



CITY COUNCIL

MEETING AGENDA

Tuesday May 2, 2023, 6:00 PM
City Hall, 420 Sixth Ave

1. Call to Order/ Roll Call/Pledge of Allegiance

2. Agenda Adjustments

Adjustments to the agenda are limited to a change in the order of business to accommodate visitors making presentations or citizens who are attending for the purpose of a single agenda item. Adjustments in the form of additions to the agenda are discouraged because the general public has had no prior notice of their consideration, and therefore interested persons will not have an opportunity to participate. Adjustments in the form of deletions from the agenda may be accomplished here so long as there is disclosure of the reason for the deletion and an indication as to when or if the item will be placed on a future agenda.

3. Announcements, Correspondence, Awards and Proclamations

4. Public Input – Limited to 5 minutes or less per speaker per Mayor's discretion

5. Public Hearing - **None**

6. Consent Agenda - **None**

7. Action Items

A) Jackson County Fire District 3 – Annual Report to Council

B) Resolution Adjusting City Rates and Fees with the adoption of a Unified Fee Schedule

C) Approval of Annexation Agreement between the City of Gold Hill and Rogue Valley Sewer Services (RVSS) – Effective date subject to results of August 20, 2023 Special Election

8. Reports from Councilors

9. City Manager Report

A) Natural Hazards Mitigation Plan - Status Update

B) City Manager Recruitment – Status Update

C) Budget Process – Tentative Meeting Schedule

10. Adjournment

Note: This agenda and the entire agenda packet, including staff reports, referenced documents, resolutions and ordinances are available at the Gold Hill City Hall in advance of each meeting 420 6th Avenue (P.O. Box 308), Gold Hill, OR 97525. Information can also be viewed at www.cityofgoldhill.com



Council Communication

Agenda Item	Resolution Adjusting Rates and Fees and Adopting a Unified Fee Schedule		
From	Adam Hanks	Interim City Manager	
Contact	Adam.hanks@cityofgoldhill.com	Date	May 2, 2023

SUMMARY

Consistent with prior Council approval and direction, staff pulled together a complete set of fees and rates currently in use into one document to both ensure all fees and rates currently in use are formally accepted and approved by Council as well as to review the rates for suggested adjustments, removal and the creation of new fees.

The attached unified fee schedule lists the current fee/rate on the left column and the proposed fee/rate on the right column. To aid in understanding the proposed changes, rates and fees that are either new or are increases are shown in red and fees/rates that are proposed for removal or reduction are shown in green.

PREVIOUS COUNCIL ACTION

Staff presented the concept of the Unified Fee Schedule and review of rates and fees at the February 7, 2023 Council meeting.

BACKGROUND AND ADDITIONAL INFORMATION

As discussed at the February 7, 2023 meeting, it is likely but not explicitly clear that all fees and rates currently in use have been approved by Council so this process provides that assurance.

Additionally, in a staff review of the existing fees, a number of fees are seldom used, seemingly redundant or may otherwise not be necessary to maintain. For example, the Business License fees contain separate fees for canvassers, peddlers, solicitors and vendors. Staff has proposed the removal of these fees and the creation of a temporary business license fee that would address all of the license types under one fee.

Key highlights and most significantly adjusted fee and rate categories include the following:

- Creation of a Transportation/Streets fee of \$3/month on customer utility bills to provide a small, but stable and dedicated funding source for street maintenance and repair
- Creation of a Parks and Public Facilities fee of \$3/month on customer utility bills to similarly provide dedicated funding for the maintenance and repair of the three public parks and general maintenance and repair for City Hall and the Public Works Shop.
- Creation of a tiered rate structure for water consumption. The first tier is no increase from current rates, but the second and third tiers represent an increase in the consumption rates.

- Implementation of the new Interim Sewer rate that was discussed as part of the RVSS annexation decision. This is a proposed increase of \$18.44 and is expected to be maintained at that level until the pipeline project is completed. This fee will need to be reviewed in September if the annexation vote is not approved.
- Land Use/Planning/Zoning Fees were adjusted to better match the costs associated with processing the various application types. These fees should be monitored and updated regularly to keep pace with the contract costs associated with Planner services and staff time associated with processing these applications.
- SDC fees were not reviewed nor proposed for adjustment. Staff recommends this be scheduled for review in the next six to twelve month to ensure compliance with SDC ORS. If the RVSS annexation is approved, the sewer SDC would no longer be a City managed fee and could be repealed.

