

Oregon House District 48

Eastmont Water Company

Capital Construction

Chair, Vice Chairs, and Members of the Committee, for the record, my name is Andrew C. Degner, and I am the volunteer President of Eastmont Water Company which is represented by Oregon House District 48 Representative Lamar Wise. District 48 includes portions of outer Southeast Portland and surrounding communities such as Happy Valley, Damascus, and Boring. I am here today in strong support of the capital construction request from Eastmont Water Company for \$3,211,603 in lottery bond funds to complete critical seismic and infrastructure upgrades.

Eastmont Water Company is a small, non-profit member-owned public water system serving 112 families in eastern Clackamas County. While the system is small, the responsibility it carries is enormous: providing safe, reliable drinking water every single day, and continuing to do so when disaster strikes. Unlike large water districts like Portland and Gresham who have a much easier path for capital fund raising due to a broader customer base. Small districts such as Eastmont who provide the same utility service, just can't raise the necessary funds. This problem is further amplified by the ongoing increase in EPA/OHA regulation requirements for all water districts.

Also, unlike large water agencies, Eastmont doesn't have paid staff available to spend huge amounts of time looking at and applying for grants. Eastmont has done what our limited resources have allowed us to do to no avail. This resiliency work is a big lift and critical to the future of our community.

Eastmont's water system was constructed in the late 1960's and its major components are at the end of their designed service life. This request focuses on essential, preventative investments: seismic upgrades to both reservoirs, reinforcement and expansion of concrete foundations through doweling and mechanical anchoring, and the replacement of 3,700 linear feet of aging 6-inch cast iron transmission main that is increasingly vulnerable to failure primarily due to age and obsolete design that fails to meet current seismic standards.

Oregon is in a seismic zone. We know this. We also know that older cast iron infrastructure performs poorly during earthquakes and extreme events. If these reservoirs or transmission lines fail, the impact is immediate and severe: families lose access to drinking water, fire protection is compromised, and public health risks escalate quickly. Should a large regional seismic event occur, the 112 families served by Eastmont Water Company would be on their own isolated with no drinking water supply for months if not years.

And this is where the fiscal reality becomes clear. We can pay for this now, or we will pay far more later.

If this system fails, the state and local governments will be forced to step in with emergency water services for 112 families, at significant and unplanned cost. Even more concerning, long-

term failure could require many more millions of dollars to facilitate a permanent fix. Because of the topography and associated high system pressures required to reach the top of Tower Hill connecting these households to other regional water systems is not an option. Emergency responses are always more expensive, more disruptive, and less equitable than planned investments.

Eastmont Water Company is a domestic and not a municipal water system, so it is unable to grow and expand revenues through System Development Charges or an increase in customer base. This request is not about expansion or growth; it is about protecting what already exists. It is about avoiding avoidable emergencies, safeguarding public health, and making the kind of prudent, forward-looking investment that Oregon taxpayers expect.

Small systems like Eastmont do not have the rate base to absorb multi-million-dollar capital upgrades on their own. Lottery bond funding allows us to ensure that rural and semi-rural families are not left behind simply because they live outside larger urban service districts.

In closing, I would like to state that unlike most small water system Board members in Oregon, I have been in the municipal water business for over 45 years working for large systems such as the Portland Water Bureau and City of Phoenix Arizona, medium systems such as Cottage Grove Oregon and Liberty, Missouri, and small systems including Fishhawk Lake, Oregon and Eastmont Water Company. During that time, I have developed a keen insight into assessing water system capital infrastructure needs. Because of my background and experience I urge the committee to support this \$3,211,603 investment. It is a smart use of lottery dollars that strengthens seismic resilience, protects public health, avoids far greater future costs, maintains home values, and ensures that 112 Oregon families can continue to rely on safe, dependable water.

Thank you for your time and consideration.