit	Unit Price	Estimated Cost
8-in Effluent Pressure Main	17,660	lf	\$120	\$2,119,200
6-in Effluent Pressure Main	1,810	lf	\$100	\$181,000
3-in Effluent Pressure Main	2,680	lf	\$80	\$214,400
1-in to 2-in Service Stubs w/ Valves	50	ea	\$2,000	\$100,000
Air Release Valve Assembly with Odor Filter	3	ea	\$2,000	\$6,000
Vault with Mag Meter, Sampling Port, and pH Monitor	1	ls	\$15,000	\$15,000
Connection to City of Redmond Manhole	1	ls	\$1,000	\$1,000
Odor Control	1	ls	\$5,000	\$5,000
			Construction Subtotal	\$2,641,600
			Contingency (20%)	\$528,320
			Engineering and Surveying (10%)	\$264,160
			Construction and Funding Management (10%)	\$264,160
			Legal and Permitting (5%)	\$132,080
			Estimated Phase A Total	\$3,830,320
			Class IV Project Cost Estimate (-30% to +50%)	\$2,681,224 - \$5,745,480

ea = each; lf = linear foot; ls = lump sum

3.1.1 Construction Cost

Initial capital costs for Phase A include effluent pressure mains, fittings, valves, service stub-outs, metering, system monitoring, odor control, connection to the City of Redmond treatment system, construction contingency, and the related technical services described above.

Opinions of probable cost in this report are based on preliminary layouts of the proposed improvements, actual construction bidding results for similar work, published cost guides, information from material suppliers, and the author’s construction cost experience within the state of Oregon. Future changes in the cost of labor, equipment, and materials may justify comparable changes in the opinions of probable cost presented herein. Opinions of probable cost should be updated when funding applications are completed. When the community secures financing, a reserve factor should be added at that time for an estimated increase in cost due to inflation.

3.1.2 Construction Contingency

In recognizing that opinions of probable cost are based on very preliminary design, allowances must be made for variations in final quantities, bidding market conditions, adverse construction conditions, unanticipated specialized investigations, material and labor cost escalation, and other difficulties that cannot be foreseen at this time. A contingency factor of 20 percent of the construction cost has been added to cover these variables.

3.1.3 Engineering and Surveying

Engineering and surveying costs have been assumed at 10 percent of the construction cost. This includes costs for an engineering company to conduct preliminary surveys, perform detailed design analyses, prepare construction drawings, prepare construction specifications, and conduct construction stakeout surveys.

3.1.4 Construction and Funding Administration

Construction and funding management costs have been assumed at 10 percent of the construction cost. This allowance is intended to include project planning and budgeting, advertising construction bids, grant/loan administration, construction observation, reviewing product submittals, processing change orders, reviewing contractor invoices, and preparing as-built record drawings for the project.

3.1.5 Legal, Permitting, Administration

An allowance of 5 percent of the projected construction cost has been added for legal and permitting costs. This allowance is intended to include legal services, contract review, permit fees, and other related expenses associated with the project.

3.2 Public Infrastructure Grant and Loan Programs

Business Oregon facilitates One-Stop meetings to quickly and efficiently identify infrastructure funding solutions for communities. Funding partners such as USDA-RD and DEQ are also included in One-Stop meetings. If the District chooses to finance the wastewater system improvement project through funding sources administered by the IFA, USDA-RD, or DEQ, a One-Stop meeting must be scheduled. A One-Stop meeting will provide a forum to evaluate funding opportunities and find the most suitable funding package for the District.

Once the District is formed, it will schedule a One-Stop meeting with the IFA and attend with the board members, engineer, partner agency staff, and this report. After the One-Stop meeting, the District will be invited to submit funding applications to the funding programs identified by agencies as the best fit for the proposed project. Most likely, financing will come from a combination of sources. Below is a summary of potential grant and loan funding resources available for wastewater infrastructure projects. Proposed project financing is described further in Section 3.3.

3.2.1 Oregon Business Development Department – Infrastructure Finance Authority (OBDD-IFA)

Community Development Block Grant (CDBG) funding is administered through OBDD-IFA. Federal CDBG program rules limit program assistance to activities that are necessary to benefit current residents in a

primarily permanent-resident area. The program also requires meeting the federal objective of serving low- and moderate-income persons. This means that the service area of the system must serve an area where more than 51 percent of the permanent residents are low- and moderate-income persons now and into the future. With the available census data, it is uncertain whether incomes in the Terrebonne service area will meet this requirement. “Low income” means income equal to or less than 50 percent of the area median (adjusted by family size). “Moderate income” means income equal to or less than 80 percent of the area median (adjusted by family size).

Applicable income limits are determined by the U.S. Department of Housing and Urban Development on an annual basis for all Oregon counties and metropolitan statistical areas. Because the Terrebonne area is unincorporated, there is limited data available to determine the median income in the area. For the District to be able to apply for CDBG funding, an income study will be required by the funding agencies to determine the community’s income level. The maximum grant available through the program is \$2,500,000 (for the category, Public Works Water and Wastewater Improvements).

OBDD-IFA is also responsible for administering the Special Public Works Fund Program, which is funded by capital from the Oregon Lottery. Loan funds are normally available through this program to be used by cities and counties for public utility improvements, and the program also offers grant funds once loan capacity limits are met. The maximum grant is typically \$500,000, and the maximum loan is typically \$10 million. Grants cannot be more than 85 percent of the total project cost. Funds can be made available for the purpose of improving public facilities so the service provider can serve additional commercial and industrial businesses.

