

RESOLUTION NO. 3611

A RESOLUTION GRANTING AN EXCEPTION TO THE CITY OF ALBANY'S INTERGOVERNMENTAL SEWER SERVICE AGREEMENT WITH THE CITY OF MILLERSBURG ALLOWING A TEMPORARY INDUSTRIAL DISCHARGE FROM IMI TITANIUM, INC., TO THE CITY OF MILLERSBURG'S SANITARY SEWER SYSTEM.

WHEREAS, the City of Albany provides domestic sanitary sewer service to the City of Millersburg through an intergovernmental agreement; and

WHEREAS, Section 2(I) of this agreement allows industrial discharges to the City of Millersburg's sanitary sewer system for a specific use upon mutual agreement of both Cities; and

WHEREAS, the City of Millersburg has requested industrial sewer service for IMI Titanium, Inc.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that a temporary industrial discharge to the City of Millersburg's sanitary sewer system is permitted based on the following FINDINGS OF FACT:

FINDING (1): The City of Albany's wastewater treatment and collection facilities have sufficient capacity to accommodate this use; and

FINDING (2): IMI Titanium, Inc., is an expanding Albany business unable to locate additional manufacturing facilities within Albany in sufficient time to accommodate expansion needs; and

FINDING (3): IMI Titanium, Inc.'s, use in Millersburg is temporary only, and will be relocated to Albany within five years from the date of connection.

BE IT FURTHER RESOLVED by the Albany City Council that temporary connection of IMI Titanium, Inc. to the City of Millersburg's sanitary sewer system is subject to the following CONDITIONS:

CONDITION (1): IMI Titanium Inc., shall apply for a connection permit through the City of Albany and pay Sewer Systems Development Charges (SDC fees) at the same rate charged for new connections within the City of Albany; and

CONDITION (2): IMI Titanium Inc., shall pay the City of Albany monthly sewer user fees in accordance with the City of Albany's sewer user rates, including a 50 percent surcharge for users outside Albany city limits. Sewer user fees for calendar year 1996 shall include a demand charge based on projected wastewater characteristics. The demand charge will be based on actual historical records of wastewater strength after the first three months of operation; and

CONDITION (3): IMI Titanium, Inc., shall obtain a pretreatment permit from the City of Albany to discharge industrial wastewater and shall meet all conditions of this permit, including construction of pretreatment, flow monitoring, and sampling facilities meeting City standards; and

CONDITION (4): IMI Titanium, Inc. shall not exceed flow rate, mass loading, and other parameters as outlined in the industrial pretreatment permit for this facility; and

CONDITION (5): This connection is temporary and non-transferable without the City of Albany's prior consent. Industrial discharge meeting all pretreatment permit requirements will be permitted for three years from the date of connection to the sanitary sewer system. The City of Albany will extend the term of this temporary connection by twenty-four months upon submission and approval of plans to relocate facilities to Albany or abandon the connection within the twenty-four month extension period. Plans shall be submitted to the City of Albany within two and one-half years following the date of connection to the sanitary sewer.

BE IT FURTHER RESOLVED that the Albany City Council reserves the right to discontinue industrial sewer service to IMI Titanium, Inc.'s, Millersburg facility if the above conditions are not met.

BE IT FURTHER RESOLVED that this resolution shall become effective March 28, 1996.

ADOPTED this 28th day of February 1996.



Mayor

ATTEST:



City Recorder

RESIMLCNU



TO: Albany City Council

VIA: Steve Bryant, City Manager
Mark A. Yeager, P.E., Public Works Director

FROM: Public Works Committee, Tom Nelson, Chair
by Chip Ullstad, P.E., Utility Engineer

DATE: February 21, 1996, for February 28, 1996, City Council Meeting

SUBJECT: City of Millersburg's Request for Industrial Sewer Service (IMI Titanium, Inc.)

Action Requested:

The Public Works Committee recommends adoption of the attached resolution granting the City of Millersburg's request for industrial sewer service to IMI Titanium, Inc.. The resolution includes findings and conditions for this exception to our sewer service agreement.

Discussion:

Background

Albany provides domestic sewer service to the City of Millersburg through an intergovernmental agreement negotiated in 1978. The agreement prohibits discharge of industrial and high strength commercial wastewater to the City of Millersburg's sewer system and subsequently to Albany's Wastewater Treatment Plant. Industrial wastewater from Millersburg is discharged to separate, privately owned and operated treatment facilities.

