

**Testimony of David Wayland
General Manager of River Meadows Improvement District**

**HB 3096 A
Senate Committee on Environment and Natural Resources
May 15, 2013**

I make these comments in support of passage of HB 3096 A. I am employed as the General Manager of the River Meadows Improvement District (RMID) board and its associated entities the River Meadows Homeowners Association and the River Meadows Sanitary Sewer Corporation. With me here today is the attorney for River Meadows, Bruce White, who helped to draft the bill. Representatives of RMID also testified in favor of the bill in front of the House Committee on Land Use in March. As you may know the bill passed the House unanimously, by a vote of 60-0.

Before getting into the specifics of the bill and why we are proposing it, I'd like to give you some background on the River Meadows development and our community. River Meadows is a 239-lot residential planned community on 160 acres along the Deschutes River south of Sunriver and north of La Pine. I have provided a map with this testimony showing the location and the layout of the development. The development is built out except for 39 vacant lots and is made up of an almost even split between full-time resident owners and owners who use their property as second homes.

The development was initiated in the early 1970s under the name Stage Stop Meadows, with the first lots platted in October 1973. From the beginning, the development was planned with community water and sewer services. Water is provided by RMID, which was established in 1976 under state law as an ORS Chapter 554 water improvement corporation. Sewer is provided by a separate private, non-profit corporation known as the River Meadows Sanitary Sewer Corporation, established when the developer finally turned over the sewer system to the homeowner's in 2000. These sewer and water services are provided only to the River Meadows development and not to any property outside the development. The sewer system consists of a collection system and a three-cell treatment lagoon with land application. The system is operated under a permit from the Department of Environmental Quality.

The development had a somewhat involved history that predates most of the current residents. The original developer died and for years development activities were run through the developer's estate. The development was re-platted in the late 1980s to make for a more attractive and workable development pattern. During this time, there were significant issues between the owners and the developer in the development of the sewer system that resulted in litigation between the owners and the developer. These issues were finally resolved in the early 2000s and the community has owned and operated the sewer system since that time. River Meadows also has a homeowner's association organized under state law that manages and maintains the common areas of the development, such as the development's private roads, its clubhouse and other common areas and facilities. This means that River Meadows has three separate corporate entities providing services to the property owners there.