Eligibility for these funds is tied very closely to the need for economic growth and the creation of new jobs or retention of jobs. Grant funds are typically limited to \$5,000 per job that is retained or created. Depending on the capability of the District to demonstrate the creation of new family-wage jobs or the retention of existing jobs, this funding program may be a possible option for the District.

OBDD-IFA offers low-interest loan options through the Water/Wastewater Financing Program. The loan program funds the design and construction of public infrastructure needed to ensure compliance with the Safe Drinking Water Act or the Clean Water Act. In order to be eligible for funding, a system must have received, or be likely to receive, a Notice of Non-Compliance by the appropriate regulatory agency. The maximum loan term is 25 years, and the maximum loan is \$10 million. Grants of up to \$750,000 may be awarded based upon a financial review and must be matched 1:1 with a loan from the program. A median household income survey is required for this program to determine what the required affordability rate is and any potential for grant assistance.

3.2.2 U.S. Department of Agriculture – Rural Development (USDA-RD)

USDA-RD offers affordable funding to develop essential community facilities in rural areas. It offers direct loan options with terms up to 40 years at annual interest rates at and below market rates. Grant assistance is also provided on a graduated scale with smaller communities with the lowest median household income being eligible for projects with a higher proportion of grant funds. An income study of the project area would determine how much of the project would be eligible for grant assistance. Based on correspondence with USDA, Terrebonne is unlikely to meet income requirements for USDA grant funding.

3.2.3 Oregon Department of Environmental Quality (DEQ)

DEQ provides water/wastewater funding options through the Clean Water State Revolving Fund. This program is expected see an influx of federal funding resulting from passage of the \$1.2 trillion

Infrastructure Investment and Jobs Act in 2021, which includes \$55 billion for water and wastewater infrastructure projects across the country. The program provides low-cost loans to public agencies for the planning, design, or construction of various projects that prevent or mitigate water pollution. DEQ partners with Oregon communities to implement projects that attain and maintain water quality standards and are necessary to protect recreation, fish habitat, boating, irrigation, drinking water and other beneficial uses. A wastewater treatment facility is an eligible project under this program. These loans are offered with 5- to 30-year terms and annual interest rates ranging from 0.60 percent to 2.31 percent.¹ As with the other funding agencies, reduced interest rates may be available depending on the income levels in the project area.

3.3 Annual Operating Budget

For the proposed wastewater system to be economically feasible, it must be able to cover operating expenses and debt service with revenues from connection fees and monthly sewer rates. The main components of the annual operating budget include income, O&M expenses, debt repayment, and reserves. Each of these four components is described further in the sections that follow.

Two financial forecast scenarios were prepared to illustrate 10-year cash flow projections based on different levels of grant funding, sewer rates, and SDCs. Scenario 1 (shown in Figure 3-1 and Table 3-2) assumes a combination of loan and grant funding for the \$3.8-million Phase A system improvements. If grant funding is assumed, SDCs and monthly rates are more affordable for Terrebonne customers. Scenario 2 (shown in Figure 3-2 and Table 3-3) is based on debt funding alone (no grants); the higher loan principal means SDCs and monthly rates may pose financial hardships to customers.

Both scenarios assume up-front connection charges will be collected from each customer and forecast O&M and future capital outlays. Both financial plan figures detail the rate and EDU assumptions by year. At startup, 160 EDUs are anticipated to connect to the collection system. EDUs are anticipated to increase by approximately 10 EDUs in the commercial core area (Phase A) every year.

Sewer rates have been adjusted year-over-year for inflation assuming a 3 percent annual average cost inflation. Anticipated operating revenue is based on the monthly rates and number of EDUs connected to the sewer system. As a new wastewater system there are no existing revenue streams and customer participation in the system will start small and increase over time. Consequently, a relatively high level of grant funding will likely be necessary to establish this new system with rates and fees that are affordable to Terrebonne customers.

¹ Interest rates depend on term, community size, and income per the DEQ website as of May 2022.

