

A work session of the Astoria Common Council was held at the above place at the hour of 1:31 pm. [31:15]

Councilors Present: Brownson, Herman, Rocka, West, and Mayor Jones.

Councilors Excused: None

Staff Present: City Manager Estes, Community Development Director Leatherman, Finance Director Brooks, Public Works Director Harrington, Assistant City Engineer Moore, Library Director Pearson, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REGULAR AGENDA ITEMS

Item 3(a): Wastewater Treatment Plant Update and Industrial Pretreatment

City Manager Estes said this was a follow up to the last work session on the City's sewer treatment facility. This is a challenging issue for the breweries, City Staff, and policy makers. Over the years, breweries and the fermentation cluster, which includes distilleries and cideries, has become an important part of the City's economy and is highlighted as a target sector in the Astoria Economic Development Strategy. As the number of breweries, distilleries, and cideries has grown, jobs have been developed and underutilized buildings have been redeveloped. The community is now a more vibrant place to live and visit. However, this growth has translated into impacts on the sewer treatment plant. Staff has been working for several years to determine why the plant was having issues, which put the City out of compliance with its permit from the Department of Environmental Quality (DEQ). Staff has spoken with breweries about their effluent and how the treatment plant worked. Recently, it was determined that the plant's challenges were triggered by high biological oxygen demand (BOD) levels. Staff needed direction from the Council on how to move forward with a policy to deal with the issues.

Estegenet Belete, Industrial Pretreatment Program Coordinator, DEQ, explained that several cities in Oregon were dealing with brewery wastewater discharge. Cities regulate the large discharges through an industrial pretreatment permit, a waste management plan agreement, or high wastewater and sewer charges. If the City is in violation of the DEQ permit, DEQ might start requiring the City to regulate the wastewater.

Assistant City Engineer Moore gave a Power Point presentation on the City's wastewater treatment plant (WWTP), the discovery process, the existing sewer resolution, and proposals for an industrial pretreatment program, a BOD load allocation strategy, and a permitting strategy. During the presentation, Staff, Consultant Dale Richwine, and Tiffany Brown of DEQ responded to questions and comments from the Council with the following key comments:

- The State updates projected populations for every city and county annually. Staff used these projections to determine that certain treatment plant updates could be expected to meet Astoria's population growth through 2045.
- Fish processors are required to obtain a different permit from DEQ, which requires industrial pretreatment at fish processing facilities to reduce the BODs before discharging into the river. If breweries wanted to discharge into the river, they could apply for a DEQ permit as well.
- The City has considered other alternatives for removing sludge from the lagoon. However, all options had cons that outweighed the pros and were prohibitively expensive. Each option was described in detail and Staff shared why each option would not work for Astoria.
- The headworks project will cost \$5 million and Staff hoped to get it done in the next five years. The City budgeted for the design work, which was supposed to begin this year, but those funds had to be reallocated to deal with the effluent issues. Staff is currently discussing loan options with Business Oregon to refund the headworks project.
- While the City's growth projections remain fairly flat. However, those numbers reflect residential and commercial only. The City does have a lot of development in the works that will produce more waste. Commercial establishments have higher BOD loads than residential developments. So, the actual BOD loads are larger than what the population equivalent would be.
- Staff has not done an industrial pretreatment survey to determine what types of facilities would be identified as an industrial user. Potential industrial users could include the automotive industry and painting industry. Water consumption is an indicator of large industrial users.
- There are no regional solutions at this time, but the State is aware of the issues and other cities are using the same methods being proposed by Astoria Staff.
- Side streaming for both breweries is planned for March, but Fort George wanted to start in January. Side streaming will reduce some of the sludge growth in the pipes. The smaller breweries are contributing to the slime growth as well, but at much lower levels than the big breweries. In the past, the City cleaned the pipes once a year. Now, the pipes must be cleaned monthly to get rid of the sludge.

Mayor Jones called for a recess at 2:39 pm. The meeting reconvened at 2:45 pm.

During the presentation, Staff also posed the following questions for the Council to consider when discussing potential policies:

1. Should the City of Astoria consider construction of a new mechanical wastewater treatment plant?
2. How much of the WWTP's BOD load capacity should be allocated to current industries, if any, and how much could be allocated to future industries, if any?

3. Does the Council concur that industrial pretreatment permits should be issued to Fort George and Buoy Beer in advance of developing and implementing a program, and adopting a new sewer ordinance? If so, Fort George's permit would replace the existing conditional use permit on their facility at 70 W. Marine Drive.

The Councilors briefly discussed how to direct Staff. All Councilors agreed that Staff should issue industrial pretreatment permits to Fort George and Buoy Beer.

John Mercer gave a Power Point presentation on Fort George's new facility on Marine Drive, which included a detailed description of their equipment, the brewing process, facility operations, waste products, side streaming, and discharge. He answered clarifying questions from Staff about the site plan and measuring discharge overflow.