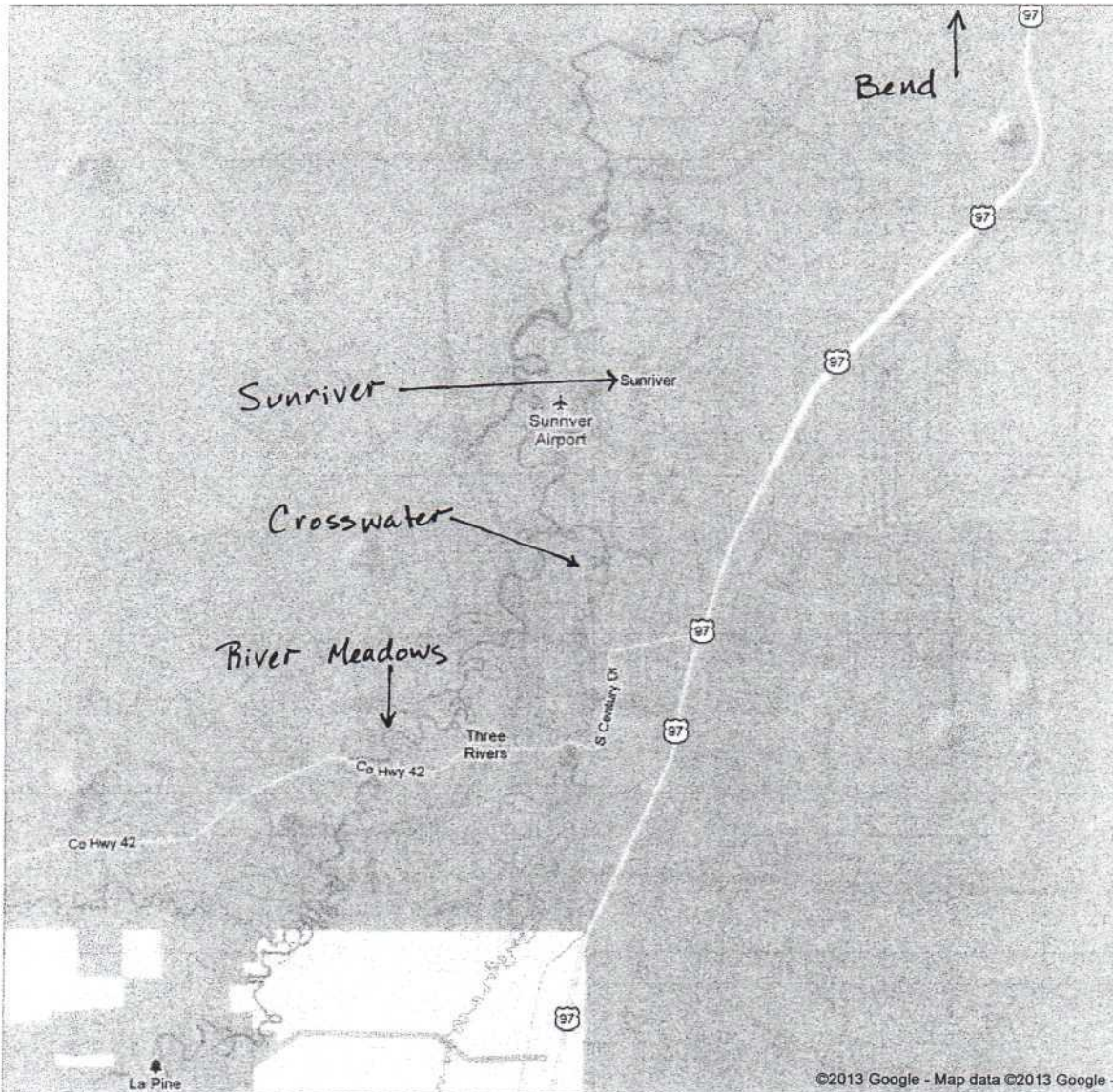

Having three different corporate entities can be confusing and leads to inefficiencies in governance, ownership and operations of the River Meadows community. The proposed bill would allow River Meadows to consolidate ownership and operation of at least the River Meadows water and sewer system into a single entity, rather than having each system separately owned and subject to separate governance requirements. We are aware that there are other private and public corporate alternatives for consolidating ownership and operation of the River Meadows water and sewer systems and our attorney will go into greater detail on why we wish to have ownership and operation consolidated in the River Meadows Improvement District under ORS Chapter 554. Our interest in consolidating ownership and operations of our water and sewer systems is guided by the following considerations: (1) To bring both water and sewer facilities under single ownership to achieve efficiencies and greater clarity in governance, ownership and operation of the River Meadows water and sewer systems; (2) to provide for tax exempt status for both water and sewer systems and the entity that owns each – currently the River Meadows water system is tax-exempt under ORS Chapter 554, while the sewer system is not; (3) to not burden our community with the governance requirements often associated with municipal entities; and (4) to allow our non-resident members the opportunity to vote in elections and to serve on the Board of Directors of the corporation. The latter point is particularly important in a community such as River Meadows that is made up of so many non-resident owners.

The River Meadows community is very supportive of making governance and operation of the River Meadows water and sewer facilities more efficient and to gain the advantages of operating the sewer system through a non-profit, tax exempt entity, such as the River Meadows Improvement District. As I mentioned, about half of our owners are non-resident owners, and many of them have their permanent residences in areas in the Willamette Valley and in southern Oregon. We have reviewed our ownership address lists and find that we have owners in the districts of three of the members of your committee, for Senators Bates, Hass and Olsen. Some of these non-resident owners may have contacted their respective Senators already directly in support of the bill.

Our attorney Bruce White will provide additional technical information regarding the bill. We thank the Committee for this opportunity to testify.

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