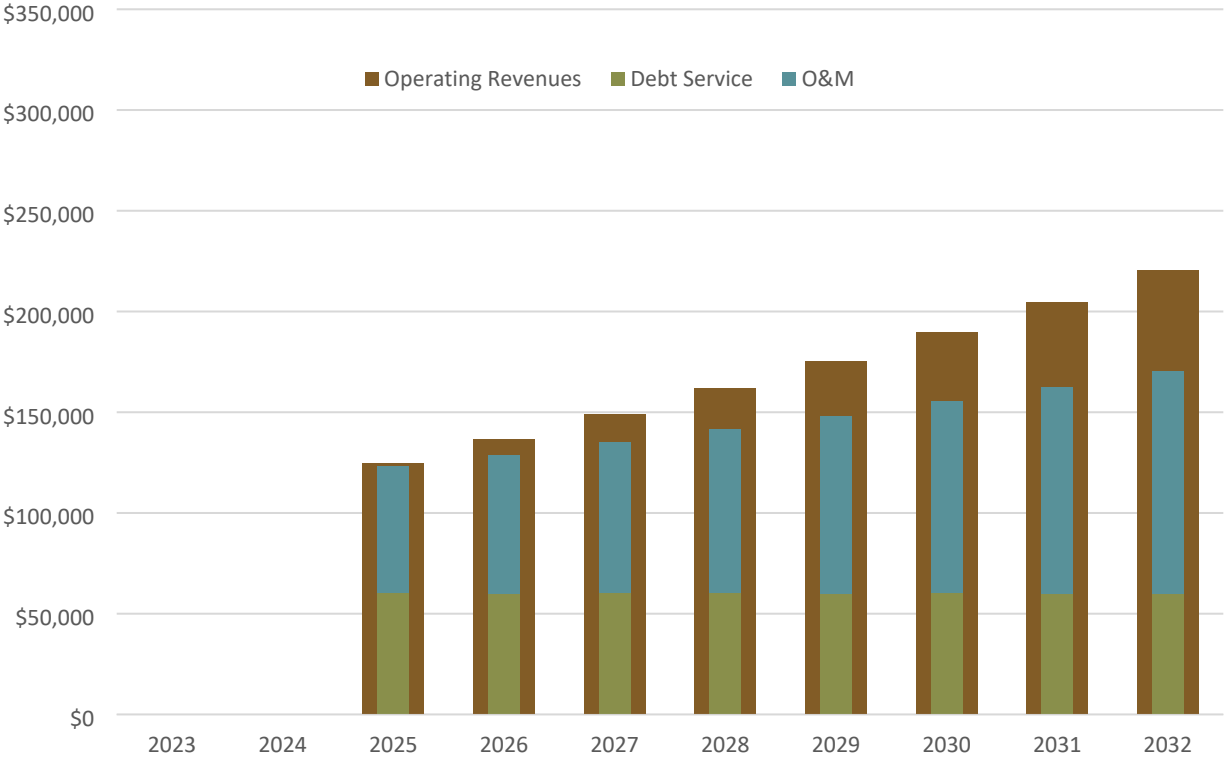


Figure 3-1. Annual Operating Budget, Scenario 1 (Grant Funding Assumed)

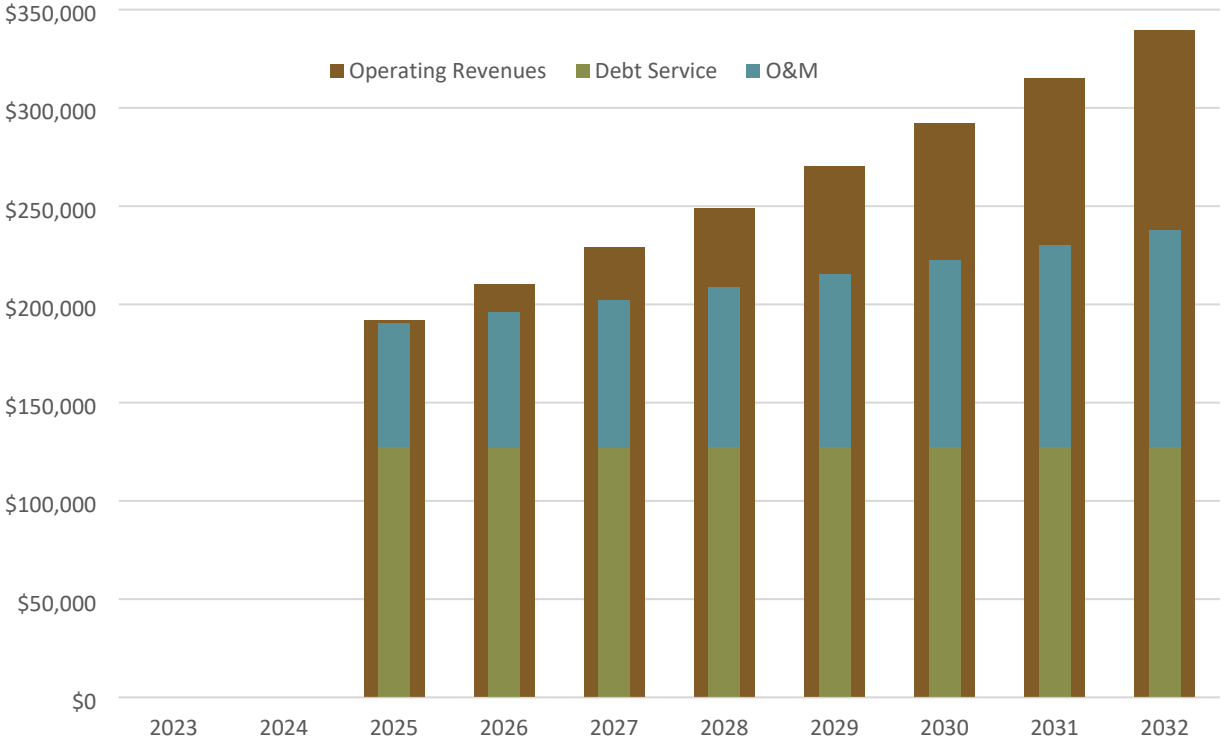


Figure 3-2. Annual Operating Budget, Scenario 2 (No Grant Funding Assumed)

Table 3-2. Annual Operating Budget, Scenario 1 (Grant Funding Assumed)