FISCAL IMPACTS

Revenues associated with the proposed fee increases will be built into the proposed FY23-24 budget and represent relatively small but extremely necessary additional revenue streams for the general fund and the operating/enterprise funds (Water, Sewer, Streets). The two new fees (Transportation, Parks/Facilities) would result in approximately \$18,000-\$20,000 annually for each fee if the full \$3/month is approved.

STAFF RECOMMENDATION

Staff recommends approval of the Unified Fee Resolution with the proposed adjustments.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to approve Resolution 23-R-5 titled “A Resolution approving rate and fee adjustments and adopting a Unified Fee Schedule”
- 2) I move to not approve Resolution 23-R-5 and direct staff to provide additional information to Council at a future meeting.

REFERENCES & ATTACHMENTS

- 1) Draft Unified Fee Schedule Resolution

City of Gold Hill

Charges and Fees

Utilities

		<u>Current</u>	<u>Proposed</u>
Residential 3/4"			
Water Rate		\$ 33.00	\$ 35.00
Water Surcharge		\$ 2.80	\$ 2.80
Water Consumption Rate	1-400 cu/ft	\$ 0.013	\$ 0.013
Water Consumption Rate	401-1200 cu/ft	\$ 0.013	\$ 0.019
Water Consumption Rate	1201 + cu/ft	\$ 0.013	\$ 0.030
Sewer Rate		\$ 60.64	\$ 78.88
Storm Water		\$ 3.00	\$ 3.00
Transportation/Streets		\$ -	\$ 3.00
Parks and Public Facilities		\$ -	\$ 3.00
Commercial			
Water Rate 3/4"		\$ 32.50	\$ 35.00
Water Rate 1"		\$ 46.97	\$ 50.00
Sewer Rate		\$ 60.01	\$ 78.88
Water Consumption Rate (per cu/ft)		\$ 0.013	\$ 0.019
Sewer Consumption Rate (per cu ft)		\$ 0.007	\$ 0.011
Storm Water		\$ 3.00	\$ 3.00
Transportation/Streets		\$ -	\$ 3.00
Parks and Public Facilities		\$ -	\$ 3.00
Account & Notification Fees			
Door hanger		\$ 5.00	\$ 10.00
Meter Lock Replacement		\$ 100.00	\$ 100.00
Reconnection (during business hrs)		\$ 25.00	\$ 35.00
Reconnection (after business hrs)		\$ 75.00	\$ 95.00
Removal of Meter		\$ 500.00	\$ 500.00
Base Deposit		\$ 100.00	\$ 100.00
Base Late Fee		\$ 10.00	\$ 15.00
Meter Install			
Meter fee		\$ 160.00	\$ 175.00
Mark-up 10%		\$ 16.00	\$ 17.50
Labor		\$ 75.00	\$ 95.00
Total		\$ 251.00	\$ 287.50

Administrative Fees

	<u>Current</u>	<u>Proposed</u>
General		
Audio recording copy	\$10.00	\$ 10.00
Council room rental	\$40.00	\$ 40.00
Faxes (per page)	\$1.00	\$ -
Lien Search	\$15.00	\$ 25.00
NSF Checks	\$50.00	\$ 50.00
Photocopies (each)	\$0.03	\$ 0.05

Public Records Requests			
Hourly rate	\$35.00	\$	40.00
Deposit Minimum	\$70.00	\$	60.00
Park Fees			
Boat ramp parking	\$4.00	\$	5.00
Reserve day use (4 hour slots) (\$25.00 Refundable cleaning)	\$100.00	\$	100.00
Season Parking Pass (Boat Ramp Only)	\$20.00	\$	50.00
Senior discount	\$10.00	\$	-

Business Licenses and Fees

	<u>Current</u>	<u>Proposed</u>
Business Licenses		
Single business (local)	\$ 100.00	\$ 100.00
Single business (non-local)	\$ 75.00	\$ 100.00
Temporary Business License (30 Days or less)		\$ 25.00
Multiple businesses	\$ 100.00	\$ -
Each additional employees after 2	\$ 10.00	\$ 10.00
Cap on additional employees	\$ 150.00	\$ 250.00
Adult Entertainment		
Pre-Licensing Investigation (\$500 deposit)	Actual cost + \$100.00	
Business license excepting liquor	\$ 500.00	
Amusement Devices		
Amusement Device		
Per machine	\$ 100.00	\$ 100.00
Liquor License		
New liquor license review	\$100.00	\$ 100.00
Liquor license renewal	\$50.00	\$ 50.00
Other		
Canvassers license	\$10.00	\$ -
Peddlers license	\$25.00	\$ -
Social gaming per table	\$500.00	\$ 500.00
Solicitors license	\$25.00	\$ -
Vendors license	\$35.00	\$ -
Yard sale permit	\$2.00	\$ -