Section 2 (I) of the agreement provides a process for the City of Millersburg to request an exemption to the industrial waste discharge limitation. This section is shown below for your reference:

Section 2(I.) There shall be no "industrial waste," as defined by this agreement, or "high strength commercial waste," as defined by City of Albany Codes, allowed to enter the Millersburg sanitary sewer system and reach and enter into the Albany Wastewater Treatment Plant except as the City of Albany may agree with the City of Millersburg to receive and treat such wastes from a specific user in quantity and quality of waste. The City of Millersburg shall adopt and enforce ordinances regulating the use of the Millersburg sanitary sewer system for the purpose of preventing such wastes from entering into the system and for purposes of allowing only domestic quality waste to enter said system.

On January 15, 1996, IMI Titanium, Inc., requested industrial sewer service from the City of Millersburg. IMI Titanium manufactures aircraft parts in Albany and is in need of expanding its current operations. IMI has proposed a leased site in Millersburg as a satellite facility to complement its Albany operations. In response to IMI's interest, the City of Millersburg has requested an exception to our service agreement. The exception would allow industrial sewer service to IMI's proposed Millersburg facility. Copies of IMI Titanium's request and subsequent request from the City of Millersburg are attached.

Several industries have located or expanded in Millersburg since adoption of our service agreement, including expansion of Willamette Industries, Inc., and construction of Palm Harbor Homes, Inc. These

City Council

Page 2

February 21, 1996, for the February 28, 1996, City Council Meeting

industries either have privately-owned wastewater treatment facilities, or discharge only domestic strength wastewater. Staff believes IMI's request is the first request for an industrial waste discharge since adoption of our service agreement with Millersburg.

Staff has reviewed technical issues concerning the City of Millersburg's request to serve IMI. Effluent characteristics, following pretreatment, are similar to IMI's current facility. Technically, Albany can serve IMI from the proposed Millersburg location. Extension of industrial sewer service outside Albany city limits does, however, raise significant policy issues.

Policy Issues

Extending industrial service outside Albany city limits may lead to a disparity in industrial development costs within Albany and outside city limits. The potential for this disparity is due to differences in:

- *Property tax rates:* Millersburg does not assess a municipal property tax.
- *Connection fees:* Millersburg does not charge Systems Development Charge (SDC) Fees. Our service agreement with Millersburg provides a method of charging for new connections. The method is based on the equivalent number of residential connections as measured by wastewater flow.

Millersburg paid an initial connection fee for an estimated 370 equivalent connections when the service agreement was executed. The volume of wastewater received from Millersburg today is well above this number. Staff is working with the City of Millersburg to update the agreement and bring the connection fees current. The connection charge is based on domestic-strength sewage only and no mechanism is in place for collection of SDC fees from industrial users.

- *User fees:* Albany's industrial sewer rates are based on the measured waste strength. Millersburg's user fees (per our current contract) are based on the quantity of domestic wastewater received and do not include the cost of treating high strength discharges.
- *Development standards:* Millersburg and Albany may differ in the level and type of urban services required with industrial development.

In aggregate, these differences enhance the relative attractiveness of developing outside the city of Albany. When full urban services are available outside the city, industrial property within the city competes with less expensive, but similarly served, sites outside the city. Significant industrial development outside the city may also erode Albany's industrial tax base.

These are potential long-term policy implications of extending industrial service outside the city. IMI's request, by itself, would have nominal impact. The request does, however, raise fundamental policy questions. If Albany extends industrial service in response to IMI's request, the basis for this decision needs to be clear so that our responses to future requests are fairly and equitably applied.

City Council

Page 3

February 21, 1996, for the February 28, 1996, City Council Meeting

Staff has met with the City of Millersburg to discuss their interest in industrial service. They discussed the risks of making service decisions incrementally and agreed to assess the impact of future industrial service to Albany's Wastewater Treatment Plant. Millersburg is funding a study of additional treatment plant improvements needed to accommodate industrial discharges from Millersburg. This study is being done with the Wastewater Facility Plan Update and is scheduled to be complete in the summer of 1997.