Chris Nemlowill, 478 Kensington, Astoria, said he supported moving ahead with the industrial pretreatment permit process because without that permit, he cannot get a plumbing permit. This was a massive surprise to him. When the brewery was originally designed and permit applications were submitted to the City, there were no side streaming plans. He has opened two breweries in Astoria and had never been told that the required maximum residential load was 250 BODs going into the system. No other breweries in town had ever had this restriction either. He has tried to work with the City, hired a consultant, and asked Buoy Beer to work with them to figure out a solution to the City's problem. They need time to implement the required systems because this caught everyone off guard. Because of the pandemic, the breweries have fewer resources and reduced revenues. Fort George will spend about \$300,000 that they had not originally planned to spend on this system. The data that has been presented was based on a very small number of samples and more time is needed to come up with data. Once the new brewery starts up, he will be able to dial in the process and get great data. The entire fermentation sector is afraid of this fee structure. Breweries have taken over abandoned buildings, reinvested in the community, and created jobs. In 2017, Fort George started with eight employees and were on track to have 200 employees this year. Astoria has flourished because of the fermentation sector. He urged the City to be careful when putting together a fee structure because that could limit growth for everyone. He had plans to expand to Warrenton, but chose not to because he believed Astoria was championing the fermentation sector. He took over vacant dilapidated buildings on the waterfront that would have otherwise sat empty. He believed the City needed to invest in infrastructure. In 2017, Advance Astoria stated the City's five-year goal was to create 200 high paying jobs. Fort George almost had 200 jobs before COVID, but brewing is a great industry for growing jobs. They offer manufacturing and retail jobs. They also bring tourism dollars into Astoria. The sewage treatment plant was built in 1974 and its never been dredged. The City has not maintained its infrastructure as well as it could have and it is time to reinvest in that. He believed an innovative plan could be developed to get a lot more function out of the existing lagoon system. He looked forward to making beer, selling beer, and being a community asset. The Festival of Dark Arts has an economic impact of almost \$3 million each year on Astoria, so the fermentation cluster needs the City's support.

Dave Kroening, Buoy Beer, stated he had always been able to work closely with the City to tackle grand ideas and figure out what was best for the community. It was a challenge for a small startup trying to take on a 40,000 square foot building on pilings in the river. He was in favor of the phased approach as a good start, but he wanted to make sure this conversation continued over the next few months. The most common thing for a brewery to do with their wastewater is nothing at all and that is where he started. It was not on anyone's radar that brewery wastewater would become a big problem. However, he understood the breweries' role and impact to the system, so the breweries should take this on, especially with some expansions planned. But it is not clear what the next steps will require and what the best path forward will be. The infrastructure of City will have an impact on local businesses that want to grow and businesses that want to come to Astoria. Planning for the next five years is just a Band Aid, so everyone needs to consider creative opportunities to meet the long-term needs.

Mayor Jones noted that Fort George and Buoy Beer are critically important to the community. The City Council has not blamed anyone. The City is wrestling with the current status of the infrastructure while developing industries in the community and is looking for the most practical and equitable ways to move forward. Additionally, all of this has come about in the middle of a pandemic. The City is making a \$5 million to \$6 million investment in the headworks and the costs will eventually be passed on to the ratepayers. Infrastructure improvements are always a pay as you go and must pay for itself.

Engineer Moore and Mr. Richwine presented, via Power Point, the details of a financial feasibility analysis of the City's water and sewer rates, which would be required to move forward with an industrial pretreatment program. During the presentation, Staff explained why this analysis was necessary and shared examples of what other jurisdictions have done. In order to prepare a scope of work for a consultant to complete this analysis, Staff needed to know if the Council support creating user classifications for rate payers beyond the industrial users that would be part of the industrial pretreatment program.

The Mayor, Councilors, Staff, and Mr. Richwine discussed a user classification system and how such a system might be implemented. The consensus among the Council was that Staff should move forward with a user classification system.

Engineer Moore provided examples of some cost distribution strategies the City could apply to industrial rates and explained why such strategies are necessary. She asked for the Council's concurrence on which strategies the consultant should consider in the financial feasibility analysis.

The Council and Staff discussed cost distribution strategies and the potential financial impact on the fermentation cluster. While the fermentation cluster does provide good jobs and other benefits to the community, the Councilors agreed that the industries creating impacts on the City's infrastructure should be paying for those impacts and a cost distribution strategy should cover the hard costs to the City.

Mr. Richwine added that the Council still had time to think everything over. He and Staff would present a permit to the Council in November, but the financial study would not be authorized until the grant is approved. The permit might have to include placeholders for rates that could be modified in the future. Once the feasibility study is approved in January, the modifications can be made to the permit based on the study before the program is implemented in July.

City Manager Estes asked if the Council wanted to consider a new mechanical plant. The Mayor and Councilors agreed this was not a good time to ask voters to consider a \$40 million to \$60 million new plant, nor did it make sense to put \$12 million into removing sludge from the lagoon. The City should work to keep the current system functional until 2045 as planned.


Engineer Moore shared the next steps necessary to fully implement an industrial pretreatment program.

Mayor Jones called for public comments. There were none.

ADJOURNMENT

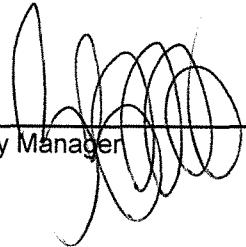
There being no further business, the meeting was adjourned at 5:07 pm.

ATTEST:



Finance Director

APPROVED:



City Manager