Systems Development Charges

	<u>Current</u>	<u>Proposed</u>
Water SDC		
Inside city limits		
Residential 3/4"	\$ 2,130.00	\$ 2,130.00
Outside city limits	\$ 3,535.80	\$ 3,535.80
Commercial		
1"	\$ 5,325.00	\$ 5,325.00
1 1/2 "	\$ 10,650.00	\$ 10,650.00
2"	\$ 17,040.00	\$ 17,040.00

Sewer SDC		
Applicant does work	\$ 1,703.00	\$ 1,703.00
Public Works does work	\$ 2,403.00	\$ 2,403.00
Outside city limits & Applicant does work	\$ 2,826.98	\$ 2,826.98
Sewer main extension plan review		
SDC storm drain (per EDU)		
	\$ 200.00	\$ 200.00

Planning/Zoning Fees

	Current	Proposed
Administration fee (per hour, after 30 min.)	\$ 50.00	\$ 75.00
Water main extension plan review (per hour, one hour min)	\$ 300.00	\$ 75.00
Sediment control plan review (per hour, one hour min)	Actual cost & \$25.00 dep	\$ 75.00
Inspection services (per hour, one hour min)	Actual cost +10%	\$ 75.00
Encroachment permit (fee + inspection cost)	\$ 50.00	\$ 125.00
Pre application conference	\$ 400.00	\$ 150.00
Vacation of property line	\$ 150.00	\$ 250.00
Appeal (1/2 of the application fee plus attorney fees)		\$ 250.00
Lot line adjustment	\$ 300.00	\$ 325.00
Conditional use permit	\$ 750.00	\$ 750.00
Partitions minor	\$ 725.00	\$ 750.00
Partitions major	\$ 1,000.00	\$ 750.00
Variance	\$ 500.00	\$ 750.00
Site plan review	\$ 500.00	\$ 750.00
Subdivision	\$ 750.00	\$ 1,500.00
Annexation (.0075-sq-ft total land)	\$ 1,850.00	\$ 2,250.00
Zone change	\$ 1,400.00	\$ 2,250.00
Zone Clearance Approval (Value of project)		
\$0 - \$1,000 (and all fence permits)	\$ -	25
\$1,000 - \$5,000	\$40.00	\$50.00
\$5,001 - \$10,000	\$45.00	\$60.00
\$10,001 - \$30,000	\$65.00	\$75.00
\$30,001 - \$50,000	\$75.00	\$90.00
\$50,001 - \$75,000	\$100.00	\$125.00
\$75,001 - \$100,000	\$150.00	\$175.00
Over \$100,000	\$200.00	\$250.00

* Fee includes Hearing & Final Plat

** Plus \$150.00 per lot/space

*** Plus Incurred Fees

If Revision to prior Approval - \$500.00 Plus

\$250.00 if Public Hearing is Required - Final Plat \$400.00

Sign permit	
25 sq. feet or less	\$25.00
26 sq. feet or more (per sq ft)	\$1.00



Council Communication

Agenda Item	Approval of Annexation Agreement with Rogue Valley Sewer Services		
From	Adam Hanks	Interim City Manager	
Contact	Adam.hanks@cityofgoldhill.com	Date	May 2, 2023

SUMMARY

The attached draft Annexation Agreement between the City of Gold Hill and Rogue Valley Sewer Systems (RVSS) is a follow up document to the resolution approved by Council at its April 18, 2023 meeting. The annexation agreement sets forth the process, timeline, assets and responsibilities of each party if the annexation ballot measure is approved by Gold Hill residents. The agreement would become effective after the certification of the vote has occurred and is being brought to Council now to aid in addressing a very tight schedule for the transition to occur should the community approve the ballot.

PREVIOUS COUNCIL ACTION

Numerous prior Council discussion/deliberation and decisions regarding future wastewater plant, most significantly deciding on September 19, 2022 to move forward with a replacement plant rather than a pipeline connection to the RVSS system and October 3, 2022 to select a conventional activated sludge (CAS) type treatment plant.

