



## Community Development Department

315 Kennel Ave/PO Box 248

Molalla, OR 97038

Phone 503.759.0205

[www.cityofmolalla.com](http://www.cityofmolalla.com)

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To: Mayor Keyser via Dan Huff, City Manager

From: Mac Corthell, Community Development Director

Date: May 2, 2023

Re: City of Molalla Wastewater Treatment Plant Funding Support Testimony

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Good afternoon, I'm Scott Keyser, Mayor of Molalla. With me here today is the Molalla City Manager, Dan Huff. On behalf of the 10,229 Oregonians who make their home in Molalla and the thousands more who work, shop, and recreate there, I'd like to thank the honorable members of the Joint Committee on Capitol Construction, for this opportunity.

Molalla is currently operating under a consent decree and MOU to construct a new Wastewater Treatment Plant by December 2025. The city has secured funding through the DEQ Clean Water Fund and USDA Rural Development, but only in the form of interest-bearing loans. Funding this project through debt service alone will raise sewer rates in Molalla, an income stressed community, to well over the EPA's affordability index, and ensure the debt outlives the useful life of the asset.

With that said, the city recently completed 90% design on a new Sequenced Batch Reactor or SBR style wastewater treatment plant that will fundamentally modify how we treat our wastewater in a way that is extremely beneficial to the environment, the Molalla Community, and the State of Oregon:

- Our new plant will carry a substantially reduced carbon footprint through elimination of chemicals such as chlorine, ascorbic acid, and aluminum chloralhydrate, from the treatment process in favor of Ultraviolet light.
- The new plant will be capable of producing a quality of effluent that is far cleaner than what could be produced by the current plant.
- It will convert the lagoons where the existing treatment process occurs into clean water holding ponds, greatly reducing the storage issues that have at times led to out of season river discharges.
- The lagoon conversion will also allow for expanded land application in the dry season which means less water pulled from the Molalla for irrigation.
- The SBR plant will be modular in nature, so it can be expanded by simply adding additional SBR's instead of fully reconstructing the plant which helps prepare the city for the substantial growth that is projected by PSU over the next several years.

- Finally, the new plant will help Molalla avoid a development moratorium in the midst of a State of Oregon and national housing crisis as capacity at the existing plant is nearly tapped out.

In closing, every dollar you are able to grant Molalla will directly impact the sewer rates of Molalla residents. City staff has turned over every stone to find funding assistance and we are honored and humbled to have been listed as the number one capital priorities for both Senator Girod and Representative Lewis this cycle. One minute and 30 seconds isn't a long time, so please don't hesitate to reach out to me or my staff if you have any questions or wish to talk this over in any way. Thank you again for this opportunity.

Link to Molalla Wastewater Plant Video: <https://youtu.be/p11cX3zCzWU>



**City of Molalla**  
117 Molalla Ave/PO Box 248  
Molalla, OR 97038  
Phone 503.759.0205  
[www.cityofmolalla.com](http://www.cityofmolalla.com)

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May 4, 2023

Re: City of Molalla Wastewater Treatment Plant Funding Support Request

Dear Honorable Capital Project Committee:

The City of Molalla is seeking legislative funding support for the required construction of a new Wastewater Treatment plant. Attached you will find a legislative funding request, the paragraphs below supplement that request.

Please contact Mac Corthell, Community Development Director, if you have any questions, comments, concerns, or just to engage the City in discussions over potential funding. Thank you.

## **PROJECT DESCRIPTION**

**Introduction.** The City of Molalla is in the process of designing and constructing a new Wastewater Treatment Plant. The new plant will provide a substantially reduced carbon footprint, produce a better quality of effluent, and prepare the city to meet the demands of population growth while avoiding potential environmental impacts.

