



*South Suburban Sanitary District  
2201 Laverne Avenue  
Klamath Falls, OR. 97603  
Phone 541.882.5744 Fax 541.882.5013*

**Board of Directors**  
*Position 1 - Joe Spendolini  
Position 2 - Kevin Harter  
Board Chairman  
Position 3 - Michael Koger*

**District Manager/Secretary**  
*Brett Blofsky*

**BOARD MEETING MINUTES  
“One-Stop” Financing Meeting  
July 28, 2023 @ 10:00 AM  
District Office**

**Meeting Called to Order: 10:01 am**

**Roll Call of Directors:** Chairman Spendolini and Director Koger. Also present: Brett Blofsky (District Manager), Nicki Strain (Finance Director), Jason Marrow (Collections Supervisor), Dan Scalas (Adkin’s Engineering) and Larry Holzgang (Business Oregon), virtual participants from the Oregon Department of Environmental Quality (DEQ) and Energy Trust.

**Public Input/Comments:** No public present.

**“One-Stop” Financing** - Introductions were made all around including the parties present virtually.

Chairman Spendolini asked Mr. Holzgang to take the lead.

Mr. Holzgang asked for a description of the project submitted. Mr. Blofsky began explaining the project and the proposal the District submitted to DEQ.

Mr. Scalas explained what the Moving Bed Bio Reactor (MBBR) does and how the filters work. Temperature is another item listed on the proposal but it is not a concern at this time. No new pond will be needed. Another component would be HB2765 that the District is proposing.

Chairman Spendolini explained HB2765 and how it would benefit the refuge and save our patrons millions of dollars as well. He then described the time he has spent in Salem and the support the District has received. There has been an amendment drafted to address all of the concerns that have been voiced.

Mr. Holzgang referenced the One-Stop form and asked about other non-funding issues.

Questions arose regarding the MBBR and if it would reduce the energy footprint. Mr. Scalas indicated that the District is looking at getting new blowers. Mr. Blofsky added that we are looking at floating solar panels and explained the benefits of these. The solar panels are not included in the 42 million dollar figure.

Discussion followed regarding eligibility for funding. There is a waste water financing program available and it would help address some compliance issues with the DEQ. Chairman Spendolini and Mr. Scalas stated that the District is not out of compliance. Clarification followed regarding our compliance and where we are currently. The District is working to replace an aging system so we are eligible for funding.



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It was generally agreed that our project is well thought out and that HB2765 is a logical idea that makes a lot of sense.

**Funding Scenarios** - The demographics of South Suburban Sanitary District (SSSD) were discussed. Business Oregon has Klamath Falls categorized as a disadvantaged and distressed community.

**Scenario #1** - Discussion followed regarding the available funding and what the interest rates would be within the various scenarios. The first application deadline is August 11, 2023 with the second being December 8, 2023. The District would need to apply for the construction funds while we are doing the engineering. We may have to use our funds to get started. Chairman Spendolini explained that we are going to be seeking an extension from DEQ and we will be looking for as much debt forgiveness as possible. Discussion followed regarding the possibility of debt forgiveness. Timing of our project was discussed. The timelines are tight for the application process. It was generally agreed that the application could be done by August 11th. Decisions will have to be made quickly.

Mr. Holzgang had a question regarding adequate funding available from DEQ. DEQ indicated that we might lose a chance at debt forgiveness if we wait. It is subject to availability. DEQ explained the loan process. This scenario would cost approximately \$1.2 million dollars in interest for a 30 year loan term.

**Scenario #2** - This option would be a co-funding loan of up to \$10 million. An award of \$4 million would have reduced interest due to our 'distressed' community status. This funding source could be in conjunction with DEQ. There are federal requirements with this option as well.

**Scenario #3** - This funding option is from Business Oregon. It is a state funded program. \$10 million would be the maximum and is not forgivable. The interest rate is extremely high as well. This is not a competitive process and applications are accepted year-round. Certain funding levels have different requirements. This option takes approximately 6 months.

Mr. Holzgang addressed the IFA Board approval that will be needed for each scenario. He then stated that he could give us additional information after the meeting.

Chairman Spendolini asked if any of the virtual attendees had questions. None were asked.

All parties present praised the District for its excellent financial situation.

Chairman Spendolini thanked everyone for their time and emphasized the District's interest in loan forgiveness options.

All virtual attendees left the meeting.



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Discussion returned to the timeline for the application completion and what it would entail. Mr. Scalas discussed the application process through DEQ. It is called an intended use plan.

Mr. Holzgang is going to ask about the interest with the DEQ loan and how that works.

The Board needs to decide which funding scenario they want to go with. Mr. Scalas feels that we could get the grant written to meet the August 11th deadline.

Discussion followed regarding the SRF fund and the dollars that are earmarked within the program.

The District's original facility upgrade plan was going to cost approximately \$75 million. An alternative was discovered with the MBBR. There would also be reimbursement for solar with the energy trust. Solar panels could help with a lot of issues. Mr. Scalas explained the energy use difference between the DAF and the SAF filters.

Chairman Spendolini asked Mr. Holzgang his opinion of the various funding scenarios. It is generally agreed that funding scenario 2 would be the best option for the District. Discussion followed regarding scenario 3. We would want to request \$2.9 million to avoid a lengthy review process. There is also a fee for packaging of bonds. It is based on a percentage.

Chairman Spendolini indicated that he would like to proceed with the engineering loan of \$2.9 million. 2% is the approximate interest rate with Special Public Works. The rate changes quarterly.

**Motion was made by Director Koger to apply for \$2.9 million from Special Public Works for the engineering portion of the Districts facility upgrade. Chairman Spendolini seconded. Motion passed.**

It was agreed that any amount over the \$2.9 million would come from District reserve funds.

Mr. Holzgang stated that the loan is not forgivable unless the rate to our patrons is \$50 a month or more. He then explained how this policy came about. There is an affordability index in determining this policy. According to Business Oregon, our patrons should be able to afford \$52 per month.

Discussion followed regarding the rate increase the Board proposed this fiscal year. It was 6.3%. The rates do not have to be raised in advance to qualify for the forgivable loan status.

**Community Development Block Grant (CDBG)** - Klamath County would have to apply for these funds for the District. There is a low to moderate income threshold. An income survey would have to be done to determine the threshold for our District. It would be fairly expensive to do this survey. There is a minimum response rate. It is based on household income. There would be additional costs to be paid to Klamath County to administer this grant.



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Chairman Spendolini would like to seek every avenue available for funds.

Discussion followed regarding the environmental studies and components. There are a lot of hoops that you have to jump through. We will be paying prevailing wage for this project.

Mr. Holzgang will follow up on the CDBG grant.

Discussion returned to the August 11th application deadline. It was agreed that the District would get an application submitted by this date.

**Other** - Chairman Spendolini stated that on August 15th at 8:00 am, members of the Governor's staff will be onsite at the District office. This meeting is to discuss the \$20 million pipeline option vs. our proposed HB2765. Four hours have been set aside for this meeting. The attendees will be taken on a tour. We may need to hire a shuttle to accommodate everyone on the tour. Discussion followed on who will be present.

**Meeting adjourned: 11:54 am**

ATTEST:

\_\_\_\_\_  
Brett Blofsky, Secretary

\_\_\_\_\_  
Joe Spendolini, Chairman

\_\_\_\_\_  
Date