Year	(funding) 2023	(construction) 2024	(startup) 2025	2026	2027	2028	2029	2030	2031	2032
Cost index (3% cost inflation annual average)			1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23
EDUs			160	170	180	190	200	210	220	230
Monthly Rate per EDU ³			\$65.00	\$66.95	\$68.96	\$71.03	\$73.16	\$75.35	\$77.61	\$79.94
Beginning Balance	\$ -	\$ 3,166,704	\$ 100,000	\$ 81,781	\$ 117,235	\$ 158,937	\$ 207,201	\$ 262,354	\$ 324,736	\$ 394,703
Operating Revenues										
Charges for Services	\$0	\$0	\$124,800	\$136,578	\$148,950	\$161,942	\$175,579	\$189,889	\$204,899	\$220,639
Total Operating Revenues	-	-	124,800	136,578	148,950	161,942	175,579	189,889	204,899	220,639
Operation, Maintenance & Replacement Expenses										
Personal Services ⁵	\$ -	\$ -	\$ 9,600	\$ 10,506	\$ 11,458	\$ 12,457	\$ 13,506	\$ 14,607	\$ 15,761	\$ 16,972
Materials & Services ⁴	\$ -	\$ -	\$ 22,000	\$ 23,973	\$ 26,045	\$ 28,220	\$ 30,501	\$ 32,894	\$ 35,404	\$ 38,034
Other Operating Expense - COR WW Treatment ¹	\$ -	\$ -	\$ 31,277	\$ 34,229	\$ 37,329	\$ 40,585	\$ 44,003	\$ 47,589	\$ 51,351	\$ 55,296
Total OM&R	\$0	\$0	\$ 62,877	\$68,708	\$74,832	\$81,262	\$88,010	\$95,090	\$102,516	\$110,302
(Average Annual OM&R Expense per EDU)			\$ 393	\$ 404	\$ 416	\$ 428	\$ 440	\$ 453	\$ 466	\$ 480
Debt Service										
Net Revenue Avail. For Debt Service	\$0	\$0	\$61,923	\$67,870	\$74,118	\$80,680	\$87,569	\$94,799	\$102,383	\$110,338
Proposed Debt ²			\$0	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142
Total Debt Service	\$0	\$0	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142	\$60,142
Other Activities										
Cash Available After Debt Service	\$0	\$0	\$1,781	\$7,728	\$13,976	\$20,538	\$27,427	\$34,656	\$42,241	\$50,195
Loan Proceeds/Drawdowns	1,366,704	763,616	0	0	0	0	0	0	0	0
Capital Outlay	0	(3,830,320)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Loan Payoff	0	0	(763,616)	0	0	0	0	0	0	0
Grant 47% Tot Cost	1,800,000	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0
SDC revenue \$ 4,773 /EDU	0	0	763,616	47,726	47,726	47,726	47,726	47,726	47,726	47,726
Equipment replacement transfers	0	0	0	0	0	0	0	0	0	0
Net Other Activity	\$3,166,704	(\$3,066,704)	(\$20,000)	\$27,726	\$27,726	\$27,726	\$27,726	\$27,726	\$27,726	\$27,726
Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$3,166,704	\$ 100,000	\$ 81,781	\$117,235	\$158,937	\$207,201	\$ 262,354	\$ 324,736	\$ 394,703	\$ 472,625
Debt Service Coverage			1.03	1.13	1.23	1.34	1.46	1.58	1.70	1.83

Notes:

¹ Based on assumed treatment charges of \$16.29/EDU/Month=\$196/EDU/year (in 2025) to cover City of Redmond charges to TSD by metered volume at \$2.63/1000 gallons/month

² Based on 30 year term and 0.96% interest rate and including 0.50% annual fee

³ Monthly rate as % of median household income: 1.37%

⁴ Based on estimates from contractor: \$127.50/EDU/year plus \$1,600/year for collection system maintenance

⁵ An estimate based on information received from utility billing service and additional cost required for in-house district personal services

Table 3-3. Annual Operating Budget, Scenario 2 (No Grant Funding Assumed)

Year	(funding)	(construction)	(startup)	2026	2027	2028	2029	2030	2031	2032
	2023	2024	2025							
Cost index (3% cost inflation annual average)			1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23
EDUs			160	170	180	190	200	210	220	230
Monthly Rate per EDU ³			\$100.00	\$103.00	\$106.09	\$109.27	\$112.55	\$115.93	\$119.41	\$122.99
Beginning Balance	\$ -	\$ 2,893,459	\$ 100,000	\$ 81,796	\$ 140,684	\$ 212,483	\$ 297,839	\$ 397,427	\$ 511,951	\$ 642,141
Operating Revenues										
Charges for Services	\$0	\$0	\$192,000	\$210,120	\$229,154	\$249,142	\$270,122	\$292,137	\$315,230	\$339,445
Total Operating Revenues	-	-	192,000	210,120	229,154	249,142	270,122	292,137	315,230	339,445
Operation, Maintenance & Replacement Expenses										
Personal Services ⁵	\$ -	\$ -	\$ 9,600	\$ 10,506	\$ 11,458	\$ 12,457	\$ 13,506	\$ 14,607	\$ 15,761	\$ 16,972
Materials & Services ⁴	\$ -	\$ -	\$ 22,000	\$ 23,973	\$ 26,045	\$ 28,220	\$ 30,501	\$ 32,894	\$ 35,404	\$ 38,034
Other Operating Expense - COR WW Treatment ¹	\$ -	\$ -	\$ 31,277	\$ 34,229	\$ 37,329	\$ 40,585	\$ 44,003	\$ 47,589	\$ 51,351	\$ 55,296
Total OM&R	\$0	\$0	\$ 62,877	\$68,708	\$74,832	\$81,262	\$88,010	\$95,090	\$102,516	\$110,302
	OMR/EDU		\$ 393	\$ 404	\$ 416	\$ 428	\$ 440	\$ 453	\$ 466	\$ 480
Debt Service										
Net Revenue Avail. For Debt Service	\$0	\$0	\$129,123	\$141,412	\$154,322	\$167,880	\$182,112	\$197,047	\$212,714	\$229,143
Proposed Debt ²			\$0	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328
Total Debt Service	\$0	\$0	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328	\$127,328
Other Activities										
Cash Available After Debt Service	\$0	\$0	\$1,796	\$14,085	\$26,995	\$40,552	\$54,784	\$69,719	\$85,386	\$101,816
Loan Proceeds/Drawdowns	2,893,459	1,036,861	0	0	0	0	0	0	0	0
Capital Outlay	0	(3,830,320)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Loan Payoff	0	0	(1,036,861)	0	0	0	0	0	0	0
Grant	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0
SDC revenue \$ 6,480 /EDU	0	0	1,036,861	64,804	64,804	64,804	64,804	64,804	64,804	64,804
Equipment replacement transfers	0	0	0	0	0	0	0	0	0	0
Net Other Activity	\$2,893,459	(\$2,793,459)	(\$20,000)	\$44,804	\$44,804	\$44,804	\$44,804	\$44,804	\$44,804	\$44,804
Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$ 2,893,459	\$ 100,000	\$ 81,796	\$ 140,684	\$ 212,483	\$ 297,839	\$ 397,427	\$ 511,951	\$ 642,141	\$ 788,761
Debt Service Coverage			1.01	1.11	1.21	1.32	1.43	1.55	1.67	1.80