Although there is no technical basis not to serve IMI, the Wastewater Treatment Plant was not designed to accommodate industrial flows from Millersburg. Until the Wastewater Facility Plan Update and Millersburg's Industrial Wastewater Evaluation are completed, staff cannot determine additional improvements needed to accommodate this loading.

Options

Staff reviewed three options with the Committee in response to the City of Millersburg's and IMI's request. As noted earlier, there are no technical issues that would constrain Albany from meeting this service request. The decision to provide service outside the city is a policy question. In question is how best to balance regional economic development needs while protecting Albany from risks of extending industrial service outside the city.

Option 1 - Provide service subject to specific conditions. Service requirements could address such factors as:

- Payment of Albany SDC fees.
- Payment of equivalent property taxes as a service surcharge.
- Classification as an industrial user outside city limits with user fees based on industrial rather than domestic rates. As a user outside Albany city limits, the fee would include a 50 percent surcharge.
- Limitations concerning the maximum volume and strength of wastewater from this use.
- Agreement to share in proportionate cost of expanding the Wastewater Treatment Plant to accommodate industrial waste from Millersburg (as identified at completion of Millersburg Industrial Wastewater Evaluation).

If Option 1 is selected, the basis for extending service and for any special conditions that would apply should be clear to ensure fair and equal opportunities for other industries with similar requests.

Option 2 - Deny request. This option would deny the request as not in the City's best interest until industrial service to Millersburg can be more comprehensively reviewed following completion of the Wastewater Facility Plan Update and Millersburg's Industrial Wastewater Evaluation.

Option 3 - Grant request unconditionally. This option would allow discharge of an industrial user to the community's wastewater treatment facility without payment of connection fees and at

City Council

Page 4

February 21, 1996, for the February 28, 1996, City Council Meeting

substantially reduced user fees than paid by industrial customers in the city. This option is inconsistent with City Council policy that users pay for service in relationship to their relative demand and level of service received.

Similar to Option 1, the basis for extending service should be clear to ensure equal and fair treatment for other industries with similar requests.

Recommendation

Representatives from IMI Titanium, Inc. clarified for the Public Works Committee and staff that industrial use in Millersburg would be temporary only and is sought to meet immediate production needs. IMI had been unsuccessful in their efforts to find vacant, fully served industrial lease property meeting their needs in the City of Albany.

The Public Works Committee recommends temporary, conditional service to IMI Titanium, Inc. through adoption of the attached resolution. The resolution includes findings and conditions for an exception to our sewer service agreement with the City of Millersburg.

Budget Impacts

Conditions included in the attached Resolution concerning payment of SDC fees and application of industrial user rates should offset costs of providing service to IMI Titanium, Inc.

cnu:kw:cmr

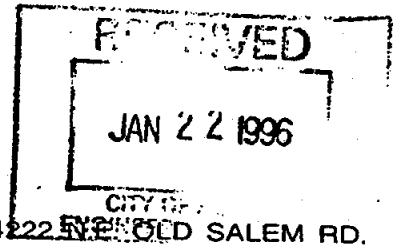
Attachments(2)

c: Dean Nebergall, P.E., Engineering Supervisor
Clayton Wood, City of Millersburg
Don Driscoll, Architectural Associates, Inc.
Mel Joy, Albany-Millersburg Economic Development Corporation
Cullen Whyte, IMI Titanium, Inc.

CCIMI.CNU

LINKING AGRICULTURE

WITH INDUSTRY



4222 S. BROAD SALEM RD.

ALBANY, OREGON 97321

OREGON

January 19, 1996

PH. 928-4523

Chip Ullstad, P.E.
Utility Engineer
P.O. Box 490
Albany, OR 97321

RE: IMI PROPOSED SATELLITE FACILITY

IMI Titanium has selected an existing building in Millersburg for expansion of some of their manufacturing operations that cannot be accommodated at their Albany facilities. IMI indicates that they have been unable to find a suitable building in Albany to meet their scheduled occupancy by April 1996. The building selected in Millersburg is located just north of Kathryn Street in a Limited Industrial zone. Map enclosed.

The City of Millersburg did not solicit or seek IMI's expansion, although we have no objection to locating some of their operations in the City. In fact, we feel we should all help to keep this industry in the Albany/Millersburg area. It would be regrettable if they had to leave our area due to a lack of adequate facilities to support their operations.

