

Memo

To: Mayor & City Council

From: David A. Hawker, City Manager

Date: May 19, 2010

Re: Golf Course Water

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We currently supply treated water to the Chinook Winds Casino Resort Golf Course under a 1991 agreement with the Lakeside Golf Course. This is not an ideal situation for either the golf course or the City. Treated water is expensive and contains chlorine and chlorinated by-products that are not best for turf. Aside from chlorine, our treated water is quite pure and contains no amount of nutrients. From the City's perspective, in the long term, it would extend our water supply and treatment plant capacity to remove this demand from our system.

The golf course uses an average of about twelve million gallons of water per year, and the largest use is between mid August to mid September. This is during our highest demand and lowest supply. At the present time, 12 million gallons represents nearly 2.5% of our total annual demand, and about 5.5% of our demand during our peak demand. This will increase when the golf course expands. Eliminating this demand would extend our supply and plant capacity for about 350 additional customers.

Staff and representatives of the Golf Course and the Confederated Tribes of the Siletz have worked out an arrangement where the golf course could use our Rock Creek water right for irrigation of the golf course. If approved by the Oregon Department of Water Resources, the water would be withdrawn from Devil's Lake adjacent to the golf course (not from Rock Creek).

The lake water has between 20-40 micrograms per liter of phosphorus, as well as nitrogen, both of which will be used by the golf course turf. This reduces the amount of fertilizer being applied, some of which would wash into the lake. In other words, nutrients would be removed, rather than added to the lake.

The agreement provides that we would be reimbursed half the commercial rate for treated water. This will save the golf course a significant amount, roughly \$20,000 annually. There is a downside. Until we need this water for growth, we will lose \$20,000 annually in revenue while reducing our costs about \$5,000 for a net financial loss of about \$15,000. I view the loss in revenue as less important than the extension of our water supply. While the Drift Creek project will likely provide sufficient water for the next 15-20 years of growth, the water we will need at that time will be frightfully expensive. I also note that this agreement will permit more water to flow into Schooner Creek at the critical time which is a significant additional benefit.

The agreement we reached contains a provision where both parties cooperate in exploring the reuse of the affluent from our wastewater plant. While this is a far reach, it certainly makes a great deal of sense from what we know today.

I consider this agreement equitable, and quite beneficial to both parties. If approved by the Tribal Council and the City Council, it will be up to Water Resources to determine if it will be implemented. **I recommend approval of the attached agreement.**

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