At its March 21, 2023 meeting, initial financing package options for the construction of a new CAS treatment plant were presented as well as responses from the Request for Proposals/Qualifications to operate and manage the existing plant. At that meeting, Council directed staff to investigate whether or not the annexation to connect to the RVSS regional collections system remained a viable and feasible option and, if so, what the process and structure would need to be followed to pursue that option.

At its April 18, 2023 meeting, Council approved a resolution referring the annexation of Gold Hill into the RVSS service district to a special election scheduled for August 20, 2023. RVSS Board of Directors will need to approve a similar resolution for the election request to be submitted to the Jackson County Clerk.

BACKGROUND AND ADDITIONAL INFORMATION

Process/Timeline

The annexation agreement is one step in number of important process steps needing to be accomplished within the four months between the annexation referral resolution (April 18, 2023) and the special election on August 22, 2023. The steps are as follows:

- 1) Council approval of the initial referring resolution **April 18th** for inclusion in the **May 17th** RVSS Board Meeting packet
- 2) Council approval of Annexation Agreement between Gold Hill and RVSS at its **May 2nd** meeting
- ~~3) Council approval of Franchise Agreement between Gold Hill and RVSS at its **May 2nd** meeting (to be approved in September after election results finalized)~~
- 4) RVSS Board approval a similar referring resolution on **May 17th**
- 5) Submit both resolutions to Jackson County Clerk and file SEL 805 Request for Ballot Title by **June 3rd**
- 6) Submit SEL 802 Notice of Measure Election and Explanatory Statement to Jackson County Clerk by **June 23rd**
- 7) Special election on **August 22nd** (mail in ballot due date)
- 8) Jackson County Clerk certifies election results (**Sept**)
- 9) Jackson County Commissioners issue order certifying RVSS District boundary change (**Sept/Oct**)
- 10) Transfer of assets, funds and billing data within 45 or 90 days (**Oct/Nov**) of boundary change certification (see annexation agreement for details)

At the completion of the transfer of assets, RVSS becomes the owner and service provider of wastewater collections for all residents within the City of Gold Hill and incorporates the collected materials into their treatment agreement with the City of Medford wastewater treatment plant.

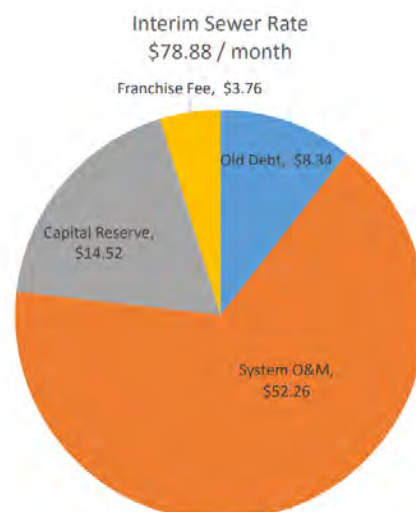
Rates

The current sewer rates for customers incorporate two primary costs. One is for regular operations and maintenance relating to the wastewater treatment plant and collections system that is currently contracted to RVSS for \$360,000 annually. The second is for existing debt service relating to prior infrastructure investments in the plant and collections system totaling just under \$60,000 for a total annual cost of \$420,000.

To meet existing operating and debt expenses, the sewer rates require a rate adjustment to begin the fiscal year (July 1). Staff suggests utilizing the rate methodology and charges in July that are consistent with the rate methodology and charges that will ultimately be implemented at the completion of the transfer of assets with either the November or possibly December RVSS billing cycle.

This results in a rate increase from the current residential rate of \$60.64 to \$78.88, an increase of \$18.24 per month (30%). As noted in the draft annexation agreement, this rate will then be locked in until the completion of the pipeline where the rate will then incorporate the new debt service for the construction of the pipeline connecting Gold Hill to the regional system.