In 2016, on the heels of citizen suit under the Clean Water Act alleging certain violations of the City's NPDES permit, the City entered into a Consent Decree with the plaintiffs, and a Mutual Agreement and Order (MAO) with the Oregon DEQ. Part of the MAO **requires the City to construct a new Wastewater Treatment Plant (WWTP)** by 2024. In response, the city began to work diligently on plans to construct a new WWTP but was ultimately delayed due to the COVID-19 pandemic and the new expected date of delivery is December 2025. The City recently submitted 90% design to Oregon DEQ.

**Interim Activities & Costs.** In light of the consent decree and MAO described above, the City has also taken on several projects to reduce inflow and infiltration (I/I), and to remove biosolids from the lagoons. Some of these projects are required by the consent decree and MAO, and the city completed others voluntarily. These include replacement and/or repair of several wastewater lines known to allow significant infiltration, biosolid removal with monthly benchmarks, and more. The overall cost of these efforts has exceeded \$2 million per year.

**Funding & Ratepayer Impacts.** The City has secured approximately \$27 million in CWSRF Loan funding to complete design of the new facility, and was recommended by DEQ, USDA, and City Staff to receive additional capital funding during the various capital project infusions undertaken by the state legislature since the start of the pandemic. Unfortunately, no funding has been allocated to the City of Molalla or this project by the legislature. By contrast, nearly 50 other similarly sized cities in Oregon have been allocated \$275,722,721 (see enrolled Oregon HB 5006 section 196).

The City is currently engaged with USDA and private Banks to secure debt in the amount of approximately \$39 million to complete the new facility. However, if debt ends up being the sole source of funding for this project, the rates necessary to service said debt will greatly exceed the EPA's affordability standards. In turn, this will cause a significant hardship on many of Molalla's already low-income families and households.

**Environmental Impacts.** Molalla currently owns and operates a lagoon style treatment facility with secondary dissolved air floatation and filtration. These will be displaced by a Sequence Batch Reactor (SBR) type of facility. Not only will the SBR provide growth capacity for the City, but it will simultaneously provide significant positive environmental impacts. The SBR type facility utilizes substantially less chemicals (including Chlorine, Ascorbic Acid, and Aluminum Chlorohydrate) than the current lagoon secondary system. This is important because the process of extracting/producing all these chemicals is extremely hard on the environment.

Additionally, the SBR type system produces a far better quality of effluent. This means the water being discharged to the Molalla River during wet months, and land applied during the dry months, will have less potential to negatively impact the environment. The State of Oregon recently designated the Molalla River a Scenic Waterway (ORS 390.815), aimed at protecting and preserving the natural setting and water quality of the river - conserving it for the future. Molalla is leading the way in this regard with the new wastewater plant but cannot do it alone.

Finally, the SBR type system will have the capacity necessary to meet Molalla's current growth trends. By contrast, the same growth using the current lagoon style system would likely result in either a moratorium on development or an unacceptable effluent quality. The SBR system will allow additional ratepayers to join the system, thus defraying the overall cost of operations (very important for low-income residents), while at the same time producing a better quality of effluent than what the lagoon style system is capable of.

## **PROJECT SCHEDULE**

The project is currently at 90% design.

11/23 Complete Design, Bidding, Mobilization

12/25 Startup of SBR and Ancillary Equipment



**Office of the Mayor**

117 N Molalla Avenue, PO Box 248, Molalla, Oregon 97038

Phone: (503) 829-6855 Fax: (503) 829-3676

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February 28, 2023

To Whom it May Concern:

It is my honor to write this letter of support for the City of Molalla in the request for Federal funding for a vital project for our community.

Molalla is a city of just over 10,000 people situated about 5 miles south of the Portland Metro Boundary on OR-213. With more than 10% of the population earning less than the national poverty level, and a per-capita income more than 15% below the national average, Molalla is a resource stressed community. For nearly 50 years the City has gotten by with an activated sludge lagoon style wastewater treatment plant more suited to cities about half the population of Molalla. Recent litigation under the Clean Water Act resulted in a consent decree with the plaintiffs and a memorandum of agreement for operations with Oregon DEQ. The primary component of that consent decree is a requirement for Molalla to build a new Wastewater Treatment Plant by December of 2025.