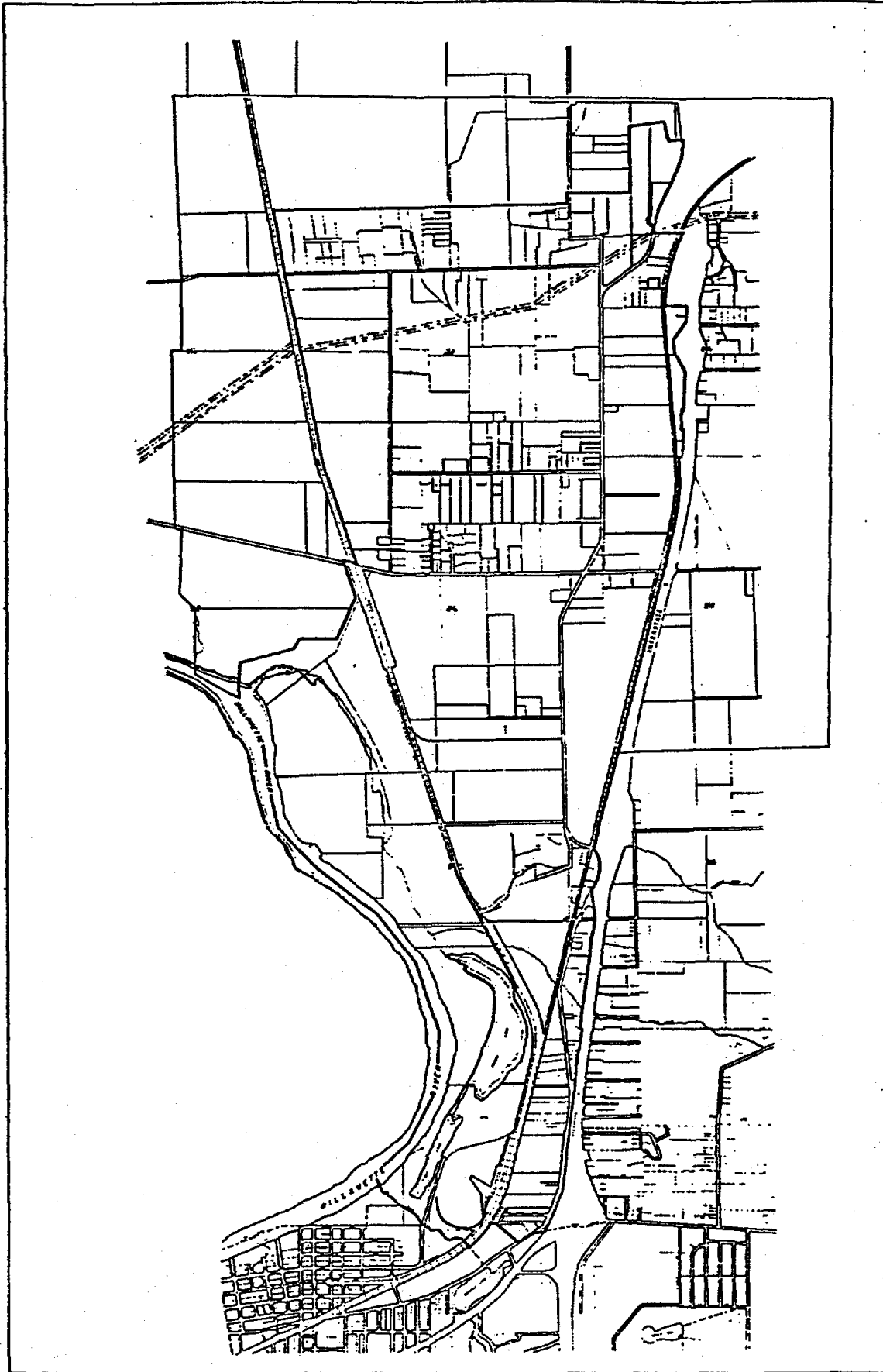
IMI's expanded operations will necessitate wastewater treatment similar to that now provided at their present Albany facility. The Albany/Millersburg Wastewater Treatment Agreement adopted in 1978 specifies in Section 2, Item 1, "There shall be no industrial waste or high strength commercial waste as defined by the City of Albany Codes, allowed to enter the Millersburg sanitary sewer system and reach and enter into the Albany wastewater treatment plant except as the City of Albany may agree with the City of Millersburg to receive and treat such wastes from a specific user in quantity and quality of waste." It is our understanding that the City of Albany will determine the quantity and quality of waste to be treated.