Interim Sewer Rate	
System Op & Mgmt	\$ 52.26
Existing Debt	\$ 8.34
Capital Reserve	\$ 14.52
Franchise Fee	\$ 3.76
	\$ 78.88



Pipeline Project

With acknowledgment of prior Council and community dialogue regarding the pipeline project that is the key component to the annexation to the regional system, the following provide some initial concepts and expectations on the development of the project:

- RVSS will manage the project and carry the debt service and incorporate the new debt service into the Gold Hill customer base rates.
- The pipeline is expected to be constructed within the existing Blackwell Rd right of way and not require the granting of easements from private property owners
- Project pre-design and environmental review is an early step in the design/build process and will commence upon securing a financing package. It is likely that the financing/funding options will be similar in structure to the initial financing options for the new wastewater treatment plant project that was presented to Council in its March 21, 2023 meeting with adjustments being made for project costs, anticipated useful life and other pertinent differences between the pipeline and a new plant.
- At the time of pre-design, it will be determined whether the system will require more than the single pump at the current wastewater treatment plant.
- It is anticipated that the current treatment plant will be able to be utilized as a beneficial auxiliary component to the new pipeline project

FISCAL IMPACTS

The fiscal impacts of this decision are significant and not able to be fully described in detail at this time. There are two primary categories of impact. One is to the City budget as the owner and operator of the wastewater system and the other is to the customers (residents and businesses) of Gold Hill as the ratepayers.

City Budget

What will occur over a period of 6-8 months is the elimination of the wastewater fund (fund 35) in the City's annual budget and financials, reducing the overall City budget and making general City administration and operations incrementally more efficient. Conversely, the portion of administrative overhead costs that were assigned to the wastewater fund will now be allocated over one fewer enterprise fund.

The annexation process does result in the creation of an additional franchise fee for the City's general fund. A franchise fee is typically a percentage of the gross revenue from the revenues of other public or private service providers using the City's rights of way to provide their services. Current franchise fees are collected from natural gas, electric, trash/recycling and communications providers and, when combined, are the second largest revenue stream for the general fund (property taxes are largest). The proposed 5% franchise fee is industry standard and will support general administrative operations of the City.

Customers/Ratepayers

As noted in prior meetings, the current regulatory status of the current plant and collections system mandates a significant investment to achieve compliance whether the solution is the pipeline or a new treatment plant (and eventually additional improvements for the collections system and the outfall for treated water from the plant to the river. The result of these investments is equally significant rate increases because of both the cost for the infrastructure and the relatively small user base that must bear the cost burden of the increased rates.

There are no scenarios where significant rate increases can be avoided. Current rates were not supporting the full cost of operations and maintenance of the wastewater system, nor were they capturing the necessary capital reserves

for standard and regular infrastructure improvements, not including the mandated new plant/pipeline decision facing Council currently.

STAFF RECOMMENDATION

Staff recommends approval of the attached annexation agreement with a reiteration that the agreement only becomes effective and binding with the passage of the annexation ballot by Gold Hill residents in the August 20, 2023 election (exact timing specified in agreement document)

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to approve the attached annexation agreement between the City of Gold Hill and RVSS
- 2) I move to not approve the annexation agreement and direct staff to make the following revisions in coordination with RVSS management.....

REFERENCES & ATTACHMENTS

- 1) Draft Annexation Agreement

ANNEXATION AGREEMENT

This agreement is made and by and between the following entities:

City of Gold Hill

Rogue Valley Sewer Services

PO Box 308

138 West Vilas Road

Gold Hill, OR 97525

Central Point, OR 97502

City of Gold Hill is hereinafter referred to as “Gold Hill”

Rogue Valley Sewer Services is hereinafter referred to as “RVSS”

RECITALS

1. Gold Hill and the Department of Environmental Quality entered into a Mutual Agreement and Order (MAO) in 2013 requiring Gold Hill to address various deficiencies in the sewer collection and treatment systems.
2. One of the final remaining requirements to be addressed is the disposition of the sewer treatment plant. The options for meeting this requirement include rebuilding the existing plant or abandoning the plant in favor of a connection to the regional sewer system operated by RVSS and the City of Medford.
3. Gold Hill and RVSS entered into a temporary Operation and Maintenance Agreement on February 6, 2017. Under the terms of that agreement RVSS would operate the Gold Hill Sewer Treatment Plant and Collection System on a month-to-month basis until a long-term agreement was made.