The City of Molalla has searched far and wide for funding assistance, but to date has only been able to access leveraged funding from Oregon DEQ, and is very close to being underwritten by USDA Rural Development. However, the debt service required to build the new plant, with exclusively leveraged funding, will put the cost of the average single family residence's monthly sewage bill in excess of the EPA's affordability index -thus resulting in a significant burden on an already income-stressed population. An infusion of Federal funding for this project would directly benefit the citizens of Molalla through rate relief, and may help keep sewer costs under the EPA's affordability index.

The new plant is currently funded by the Oregon Clean Water Revolving Loan Fund through approximately 50% construction and is at 90% design with construction bidding expected in October of 2023. The new Sequence Batch Reactor style plant will be capable of producing an effluent quality far cleaner than what is required by modern discharge permits and will allow the city to add capacity as the population grows without the need to build a new plant. Additionally, it will all but eliminate the use of

thousands of gallons of chlorine and Vitamin-C that is required at the existing plant, thus providing for a significantly reduced carbon footprint.

I am in strong support of the City of Molalla's Wastewater Treatment Plant project and the request for Federal funding assistance. Federal funding is critical in the City's ability to build this vital project.

Sincerely,



Scott Keyser  
Mayor  
City of Molalla



## Oregon State Senate

**Fred Girod**  
**Oregon State Senate-District 9**

*I am writing to lend my full support to a project that is vital to supporting the livability and growth potential in one of the largest cities in my Senate District.*

*Molalla is a City of just over 10,000 people situated about 5 miles south of the Portland Metro Boundary on OR-213. With more than 10% of the population earning less than the national poverty level, and a per-capita income more than 15% below the national average, Molalla is a resource stressed community. For nearly 50-years the City has gotten by with an activated sludge lagoon style wastewater treatment plant more suited to cities about half the population of Molalla. Recently, the city became subject to litigation under the Clean Water Act resulting in a consent decree with the plaintiffs and memorandum of agreement for operations with Oregon DEQ, the major component of that consent decree is a requirement for Molalla to build a new Wastewater Treatment Plant by December of 2025.*

*The City has turned over every stone in the search for funding assistance, but to date has only been able to access leveraged funding from Oregon DEQ and is very close to being underwritten by USDA Rural Development. However, the debt service required to build the new plant, with exclusively leveraged funding, will put the cost of the average single family residence's monthly sewage bill exceeding the EPA's affordability index – thus working a significant detriment to an already income stressed population. An infusion of Federal funding for this project would directly benefit the citizens of Molalla through rate relief and may help keep sewer costs under the EPA's affordability index.*

*The new plant is currently funded by the Oregon Clean Water Revolving Loan Fund through approximately 50% construction and is at 90% design with construction bidding expected circa October of 2023. The new Sequence Batch Reactor style plant will be capable of producing an effluent quality far cleaner than what is required by modern discharge permits and is modular, meaning that the city can add capacity as the population grows without building a new plant. This is a vital to delivering on the promises Governor Kotek has made to provide a significant increase to our state's housing supply. Simply put; we cannot house people without basic infrastructure in place.*

**RICK LEWIS**  
**STATE REPRESENTATIVE**  
DISTRICT 18  
OREGON'S CHRISTMAS TREE DISTRICT



## HOUSE OF REPRESENTATIVES

February 23, 2023

To Whom it May Concern:

It is my honor to write this letter of support for the City of Molalla in their request for Federal funding for a vital project for the community.

Molalla is a City of just over 10,000 people situated about 5 miles south of the Portland Metro Boundary on OR-213. With more than 10% of the population earning less than the national poverty level, and a per-capita income more than 15% below the national average, Molalla is a resource stressed community. For nearly 50-years the City has gotten by with an activated sludge lagoon style wastewater treatment plant more suited to cities about half the population of Molalla. Recent litigation under the Clean Water Act resulted in a consent decree with the plaintiffs and a memorandum of agreement for operations with Oregon DEQ. The primary component of that consent decree is a requirement for Molalla to build a new Wastewater Treatment Plant by December of 2025.

