**GOLD HILL ANNEXATION VOTE – GENERAL INFORMATION**

On August 22 you will be asked to decide whether or not the City of Gold Hill should annex into Rogue Valley Sewer Services. This is an important decision that will affect the City for the foreseeable future. The following list of frequently asked questions is intended to give residents a better understanding of the issues surrounding annexation.

*What is Rogue Valley Sewer Services?*

Rogue Valley Sewer Services (RVSS) is a Special District, specifically a sanitary authority formed under the provisions of ORS 450.705 to 450.980. A special district is a form of local government with very specific and limited authority. In our case, we have the authority to operate and manage sanitary sewer and storm drain systems.

*Is RVSS regulated by the PUC? Who determines what the sewer rate will be?*

The Public Utilities Commission (PUC) regulates investor-owned for-profit utilities such as Pacific Power and Avista Natural Gas. RVSS is a local government and is controlled by a Board of Directors who are elected by a vote of the people. The Board of Directors is responsible for setting sewer rates.

*Why is this annexation vote happening?*

Gold Hill had a series of permit violations at the sewer treatment plant that led to the execution of a Mutual Agreement and Order (MAO) with DEQ in 2012. Under the MAO the City agreed to complete a series of system improvements culminating with the repair or replacement of the treatment plant. This was initially scheduled to be completed in 2019.

In 2017 RVSS and the City entered into an intergovernmental agreement where RVSS agreed to operate the sewer system for 5 years and the City agreed to complete the requirements of the MAO.

By the end of the 5 year agreement little progress had been made towards completion of the MAO requirements. RVSS agreed to a one year extension on the condition that no further extensions would be accepted unless the City annexed into RVSS.

*What does annexation mean?*

With an annexation the boundaries of RVSS will be expanded to include the Gold Hill City limits. RVSS would become fully responsible for the operation and maintenance of the sewer facilities within Gold Hill. Gold Hill residents would be eligible to vote in RVSS district elections, to sit on the budget committee and to be elected to the RVSS Board of Directors.

Additionally, RVSS and Gold Hill have entered into an Annexation Agreement that defines our relationship moving forward. The general details of that agreement are as follows:

* Gold Hill will transfer all sewer-related assets to RVSS. This includes the collection system pipe network, the treatment plant property, and the sludge hauling truck.
* Gold Hill will transfer all funds remaining in its Sewer Fund (35), Sewer Reserve Fund (67), Collection System Rehab Loan Fund (68), Collection System Rehab Bond Fund (69) and SDC Wastewater Fund (82) to RVSS. All transferred funds will be put into a Debt Service Fund which will be used exclusively to pay for existing and future sewer debt incurred by Gold Hill.
* RVSS will assume responsibility for sewer billing in Gold Hill.
* RVSS will hold the current sewer rate of $78.88 for a single family home for 2 years, or when debt service payments for the regional connection come due, whichever is sooner.
* RVSS will adopt the current Gold Hill System Development Charges until a new SDC methodology specific to Gold Hill has been adopted.
* RVSS will assume responsibility for issuing sewer connection permits.

*What will happen to the Treatment Plant?*

It is RVSS’ intention to construct a pump station with a connection to the Regional Sewer System operated jointly by the City of Medford and RVSS. Once this connection is complete we will decommission the Gold Hill Treatment Plant.

*Where does the money go?*

Of the current bill of $78.88, $52.26 would be dedicated to the operation and maintenance of the existing treatment and collections systems; $8.34 would be used to pay the debt service on the existing loans; $14.52 would go into a Gold Hill Debt Service Reserve Fund to help with future capital expenses related to the regional connection; and $3.76 would be returned to the City of Gold Hill as a Franchise Fee to be used to support road maintenance and other city functions.

*Will this rate increase?*

Yes. The regional connection is a large and expensive project and will require to City to take on additional debt. When the project is complete Gold Hill’s sewer rates will be set equal to the RVSS sewer rate **PLUS** the cost of debt service. The best estimate for new sewer debt is $53.60 per month, bringing the total sewer bill in Gold Hill to $91.81 per month.

*Will* ***THIS*** *rate increase?*

Yes. The Regional Treatment Plant was recently issued a new discharge permit with significantly stricter limits on nitrogen and phosphorus. To meet these discharge limits Medford is planning for up to $300 million in improvements to the treatment plant over the next 10 years. We anticipate that this expense will require increasing rates to approximately $55 per month in that time frame. This would bring Gold Hill’s sewer rate to $122.79 per month.

*How does Gold Hill sewer rate compare with the rest of the state?*

An internal survey of 118 different cities and sewer districts in Oregon showed an average monthly sewer bill of $58.53. The current rate of $78.88 puts Gold Hill in the top 10% of sewer rates statewide. Upon completion of the pipeline connection Gold Hill would have the highest sewer rates in the State.

*Who will issue sewer connection permits?*

If the annexation is approved, all sewer connection permits will be issued by RVSS at our office at 138 West Vilas Road, Central Point. Currently, sewer permits are issued by Jackson County.

*What advantages does RVSS have?*

Our staff is highly trained and possesses a wide variety of skills. This allows us to put together teams to address nearly any type of sewer issue. Having this resource allows us to operate very efficiently, which keeps costs down and keeps the system reliable.

In addition to our field crews we have an in-house engineering team. This allows us to prepare master plans and designs for capital improvements at a fraction of the cost of hiring private engineers.

We have state of the art equipment, including flusher trucks and tv inspection trucks. This equipment is vital to maintaining a sewer system but it is also very expensive. Smaller organizations simply don’t have the resources to support this type of investment, but being a regional provider we can spread the costs out over a larger base and make it more affordable for everyone.

*What is the condition of the sewer collection system?*

The collection system is functional but much of it is still old concrete pipe. We would expect to replace most or all of this pipe over the next 30 to 40 years, this is not unusual. The two main concerns with the collection system are the large amount of undersized 6” diameter sewer mains and the multiple railroad crossings.

The 6” sewer mains generally have sufficient capacity however because they are so small they are difficult to inspect and maintain and are more susceptible to blockage. About half of the 7 miles of collection system mainline in Gold Hill is 6” pipe.

The City has 5 locations where the sewer crosses the railroad. None of these crossings is in particularly good condition but two of them are 6 inch pipe with very bad grade. RVSS has developed a conceptual plan that would construct a new main line on 4th Avenue and eliminate these two crossings. This would be a high priority improvement upon annexation.

Capital improvements in the collection system are part of the RVSS base rate. The cost for collection system improvements are shared by the entire region.

*What happens if voters reject the annexation?*

If voters reject the annexation RVSS will continue to operate the system through the end of October, 2023. At that time the City would need to find a replacement operator.

Gold Hill would still need to comply with the MAO which will require major renovation or reconstruction of the sewer treatment plant.