- 1 4. Gold Hill and RVSS entered into a five-year Operation and Maintenance
2 Agreement on July 1, 2017.
- 3 5. Gold Hill and RVSS entered a one year extension of the previous Operation and
4 Maintenance Agreement on July 1, 2022. This agreement included the following
5 provisions:
- 6 *a. Both parties agree that extension of this operating agreement beyond June*
7 *30 2023 will be contingent upon an agreement for Gold Hill to annex into*
8 *RVSS.*
- 9 *b. Prior to any extension of this agreement, both parties will adopt an*
10 *annexation resolution in accordance with ORS 198.866.*
- 11 The Operation and Maintenance Agreement and any amendments including
12 extensions thereto is hereafter referred to as “OMA”.
- 13 6. In September 2022 Gold Hill made the decision to rebuild the sewer treatment
14 plant and no seek annexation into RVSS
- 15 7. In October 2022 RVSS notified Gold Hill that it would terminate the OMA
16 effective March 31, 2023. This termination date would allow a 90-day transition
17 period to turn over operations to a new operator.
- 18 8. Gold Hill subsequently determined that it is in the best interests of the City to
19 annex into RVSS and has called for an annexation vote. RVSS has agreed to the
20 call for an annexation vote. The annexation vote is scheduled for August 22,
21 2023.
- 22 9. Gold Hill and RVSS are desirous to establish a framework for the transition to
23 RVSS control of the sewer infrastructure and continued operations in Gold Hill.

1 NOW, THEREFORE, in consideration of the mutual promises and covenants
2 herein contained, it is mutually agreed as follows:

3
4 1. **CONTINUATION OF SERVICE:**

5 a. RVSS will continue to operate and maintain the sanitary sewer system in
6 Gold Hill under the same terms and conditions as outlined in the OMA until
7 the Jackson County Board of Commissioners issues an order confirming
8 Gold Hill's annexation (Board Order) into RVSS or November 1, 2023,
9 whichever is sooner.

10 i. Gold Hill will continue to pay RVSS for this service at a rate of
11 \$30,000 per month in accordance with the terms of the OMA.

12 b. RVSS will provide the same level of service to Gold Hill customers as it does
13 to other customers within RVSS.

14 c. If voters reject the annexation RVSS will cease all operations in Gold Hill on
15 October 31, 2023, and other than reconciling any monetary balances due
16 from City to District at such time, all other provisions of this agreement will
17 be null, void, and of no further force or effect.

18 2. **TRANSFER OF ASSETS:**

19 a. Upon issuance of the Board Order, RVSS will assume full operational
20 control of all sanitary sewer assets, including but not limited to sewer pipes,
21 manholes, treatment plant along with ownership of all associated tools and
22 equipment stored at the treatment plant and used for Gold Hill sewer
23 operation and maintenance.

- 1 b. No later than 45 days after issuance of the Board Order, Gold Hill will
2 transfer the title to the real property located at 2177 Second Avenue (Sewer
3 treatment plant) to RVSS by statutory warranty deed, free of all liens and
4 encumbrances of record.
- 5 c. No later than 45 days after issuance of the Board Order, Gold Hill will
6 transfer the title free of all liens and encumbrances to the 1998 Ford tanker
7 truck (VIN 1FDXF80C1WVA31920) to RVSS.
- 8 d. No later than 90 days after issuance of the Board Order, Gold Hill will
9 transfer all remaining funds in its Sewer Fund (35), Sewer Reserve Fund
10 (67), Collection System Rehab Loan Fund (68), Collection System Rehab
11 Bond Fund (69), and its SDC Wastewater Fund (82), except that Gold Hill
12 may retain an amount sufficient to meet loan reserve requirements.

13 3. **SEWER SERVICE BILLING:**

- 14 a. Gold Hill will provide all sewer billing and account records to RVSS
15 immediately following the citizen vote to approve annexation.
- 16 b. Gold Hill will continue to bill for sewer service through the end of the month
17 in which the Board Order is issued.
- 18 c. RVSS will begin billing for sewer service for the first full month following
19 issuance of the Board Order.
- 20 d. RVSS will maintain the following monthly sewer rates for two years, or until
21 debt service payments for the planned regional connection hereinafter
22 described are due, whichever is sooner. These rates include a 5% franchise
23 fee paid to Gold Hill.

- i. Single Family Residence: \$78.88
 - ii. Multi Family Residence: \$69.22 per unit
 - iii. Non-residential: \$49.40 plus \$5.00 per 1,000 gallons of water used.
- e. Multi-family residences and non-residential uses will be reclassified in accordance with RVSS' sewer user classifications.
- f. Upon completion of the pipeline connection to the Regional sewer system, sewer bills in Gold Hill will consist of two parts, a base rate and debt service rate as set forth below:
 - i. The sewer base rate will be set by RVSS and will cover all costs associated with the operation and maintenance of the sanitary sewer system, including any needed collection system improvements and treatment charges paid to the City of Medford. The base rate will be the same as all other RVSS customers that are connected to the Regional Water Reclamation Facility.
 - ii. The debt service rate will be set by RVSS and will cover the cost of servicing Gold Hill's sewer related debt. This includes both the existing debt and future debt taken to construct the pipeline to connect Gold Hill's sewer system to the Regional Water Reclamation Facility.
- g. Gold Hill will forward to RVSS true and accurate monthly water meter readings to be used in calculating sewer bills for non-residential users.