The City has searched far and wide for funding assistance, but to date has only been able to access leveraged funding from Oregon DEQ, and is very close to being underwritten by USDA Rural Development. However, the debt service required to build the new plant, with exclusively leveraged funding, will put the cost of the average single family residence's monthly sewage bill in excess of the EPA's affordability index – thus resulting in a significant burden on an already income-stressed population. An infusion of Federal funding for this project would directly benefit the citizens of Molalla through rate relief, and may help keep sewer costs under the EPA's affordability index.

The new plant is currently funded by the Oregon Clean Water Revolving Loan Fund through approximately 50% construction and is at 90% design with construction bidding expected in October of 2023. The new Sequence Batch Reactor style plant will be capable of producing an



effluent quality far cleaner than what is required by modern discharge permits and will allow the city to add capacity as the population grows without the need to build a new plant. Additionally, it will all but eliminate the use of thousands of gallons of chlorine and Vitamin-C that is required at the existing plant, thus providing for a significantly reduced carbon footprint.

I am in strong support of the City of Molalla's Wastewater Treatment Plant project and their request for Federal funding assistance. Federal funding is critical in the City's ability to build this vital project.

Sincerely,



Rick Lewis  
Oregon State Representative  
House District 18



**BOARD OF COUNTY COMMISSIONERS**  
**PUBLIC SERVICES BUILDING**  
2051 KAEN ROAD | OREGON CITY, OR 97045

March 2, 2023

To Whom It May Concern:

On behalf of the Clackamas County Board of Commissioners, I am writing to express our support for the City of Molalla's request for federal funding for their wastewater treatment plant.

Like all cities in the county, Molalla's population is growing. The activated sludge lagoon style wastewater treatment plant which has been used for the past 50 years is better suited to serve a city with half the population of Molalla. Recent litigation under the Clean Water Act resulted in a memorandum of agreement for operations with Oregon DEQ and a requirement for Molalla to build a new wastewater treatment plant by December 2025.

The City of Molalla is a resource stressed community: over 10% of the population earns less than the federal poverty level and per-capita income is more than 15% below the national average. The City has searched extensively for funding assistance. To date, they have been able to access leveraged funding from Oregon DEQ and are hopeful for additional support from USDA Rural Development. However, the debt service required to build the new plant, with exclusively leveraged funding, will put the cost of the average single family residence's monthly sewage bill in excess of the EPA's affordability index. An infusion of Federal funding for this project would directly benefit the citizens of Molalla through rate relief, easing the burden on this already income-stressed population.

The new Sequence Batch Reactor style plant will be capable of producing effluent water quality far cleaner than what is required by modern discharge permits and will allow the city to add capacity as the population grows without the need to build a new plant. Clean water and the effective treatment of wastewater is vital to economic development and a key to the City of Molalla's future prosperity.

Thank you for your support of this essential project.

Sincerely,

Tootie Smith, Chair

On behalf of the Clackamas County Board of Commissioners



# Molalla Rural Fire Protection District #73

P.O. Box 655 • Molalla, OR 97038  
320 N Molalla Ave. Molalla, OR 97038

Telephone: 503-829-2200  
Fax: 503-829-6392

April 28, 2023

Joint Committee on Ways & Means  
Capital Construction Sub-Committee  
Oregon State Legislature  
900 Court St NE  
Salem, OR 97301

Re: City of Molalla Wastewater Treatment Plant Funding

Dear Honorable Ways & Means Subcommittee on Capital Construction,

Molalla Rural Fire Protection District #73 is writing today to lend our full support for a project which is vital in supporting livability within our small community. The funding for our waste water treatment facility will provide compliance between our City and Oregon DEQ and furthermore, it will improve the environmental quality, sustainability and livability within the Molalla community.