Notes:

¹ Based on assumed treatment charges of \$16.29/EDU/Month=\$196/EDU/year (in 2025) to cover City of Redmond charges to TSD by metered volume at \$2.63/1000 gallons/month

² Based on 30 year term and 0.96% interest rate and including 0.50% annual fee

³ Monthly rate as % of median household income: 2.12%

⁴ Based on estimates from contractor: \$127.50/EDU/year plus \$1,600/year for collection system maintenance

⁵ An estimate based on information received from utility billing service and additional cost required for in-house district personal services

3.4 Income

A crucial consideration for the District’s financial plan is initial funding sources and the District’s eligibility for grant funding in order to moderate customer sewer bills. Most likely, the funding for the initial Phase A project construction will come from a combination grants and loans from funding agencies. District representatives will participate in a One-Stop meeting with state and federal agencies to further evaluate funding options (see Section 3.2 for more information).

Lending agencies, such as Business Oregon, generally require utilities to set user rates sufficient to generate net revenues (operating revenues minus operating expenses) in excess of annual debt service to provide some level of funding contingency (referred to as a “debt service coverage”). The financial forecasts presented in the previous section assume a debt service coverage ratio (DSCR) of greater than 1.00. The budget also includes provisions for a debt-service reserve, which is discussed further in Section 3.7.

According to the U.S. Environmental Protection Agency, if the annual sewer service cost per household is less than 1.0 percent of the median household income, it is assumed that the project is not expected to impose a substantial economic hardship on households. If the average annual sewer service cost per household exceeds 2.0 percent of median household income, then the project may place an unreasonable financial burden on many of the households within the community. When the ratio falls between these values, communities are expected to incur mid-range impacts and a secondary test is often performed that includes debt indicators, socioeconomic indicators, and financial management indicators. Various state and national funding agencies have adopted an affordability threshold that falls within this range.

According to the 2020 American Community Survey (U.S. Census Bureau Table S1901), the median household income (MHI) for the Terrebonne Census-Designated Place is \$56,736, and the boundary roughly matches the unincorporated community boundary and ultimate sewer service area. It is, therefore, considered a reasonable representation of demographics for the purposes of this study. See Figure 3-3 below.

Based on the affordability thresholds described above, a 1 to 2 percent annual sewer service cost as a percentage of Terrebonne MHI would correlate to a monthly sewer service cost between \$47.28 and \$94.56 (per residential service, or one EDU). Therefore, sewer rates should be set within this range to be affordable to ratepayers while also being sufficient to result in a DSCR greater than one for debt repayment.

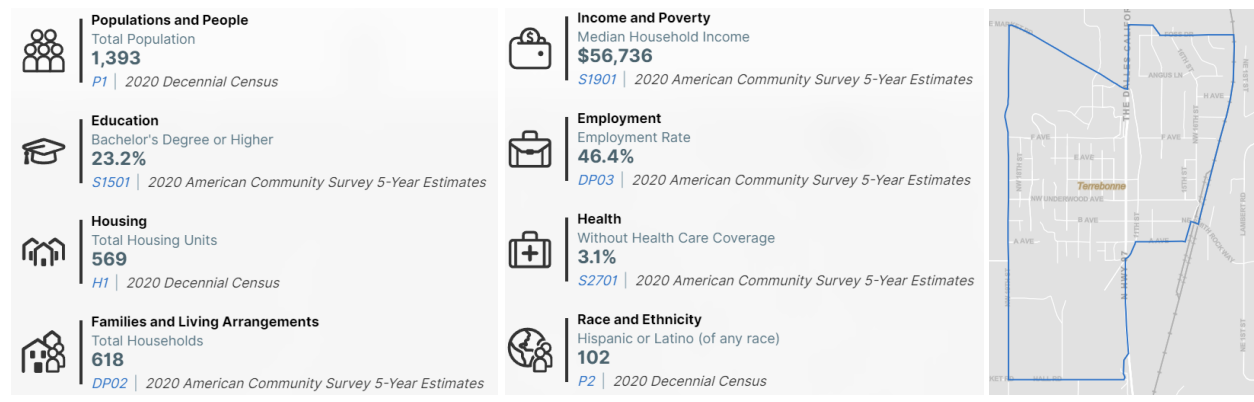


Figure 3-3. Summary of 2020 Census Data for the Terrebonne CDP

Source: US Census Data Website (Source Tables in Blue), <https://data.census.gov/cedsci/profile?g=1600000US4172800>

By definition, each residential dwelling is counted as one EDU. The quantity of EDUs associated with commercial users is calculated by dividing the average water usage of each by the average water usage of residential dwellings in Terrebonne. In the initial Phase A service area, there are approximately 70 residential dwellings and 33 commercial users. Based on metered water usage data, these 33 commercial users account for approximately 90 commercial EDUs. The total of existing residential and commercial EDUs is estimated to be approximately 160 EDU in the Phase A service area.

