



ROGUE VALLEY SEWER SERVICES

Q&A

On November 6, 2018 you will be asked to decide whether or not the City of Shady Cove 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.

WHAT DOES ANNEXATION MEAN?

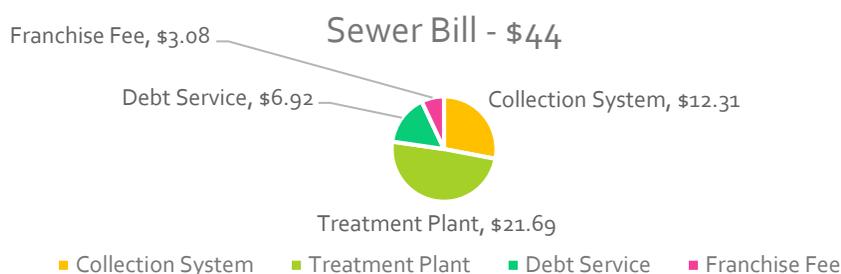
With an annexation the boundaries of RVSS will be expanded to include the Shady Cove City limits. RVSS would become fully responsible for the operation and maintenance of the sewer facilities within Shady Cove. Shady Cove residents would be eligible to vote in RVSS district elections, to sit on the budget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

Additionally, RVSS and Shady Cove have entered into a Franchise Agreement that defines our relationship moving forward. The general details of that agreement are as follows:

- RVSS will reduce the monthly sewer bill from \$46 to \$44 per month for a single family home, and agrees to hold that rate for a minimum of 2 years.
- RVSS will adopt the current Shady Cove System Development Charges and hold those for a minimum of 2 years.
- Shady Cove will continue to bill for sewer and transfer the sewer revenue to RVSS. RVSS will pay Shady Cove an annual fee of \$50,000 for this service.
- Shady Cove will use current sewer capital reserve funds to pay off certain sewer debts. Shady Cove will hold a loan reserve for the remaining debt as required by the lending agency. Any reserve funds left over will be transferred into a capital reserve fund managed by RVSS for the benefit of the Shady Cove treatment plant.
- RVSS will transfer to Shady Cove funds needed to make the remaining debt service payments.
- RVSS will pay Shady Cove a franchise fee equal to 7% of sewer revenues generated in Shady Cove.

WHERE DOES THE MONEY GO?

Of the \$44, \$12.31 would be dedicated to the collection system; \$21.69 would be dedicated to the Treatment Plant; \$6.92 goes to service the current debts of Shady Cove; and \$3.08 is returned to the City as a Franchise Fee to be used to support road maintenance and other city functions.



HOW DOES SHADY COVE SEWER RATE COMPARE WITH THE REST OF THE STATE?

An internal survey of 90 different cities and sewer districts in Oregon showed an average monthly sewer bill of \$49.51, so Shady Cove is currently slightly below the average. The proposed \$2 reduction would put Shady Cove about 10% below the state-wide median.

WHAT IS TO STOP RVSS FROM RAISING RATES AFTER THE ANNEXATION WAS APPROVED?

As the governing body, the RVSS Board of Directors would have the authority to adjust rates as they see fit. However, it would be useful to note our track record here. The monthly sewer rate for RVSS is \$20.50, which is the lowest in the state. We have been able to do this because our Board of Directors insists on keeping rates low, while at the same time refuses to compromise on maintenance or capital improvements. This forces our staff to operate in a highly efficient manner.

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 HAPPENS IF VOTERS REJECT THE ANNEXATION?

RVSS and Shady Cove have an intergovernmental agreement for RVSS to operate the sewer system until 2026. If the annexation is rejected we will continue to operate under the terms of that agreement. The general provisions of the agreement are as follows:

- RVSS operates the sewer collection system and treatment plant in Shady Cove
- Shady Cove pays RVSS an annual maintenance fee of \$345,000. This fee can be increased by a maximum of 3% per year.
- Shady Cove pays RVSS an annual capital projects fee of \$60,000. This fee may be increased by mutual agreement.
- Shady Cove agrees to pay for specific capital projects identified in the agreement. The estimated cost of these projects is \$1.2 million.

At the end of the term of the agreement Shady Cove would need to find qualified operators to run the plant and collection system.

DO YOU HAVE MORE QUESTIONS OR CONCERNS?

Please feel free to contact RVSS with your questions and/or concerns at 541-664-6300. Information is also available at our website www.rvss.us.