In accordance with our agreement, the City of Millersburg respectfully requested consideration of IMI's needs for wastewater treatment for their Millersburg expansion. We offer our assistance and cooperation in this endeavor. I would also like to add a note of thanks and appreciation to your staff for their efforts and consideration given to this issue.

Sincerely,

Clayton Wood, Mayor
City of Millersburg

Enclosures



MILLERSBURG OREGON

— CITY LIMITS AND
— PLANNING AREA BOUNDARY

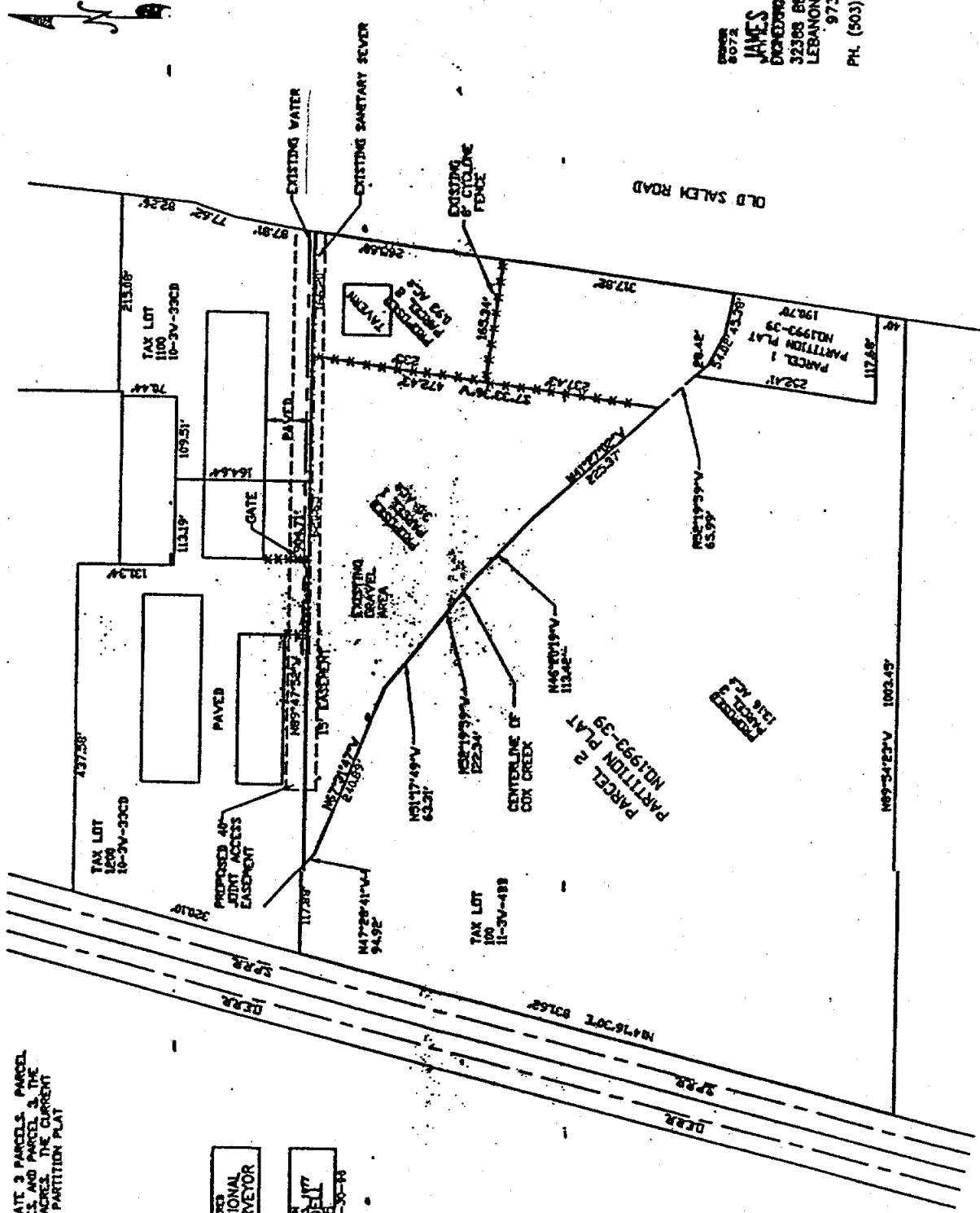


PROPOSED PARTITION PLAT

JEWELL ABRAHAM VAN
 NV 1/4 NW 1/4 SEC. 31, T.11S. R.3V. W.M.
 CITY OF MILLERSBURG, LINN COUNTY, OREGON
 APRIL 17, 1995
 SCALE: 1" = 100'

NARRATIVE: REQUEST IS TO CREATE 3 PARCELS. PARCEL 1 - 20 ACRES, PARCEL 2 - 70 ACRES AND PARCEL 3 - THE REMAINING PARENT PARCEL 116.5 ACRES. THE CURRENT PARENT PARCEL IS PARCEL 2 OF PARTITION PLAT ML1993-39.

REGISTERED
 PROFESSIONAL
 LAND SURVEYOR
 JAMES F. UDELL
 OREGON
 LICENSE NO. 116-30-90
 EXPIRES 06-30-96



BOOK 8072 PAGE 1346
JAMES F. UDELL
 SURVEYING & SETTING
 32388 BERLIN ROAD
 LEBANON, OREGON
 97355
 PH. (503) 451-5125

IMI IMI TITANIUM INC.
TILINE ALBANY OPERATIONS

150 QUEEN AVENUE
P.O. Box 908
ALBANY, OR 97321-0336
USA

PHONE: 503-926-7711
FAX: 503-967-7786

Ref: city/millersburg/satellite waste

City Planner
City of Millersburg,
4222 Old Salem Road NE,
Albany, OR 97321.

January 15th, 1996

Dear Don Driscoll,

SUBJECT : IMI TITANIUM SATELLITE : WASTEWATER

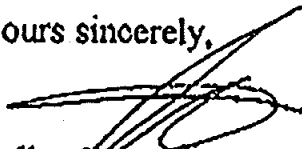
IMI are proposing to relocate a third of the metal finishing operations to a 20,000 square foot building in Millersburg. Approximately 45 employees would be relocated to the new Facility. The relocation would provide IMI the required manufacturing space to capture future Titanium casting markets and continue to provide revenue to construct new facilities to support growth on the Albany Site.