For the purposes of this study, it was assumed that small businesses with average flows equal to or less than that of an average residence would be charged system development charges (SDCs) and monthly rates for one EDU. Larger businesses with average flows greater than that of an average residence will be charged SDCs and monthly rates accordingly, each ranging from 2 EDUs or more, depending on metered water usage. The District may consider alternate methods for calculating commercial EDUs, such as water meter size (for simplicity) or septic system design flows (for more direct correlation to wastewater generation). However, it is important that any alternate EDU calculation method result in sufficient annual operating revenues and SDC revenues to cover operating expenses and capital costs, respectively.

In Scenario 1 (\$1.8 million grant funding assumed), the monthly sewer rate per EDU is \$65 per EDU, which is comparable to other regional communities. Assuming 160 EDUs in year 1 (2025) at startup, this monthly rate results in an initial annual operating revenue of \$124,800. This is sufficient to cover projected annual operating expenses including \$62,877 for operation, maintenance, and repair (OM&R) and \$60,142 for debt service. This monthly sewer rate of \$65/EDU translates to an annual cost per household of roughly \$780, which represents 1.37 percent of the median household income in Terrebonne (\$56,736 per 2020 U.S. Census Data). At the outset in 2025, the DSCR is calculated to be 1.03 and then later increasing as revenues grow while debt service remains the same year over year.

In Scenario 2 (no grant funding assumed), the monthly sewer rate must be higher at \$100 per EDU cover the additional debt service for capital construction. Assuming 160 EDUs in year 1 (2025) at startup, this monthly rate results in an initial annual operating revenue of \$192,000. This annual revenue is sufficient to cover projected annual operating expenses including \$62,877 for OM&R and \$127,328 for debt service. This monthly sewer rate of \$100 translates to an annual cost per household of roughly \$1,200, which represents 2.12 percent of the median household income in Terrebonne (\$56,736). Because this percentage exceeds 2 percent, this monthly rate of \$100/month is expected to impose a substantial economic hardship on households. At the outset in 2025, the DSCR is calculated to be 1.01 and then later increasing as revenues grow and debt service remains the same year over year.

If the District is formed and moves forward with the design and construction of the proposed Phase A wastewater collection system project, an SDC will need to be established to help cover costs from this project and allocate funding for past and future capital projects. A detailed SDC analysis is beyond the scope of this preliminary engineering report. This SDC analysis is only preliminary and will need to be reassessed when actual costs, funding sources, etc., are better known. Outlined below is a preliminary SDC analysis to provide a rough estimate of the SDC that would be assessed to Terrebonne customers who connect to the wastewater system. The reimbursement and improvement components below need to be considered first, in order to estimate the total SDC described at the end of the list:

- **Reimbursement** – The reimbursement fee recovers the cost of the customer’s fair share of existing system assets with available capacity for wastewater collection, transmission,

treatment, and disposal. The reimbursement fee is based on the value of available capacity for wastewater infrastructure that is already constructed or under construction. For Terrebonne, the reimbursement SDC would reimburse the District for costs incurred to construct the proposed Phase A collection system. The estimated Phase A project cost is \$3.8 million. The Phase A infrastructure includes pressure sewer mains and the 8-inch force main to Redmond, which is designed to serve the entire Terrebonne community (1,054 EDUs) at full-buildout. Assuming this reimbursable construction cost is divided among the 1,054 EDUs projected at full buildout, the estimated reimbursement SDC would be approximately \$3,634 per EDU.

- **Improvement** – Improvement SDCs recover costs associated with capital improvements to be constructed in the future. While phasing plans have been prepared for expanding the collection system to outlying residential areas in Terrebonne, the extent and timing of these projects is uncertain. To allocate funds for future system expansion, improvement costs are assumed to be \$3 million. Assuming this improvement cost of \$3 million is divided among the 1,054 EDUs projected at full buildout, the Improvement SDC would be approximately \$2,846 per EDU.
- **Total SDC** – The total SDCs are the sum of the reimbursement and improvement components. The estimated total SDCs would be \$6,480 (\$3,634 + \$2,846). This total represents a worst-case scenario and assumes the entire project would be paid for through a state or federal loan. Although not guaranteed to be awarded to the District, this amount can be reduced through applying for and acquiring grants to effectively reduce the overall direct capital expenditure by the District. For instance, if the District was to secure \$1.8 million in grant funding for Phase A initial reimbursement costs for Phase A would be reduced by \$1.8 million and the total SDCs would equate to \$4,773. Please see Table 3-4 below for a summary of estimated sewer rates, SDCs, and revenues for both scenarios.

Table 3-4. Estimated Sewer Fees and Initial Revenues

	Scenario 1 (\$1.8 M grant funding)	Scenario 2 (no grant funding)
Monthly Rate per EDU	\$65	\$100
SDC Hookup Fee per EDU	\$4,773	\$6,480
Initial Operating Revenues (160 EDU in 2025)	\$124,800	\$192,000
Initial SDC Revenue (160 EDU in 2025)	\$763,616	\$1,036,861
Annual Sewer Cost % of MHI	1.37%	2.12%

EDU = equivalent dwelling unit; M = million; MHI = median household income; SDC = system development charge

3.5 Annual Operation and Maintenance Costs

O&M expenses are typically categorized into three types:

- **Personal Services** – This includes utility billing services, personnel costs, administrative costs, accounting, legal fees, interest, utilities, office supplies, printing, and professional services among other tasks. An estimate of \$5/EDU/month was used. Because of the small scale of the district area at startup, it is possible that a third-party billing and customer call center service may be beneficial for the District. Estimates from an existing third-party vendor were provided at \$1.90/EDU/month for a 2,000-customer system. An additional \$3.10 was included to cover

economy of scale for the small Terrebonne system, as well as for miscellaneous services performed by District personnel. This results in a budgeted annual administrative expense of \$10,185 assuming 160 EDUs at startup in 2025.