4. **SYSTEM DEVELOPMENT CHARGES:**

- a. RVSS will use Gold Hill's current methodology for assessing system development charges until RVSS adopts a new SDC methodology applicable to Gold Hill.
- b. Prior to completion of the regional connection, Gold Hill will pay SDCs to the regional sewer system at the rates in effect at the time. SDCs will be assessed using the Large Wet Industrial methodology using flow and waste strength projections identified in the Gold Hill Facilities Plan completed in November 2019.

5. **DEBT SERVICE:**

- a. Upon issuance of the Board Order for annexation, RVSS will establish a Gold Hill Debt Service fund which will be kept separate from all other operating funds.
- b. This fund will be capitalized from the following sources:
 - i. All funds transferred to RVSS from Gold Hill outlined in Section 2.d. above.
 - ii. Sewer revenue collected from Gold Hill accounts in excess of \$30,000 per month, prior to completion of the pipeline connection to the to the Regional Water Reclamation Facility.
 - iii. Sewer revenue collected from Gold Hill accounts specifically for debt service under section 3.f.ii above.
- c. This fund will be used to make debt service payments for the following
 - i. Existing Business Oregon/IFA debt with a current loan balance of \$539,990.51 and annual payments of \$30,128.33 scheduled to complete December 2041.

- ii. Existing USDA Rural debt with a current balance of \$637,609.68 with annual payments of \$27,297 with a scheduled completion of August 2057.
- iii. Future debt incurred for the construction of the pipeline connection to the Regional Water Reclamation Facility.
- iv. SDC payments to RVSS and the City of Medford for the connection to the regional sewer system.

6. **COMPLIANCE WITH MAO:**

- a. Upon issuance of the Board Order, RVSS will assume responsibility for compliance with the remaining items in the MAO. These items include the design and construction of a regional pipeline connection to the Regional Water Reclamation Facility. (MAO 8.A.(13 through 17)).
- b. RVSS intends to meet these conditions by abandoning the existing treatment plant and constructing a pump station and pipeline to connect to the Regional Water Reclamation Facility.
- c. Gold Hill will be solely responsible for any and all penalties for violations of the MAO that occur prior to issuance of the Board Order.

7. **Project Financing**

- a. RVSS will act as the lead agency to facilitate obtaining financing in favor of Gold Hill for the design and construction of the regional pipeline connection. While RVSS will act as lead agency, the borrower on any such debt obligation/financing shall at all times be Gold Hill.

1 **8. AGREEMENT DESCRIPTION AND ACKNOWLEDGMENT.**

2 This agreement consists of 10 pages, inclusive. There are no understandings,
3 agreements, or representations, oral or written, regarding this contract, except as
4 specified or reference herein. RVSS, by the signature of its authorized representative,
5 hereby acknowledges that it has read this contract, understands it, and agrees to be
6 bound by its terms and conditions.

7 DATED this _____ day of _____, 2023

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CITY OF GOLD HILL

Attest

By: _____ By: _____

Its _____ Its _____

STATE OF OREGON)
) ss
County of Jackson)

On this _____ day of _____, 2022, before me personally appeared
_____, _____
and _____,
of the City of Gold Hill, and acknowledged the foregoing instrument to be the voluntary
act and deed of the City of Gold Hill, Oregon

Notary Public for Oregon
My Commission Expires: _____

1 ROGUE VALLEY SEWER SERVICES

2 Countersigned

3 By: _____ By: _____

4 Kay Harrison, Chair Carl Tappert, Manager

5 Board of Directors

6

7 On this ____ day of _____, 20227, before me personally appeared

8 Kay Harrison, Chair of the Board, and Carl Tappert, Manager of the Rogue Valley Sewer

9 Services and acknowledged the foregoing instrument to be the voluntary act and deed of

10 the Rogue Valley Sewer Services.

11

12

Notary Public for Oregon

13

My Commission Expires: _____

14