



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
Board Chairman
Position 2 - Kenneth DeCrans
Position 3 - Michael Koger

District Manager/Secretary
Brett Blofsky

UPDATED 5/1/2025 - SUMMARY OF SOUTH SUBURBAN SANITARY DISTRICTS' (SSSD) URGENT FUNDING REQUEST

Co-Chairs Girod and Nosse and members of the committee,

South Suburban Sanitary District offers the following in support of our funding request for the mandatory upgrades we are currently required to complete by October of 2026.

BACKGROUND: Upgrades to the SSSD wastewater treatment plant are MANDATED by the Oregon Department of Environmental Quality (ODEQ) and are necessary to comply with new permit requirements that must be completed by October 2026.

The following is a direct result of SSSD's leadership team's hard work and determination to lower the original estimated project costs delivered by our Engineers and Contractor as well as the valuable guidance and advice we received in meetings between our District Manager, Brett Blofsky and Board Chairman, Joe Spendolini and Legislators. We wanted you all to know that we heard you and we embarked on a path honoring that guidance.

FUNDING SUMMARY:	Adjusted Estimated cost of mandated upgrades:	\$60 million
FUNDING SECURED	SSSD matching funds in the bank:	\$10.1 million
	ODEQ SRF loan approved*:	\$30 million
	OBDD low interest loan received:	<u>\$9.9 million</u>
	Total funding secured by SSSD:	\$50 million

Adjusted funding shortfall requiring assistance: \$10 million

WHY THE URGENCY?

- The regulated deadline for completing the upgrades is October of next year, 2026.
- We have requested an extension with DEQ to provide SSSD time to secure funding, if this request is not approved by the Legislature.
- Missing the October 2026 deadline could result in up to a \$25 thousand per day fine for SSSD.

Approximately 23,000 citizens, classified as disadvantaged (approximately 20% are seniors on fixed incomes), utilize the wastewater treatment services provided by SSSD. With the limited income these citizens receive (some only Social Security checks of \$1,200-\$1,300 a month), they have bills to pay, feed themselves and their families, pay for out-of-pocket healthcare needs and prescriptions.

Over the past 3-4 years, SSSD has increased rates by just over 33%. We do intend to increase rates to cover these expensive, mandated upgrades, but your support in approving the funding request outlined above will provide some much needed assistance and relief.

Over the course of the past year, SSSD has been diligently seeking project revenue in the form of low interest loans and grants from approximately 20 different sources, with little to no success, primarily due to the lack of funding opportunities that fit our specific project criteria and funding needs.

* Additionally, we were informed that the DEQ SRF loan approval of \$31 million would be withdrawn if we could not demonstrate the balance of the project costs have been secured by SSSD. If our entire funding request is approved, we would be able to borrow \$1 million less, reducing this SRF loan to \$30 million, which would lower annual payments. If something less than our Request of \$10 million is approved, we would reluctantly increase the amount we borrow in SRF funds up to the approved maximum of \$31 million.

In addition to compliance with ODEQ's new permit requirements, these upgrades will provide significant public benefits as well as benefits to fish and wildlife as the water will be much higher in quality when discharged into Lake Ewauna, the headwaters of the Klamath River. The proposed improvements will also ensure that treated effluent from the SSSD WWTP will meet Class A for reuse by irrigators, downstream water rights holders, and/or by the Lower Klamath National Wildlife Refuge.

Respectfully submitted:



Joe Spendolini, Chairman of the Board
541-892-5460
joe@sssd.org



Brett Blofsky, District Manager
541-880-8824
brett@sssd.org