- **Materials and Services** – Contractor estimates were solicited for the materials and services portion of the OM&R costs. These were estimated to be \$127.50/EDU/year for preventative maintenance, reactive maintenance, repair and replacement, and tank pumping plus an additional \$1,600 per year for the collection system maintenance such as pressure main repairs, valve maintenance, odor control, etc. This results in a budgeted annual OM&R expense of \$23,340 assuming 160 EDUs at startup in 2025.
- **City of Redmond Treatment Charges** – The proposed wastewater collection system in Terrebonne will benefit from the treatment services provided by the Redmond Wetlands Complex. The District will be responsible for paying related wastewater treatment charges to the City of Redmond. Per coordination with the City of Redmond, the charge will be approximately \$2.63/1,000 gallons/month based on metered discharge volume. Assuming a conservative average daily flow of approximately 200 gallons/day/EDU, the budgeted amount for treatment charges (in 2025) is \$16.29/EDU/month or \$196/EDU/year to cover these City of Redmond charges to the District. This results in a budgeted annual expense of \$33,182 for Redmond treatment charges assuming 160 EDUs at startup in 2025.

3.6 Debt Repayments

For purposes of estimating long-term debt service on the infrastructure loans, a 30-year loan was assumed with a 0.96 percent interest rate and a 0.5 percent annual fee on the principal balance. The anticipated long-term loan amounts for both scenarios were decreased by the funding available through SDCs, as described in Section 3.4 and shown in Table 3-4. Therefore, a secondary short-term loan is also included in both budget scenarios based on a 5-year term, 0.60 percent interest rate, and 0.5 percent annual fee on the principal balance. The intent of this secondary loan is to use SDC revenues for deferred coverage of construction costs and thus minimize the long-term loan principal balance and the related annual debt burden on the District and its customers.

These loan terms and rates are typical of Clean Water State Revolving Fund loans for design or construction in small communities below the statewide MHI, as published on the DEQ website for the period of April 1 through June 30, 2022. According to the 2020 American Community Survey (U.S. Census Bureau Table S1901), the MHI for the Terrebonne Census-Designated Place is \$56,736 and the statewide Oregon MHI was reported to be \$65,667.

Assuming \$1.8 million in grant funding is awarded to the project (Scenario 1 as shown Table 3-2) the proposed debt service is calculated to be \$60,142 per year. Assuming no grants are awarded to the project (Scenario 2 as shown in Table 3-3), the proposed debt service is calculated to be \$127,328 per year. Table 3-5 below compares the debt repayment information for both scenarios in Year 1 of system operation (2025).

Table 3-5. Debt Repayment Scenarios

	Scenario 1	Scenario 2
Estimated total project cost	\$3,830,320	\$3,830,320
Assumed Grant Funding	\$1,800,000	\$0
Long-term CWSRF loan balance, repaid over 30 years (0.96% rate with 0.5 % annual fee on principal balance)	\$1,366,704	\$2,893,459
Short-term CWSRF loan balance, repaid within 5 years (0.60% rate with 0.5% annual fee on principal balance)	\$763,616	\$1,036,861
Net revenue available for debt service	\$61,923	\$129,123
Proposed debt service	\$60,142	\$127,328
Initial DSCR (1.00 minimum) *	1.03	1.01

* Debt Service Coverage Ratio is expected to improve over time as revenues increase with added connections and debt repayment remains the same.

CWSRF=Clean Water State Revolving Fund, DSCR=Debt Service Coverage Ratio

3.7 Reserves

In both scenarios, an additional \$100,000 is allocated in the long-term loan amounts for the purpose of establishing a debt service reserve. A debt service reserve is an amount specifically set aside to cover debt payments in the event of a disruption of cashflows to the extent that debt cannot be serviced. This debt service reserve is a key component of a project finance model and is usually required by lenders.

In Scenario 1, this \$100,000 reserve is 4.7 percent of the \$2.1 million total loan principal and roughly 1.5 times greater than the \$65,778 annual (long-term) debt service. In Scenario 2, this \$100,000 reserve is 2.5 percent of the \$3.9 million total loan principal and roughly 72 percent of the annual (long-term) debt service. With this initial debt service reserve allocation, the end fund balance is kept at or above \$80,000 for all years in both scenarios.

In both scenarios, \$20,000 is set aside per year as capital outlay toward the future replacement of short-lived infrastructure assets (see

Table 3-6). For this system, these include a magnetic water meter, pH meter, sampling station, mainline control valves, air release valves, and service valves. It is conservatively assumed that these items may require replacement within 20 years, although they will likely function adequately well beyond this timeframe.

Table 3-6. Short-Lived Asset Reserve

Item	Quantity	Replacement Cost	Subtotal	Replacement Interval	Annual Allocation
Magnetic Water Meter	1	\$7,000	\$7,000	20	\$350
pH Meter	1	\$500	\$500	20	\$25
Sampling Station	1	\$500	\$500	20	\$25
Main Control Valves	40	\$3,300	\$132,000	20	\$6,600
Air Release Valves	5	\$2,000	\$10,000	20	\$500
Service Valves	100	\$2,500	\$250,000	20	\$12,500
Total Annual Allocation					\$20,000

3.8 Onsite Connection Costs

There are four basic scenarios for onsite upgrades that will be necessary for customers to connect to the proposed STEP collection system. The effluent pump sizing and related onsite upgrade costs for properties over 5 EDU will need to be determined on a case-by case basis. These are summarized below in Table 3-7, with cost ranges based on multiple contractor estimates.