The City of Molalla is located in South Clackamas County and is home to over 10,229 Oregonians, with housing currently under construction to serve approximately 1,000 more. With more than 10% of the population earning less than the national poverty level, and a per-capita income more than 15% below the national average, Molalla is a resource stressed community. For nearly 50-years the City has gotten by with an activated sludge lagoon style wastewater treatment plant more suited to cities about half the population of Molalla. Recently, the city became subject to litigation under the Clean Water Act resulting in a consent decree with the plaintiffs and memorandum of agreement for operations with Oregon DEQ. The major component of those agreements is the requirement for Molalla to build a new Wastewater Treatment Plant by December of 2025.

The City has turned over every stone in the search for funding assistance, but to date has only been able to access leveraged funding from Oregon DEQ and is very close to being underwritten for a loan by USDA Rural Development. However, the debt service required to build the new plant with exclusively leveraged funding will put the cost of the average single family residence's monthly sewage bill in excess of the EPA's affordability index – thus working a significant detriment to an already income stressed population. An infusion of funding support for this project would provide direct rate relief to the citizens of Molalla and, depending on the level of funding support, may help keep sewer costs under the EPA's affordability index.



The new Sequence Batch Reactor style plant is currently at 90% design with construction bidding expected circa October of 2023. The new plant will be capable of producing an effluent quality far cleaner than what is required by modern discharge permits, provides a substantially reduced carbon footprint through mitigation of chemical applications in the treatment process, and is modular in nature meaning that capacity can be added as the population grows, without building a new plant. Finally, this new plant is vital to delivering on the promises Governor Kotek has made to provide a significant increase to our state's housing supply. Simply put, Molalla cannot house any more people without this basic infrastructure in place.

Sincerely,



Mike Towner

Board of Directors President

Molalla Rural Fire Protection District #73





# MOLALLA RIVER

SCHOOL DISTRICT  
Tony Mann, Superintendent

412 S. Sweigle Avenue  
P.O. Box 188  
Molalla, Oregon 97038  
503-829-2359

April 27, 2023

Joint Committee on Ways & Means  
Capital Construction Sub-Committee  
Oregon State Legislature  
900 Court St NE  
Salem, OR 97301

Dear Honorable Ways & Means Subcommittee on Capital Construction:

I am writing today to lend my full support to a project that is vital to supporting the livability and growth potential in one of the fastest growing Cities in the State of Oregon.

The City of Molalla is located in South Clackamas County and is home to over 10,229 Oregonians, with housing currently under construction to serve approximately 1,000 more. With more than 10% of the population earning less than the national poverty level, and a per-capita income more than 15% below the national average, Molalla is a resource stressed community. For nearly 50-years the City has gotten by with an activated sludge lagoon style wastewater treatment plant more suited to cities about half the population of Molalla. Recently, the city became subject to litigation under the Clean Water Act resulting in a consent decree with the plaintiffs and memorandum of agreement for operations with Oregon DEQ. The major component of those agreements is the requirement for Molalla to build a new Wastewater Treatment Plant by December of 2025.

The City has turned over every stone in the search for funding assistance, but to date has only been able to access leveraged funding from Oregon DEQ and is very close to being underwritten for a loan by USDA Rural Development. However, the debt service required to build the new plant with exclusively leveraged funding will put the cost of the average single family residence's monthly sewage bill in excess of the EPA's affordability index – thus working a significant detriment to an already income stressed population. An infusion of funding support for this project would provide direct rate relief to the citizens of Molalla.

This new plant is vital to delivering on the promises Governor Kotek has made to provide a significant increase to our state's housing supply. Simply put; Molalla cannot house any more people without this basic infrastructure in place.

Respectfully,

Tony Mann  
Superintendent



*We Grow Agricultural Opportunities*

April 25, 2023

Joint Committee on Ways & Means  
Capital Construction Sub-Committee  
Oregon State Legislature  
900 Court St NE  
Salem, OR 97301

Re: City of Molalla Wastewater Treatment Plant Funding

Dear Honorable Ways & Means Subcommittee on Capital Construction,

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Sincerely,  
Pamela Lucht  
Owner