IMI would remain within Albany if a suitable building was available. At this time no buildings are available to meet the proposed relocation schedule to occupy by April 1996.

The metal finishing processes for the proposed building are identical to the processes at the present Albany Facility. The process requires effluent discharge to an industrial sewer and treatment by a city wastewater treatment facility. A maximum of 4000 gallons of industrial process water would be discharged within a 24 hour period. The discharge would be treated and controlled before discharge to the city sewer (see attached sheets for effluent type and subsequent treatment controls).

IMI understand that industrial discharge in Millersburg is against present policy. Please support our request and expedite the approval process to eliminate future delay to IMI's short term growth plans.

Yours sincerely,



Cullen Whyte
Project Manager / Facility Engineer



IMI TITANIUM INC.
TILINE ALBANY OPERATIONS

150 QUEEN AVENUE
P.O. Box 808
ALBANY, OR 97321-0808
USA

PHONE: 503-828-7711
FAX: 503-807-7786

To: Whom it may concern

From: Cullen Whyte

Date: January 15th, 1996

SUBJECT: Proposed Satellite Occupation, 950 Old Salem Road, Albany.

The following summarizes water flows from the proposed occupation.

A. Cold Etch Bath

This acid bath is used to etch Titanium castings.

Hydrofluoric Acid @ 4% solution

Nitric Acid @ 17% solution

Tank contains 250 gallons. The tank will be replenished once per week. This is an identical process to 150 Queen Av.

A1 Cold Etch Rinse Water

Acid rinse water: A 3 GPM water spray will be used. Approximate 6 hours during a 24 hour period. Total spray flow is approximately 1000 gallons per 24 hour period.

A3 Scrubber Discharge

A scrubber will be used to remove fumes from the acid bath. Total discharge is 500 gallons every 2 months.