Table 3-7. Onsite System Upgrade Scenarios and Estimated Costs

Scenario	Description	Estimated Onsite Upgrade Costs (to Property Owner)
R1	Residential property with a good-condition septic tank requiring retrofit installation of a ProPak system (BPP10DD, PF1005 pump)	\$8,250–\$13,750
R2	Residential property with a poor-condition septic tank requiring replacement with a Prelos Processor	\$15,000–\$25,000
C1	Commercial property (3–5 EDUs) with a good-condition septic tank requiring retrofit installation of a ProPak system (BPP30DD, PF3010 pump)	\$8,500–\$14,500
C2	Commercial property (3–5 EDUs) with a poor-condition septic tank requiring replacement with a 3,000-gallon septic tank and ProPak system (BPP30DD, PF3010 pump)	\$16,000–\$27,000

While these onsite system upgrade costs may be a financial burden for some property owners, there are several strategies the District can consider to ease this burden. DEQ has initiated a new program called the Onsite Septic Financial Aid Program (OSFAP), which provides grants to low- and moderate-income residents for onsite septic system repairs and upgrades to connect to public sewer. Once formed, the Terrebonne Sanitary District board will be eligible to apply for OSFAP funding on behalf of future Terrebonne customers who will need financial assistance. Other customers who do not qualify for these grants may be able to finance these onsite upgrades with a line of credit that is secured by equity in their property.

3.9 Summary

The need for a public wastewater system in the commercial core of the Terrebonne area (Phase A) is well established. The economic, public safety, and environmental health risks with continued use of onsite wastewater disposal systems are serious. Installation of a wastewater system would help businesses operate reliably and would facilitate development of new housing, jobs, and commerce in the community. The proposed STEP collection system and interconnection with the City of Redmond Wetlands Complex will provide Terrebonne with a reliable, quality wastewater system that will maintain regulatory compliance and meet the needs of the Terrebonne community into the future.

The key to implementing the proposed wastewater system improvements is the District's ability to acquire low-interest loan funding and grant funds. This will be critically important to keeping SDCs and monthly user rates affordable. In addition, the District will need to secure a high level of customer participation in the Phase A service area in order to secure loan funding, generate sufficient operating revenues, and cover operating expenses including debt service. Once formed, the District will also have the authority to enact an ordinance that compels all developed properties in the district to connect to the system, if necessary. If connection to the system is not mandated by ordinance, the District should consider strategies to incentivize connections within the service area, such as early hookup incentives, SDC payment plans, and financial aid programs.

ATTACHMENT E

Security Deposit (form SEL 704)

Security Deposit

Special District Formation or Reorganization

SEL 704

rev 01/18
ORS 198.775


Formation Annexation Withdrawal Dissolution

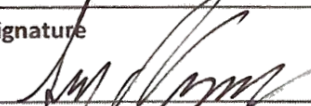
District and Precinct Information

Name of District TERREBONNE SANITARY DISTRICT		
Number of Precincts in District 1	Amount of Deposit per Precinct \$100	Total Deposit (max of \$10,000) \$100

Chief Petitioners

I/We hereby declare if the costs of the attempted formation annexation, withdrawal or dissolution of TERREBONNE SANITARY district exceeds the deposit, I/we will pay to the county treasurer the amount of the excess cost (ORS 198.775)

Name print Tim Brown		Signature 			
Residence 68314 Cleveland Rd SE		Mailing Address if different			
City Sisters	State OR	Zip Code 97159	City	State	Zip Code
Amount of Contribution/Value of Secured Deposit 50 ⁰⁰		Kind of Contribution* <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Bond <input type="checkbox"/> Other Security Deposit			

Name print Guy Vernon		Signature 			
Residence 2400 Arizona		Mailing Address if different R.P. Box 1140			
City Port Orford	State OR	Zip Code 97465	City Port Orford	State OR	Zip Code 97465
Amount of Contribution/Value of Secured Deposit \$50		Kind of Contribution* <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Bond <input type="checkbox"/> Other Security Deposit			

Name print		Signature			
Residence		Mailing Address if different			
City	State	Zip Code	City	State	Zip Code
Amount of Contribution/Value of Secured Deposit		Kind of Contribution* <input type="checkbox"/> Cash <input type="checkbox"/> Bond <input type="checkbox"/> Other Security Deposit			

Continued on the reverse side of this form

Person/Organizations Providing Any Part of Cash/Security Deposit

Name print			Signature		
Residence			Mailing Address if different		
City	State	Zip Code	City	State	Zip Code
Amount of Contribution/Value of Secured Deposit			Kind of Contribution*		
			<input type="checkbox"/> Cash	<input type="checkbox"/> Bond	<input type="checkbox"/> Other Security Deposit

Name print			Signature		
Residence			Mailing Address if different		
City	State	Zip Code	City	State	Zip Code
Amount of Contribution/Value of Secured Deposit			Kind of Contribution*		
			<input type="checkbox"/> Cash	<input type="checkbox"/> Bond	<input type="checkbox"/> Other Security Deposit

Name print			Signature		
Residence			Mailing Address if different		
City	State	Zip Code	City	State	Zip Code
Amount of Contribution/Value of Secured Deposit			Kind of Contribution*		
			<input type="checkbox"/> Cash	<input type="checkbox"/> Bond	<input type="checkbox"/> Other Security Deposit

Additional Description
*Provide additional description of security deposit below, on the back of this form or on separate sheets. Additional contributors may be listed on separate sheets and attached.