D Alkaline Bath

Solution is made up with "Turco 4215-NC-LT" at a concentration of 72 lbs per 192 gal. The tank size is approximately 250 gallons, hence the tank contains approx. 94 lbs of Turco. The tank will be replenished approximately once every two weeks.

This tank is used to wash Titanium castings.

B1 Alkaline Rinse

A rinse will be used to remove Alkaline solution from the casting. A 3 GPM water spray will be used. Approximate 6 hours during a 24 hour period. Total spray flow is approximately 1000 gallons per 24 hour period.

C X-Ray Film Processor

The x-ray film processor will be relocated into the building. Silver reclaim will be installed. Flow not known at this time. There will be no change to the process used in the department.

D Vacuum Pump Cooling Water

Two vacuum pumps will be relocated. They are used for approximately 15 minutes, 12 times a day. There is a cooling water flow of 1 gallon per minute while the pump is on. The total projected flow is 180 gallons per day per vacuum pump, hence total flow is 360 gallons in a 24 hour period.

E Penetrant Spray

The small penetrant line will be relocated. A rinse will be used to remove penetrant from the casting. A 3 GPM water spray will used. Approximate 6 hours during a 24 hour period. Total spray flow is approximately 1000 gallons per 24 hour period.

F Restrooms

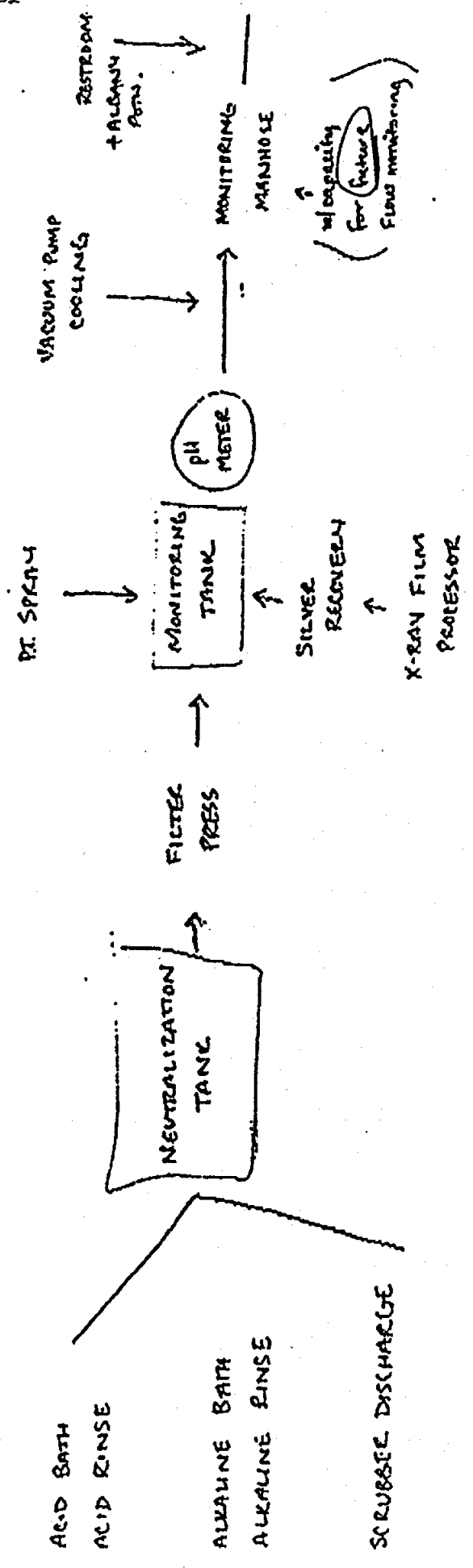
There will be a men's and women's restroom. A total of 4 sit downs, 2 Urinals, 4 sinks and 1 drinking fountain. The total projected occupancy of the building during a max shift is 45 people.

Layout drawing attached !!!

The effluent will be neutralised, filter pressed and controlled as per the attached flow diagram. All effluent treatment processes are identical to present practices at the Albany facility.

Allen Whyte
Facilities Engineer, IMI

SATELLITE FACILITY - PROPOSAL (1/10/7)



EXHIBENT

- Batches of constantly closed valve.
- Manual check before release.
- Continuous monitoring.
- Open valve unless pH adjustment