

GARY KRAHMER

TAPE 5, Side 1

January 10, 1996

M.O'R.: Okay. So the date today must be January the 10th.

G.K.: Right.

M.O'R.: And this is a continuation of the oral history with Gary Krahmer, today's interview taking place in his home in Hillsboro.

Where we left off last time, I think, you'd just finished telling me about your time in Walla Walla and some of the problems with the peas and whatnot.

G.K.: Yes. Yes.

M.O'R.: So you had an opportunity to come back here and take over as the head of the - what was it? - the Aloha Sanitary District; is that what they called it?

G.K.: Yes. That's right.

M.O'R.: How did that job offer come to pass?

G.K.: We in this business seem to know each other; that is, the head operators, if you will, the people in charge. In the Northwest we have an organization, and it's still an active organization, of people who are associated in the wastewater business, and they always have an annual convention, be it held in Portland or Seattle or Eugene, and through that organization I got to know a lot of people.

And one person I got to know quite well was the manager of the Aloha Sanitary District, whose name was Howard Harris, and I had learned through the organization that he had taken a position with

the City of Portland. So I made an inquiry of the engineering firm that was engaged by the Aloha Sanitary District, a fellow that I had gone to high school with, in fact, who lived in Hillsboro, and found out that they were looking for a manager for the Aloha Sanitary District. Hence I applied for the position, came down, had an interview, and the board of directors of that district saw fit to hire me. And that occurred, then, in June of 1966.

M.O'R.: And so in June of '66 is when you came back, then?

G.K.: Yes. That's when I came back. Right.

M.O'R.: Okay. So you came back here in '66, then ...

G.K.: Yes.

M.O'R.: ... to take over as the head of the Aloha Sanitary District.

G.K.: Right.

M.O'R.: Was that - what motivated your move? Was it just a better position, or did you want to get back closer to home, or a combination or -?

G.K.: Two things motivated that move. One was that I was going through a divorce with my first wife, and secondly it was a better position financially.

M.O'R.: Uh-huh. Okay.

G.K.: So that encouraged me to make the move. And it gave me an opportunity to be the head of, if you will, an independent organization as opposed to a department manager in a much larger organization. It allowed me the opportunity to get involved in the financial and administrative end much more so than I was at Walla Walla. And that helped me, no question, in the rest of my career, being able to be involved in the financial end of this business.

M.O'R.: So it seemed like a good move at the time?

G.K.: Yeah, it really did. And working directly for an elected board, so I got a taste of the politics, if you will, of local government, and those things were all helpful to me as time progressed.

M.O'R.: Did your first wife stay behind in Walla Walla, then?

G.K.: She stayed behind in Walla Walla for a short while. Then she remarried and moved to Stockton, California.

M.O'R.: Well, what sort of operation was the Aloha Sanitary District when you first came back here?

G.K.: Well, when I arrived at the Sanitary District - its purpose, by the way, was solely to provide sanitary sewer service for that area we know as Aloha and Reedville, an area that was not involved in an incorporated city and is still not today involved in an incorporated city. And like I say, its sole purpose was to provide sanitary sewer service, the reason being that there were so many houses built down there, all on septic tank systems, and those septic tanks were experiencing failure. And they were concerned about pollution of groundwater and surface waters because of that. So they chose to form the sanitary district and proceed to solve their wastewater problem.

When I arrived there the district had issued municipal bonds, or borrowed money, if you will, through that mechanism in order to build their wastewater treatment facility. They determined that they would pre-assess property in order to build the sewage collection system, the pipes in the street. And they were in the process of levying these assessments against all of these various proper-

ties that were to receive sewer service when I arrived at the district.

As you can well imagine, there was quite a bit of upheaval, if you will, when people got this notice that they were being assessed anywhere from \$500 to \$5,000 in order to build this sewer system, and there was great concern that they had to start paying on those assessments without having the benefit of this sewer system. So that resulted in a legal action that was brought by some of the larger property owners in the district who contended that a sanitary district did not have the legal authority to levy assessments prior to providing service.

And we engaged an attorney out of the City of Hillsboro to take that case for us. And that case went to the Oregon Supreme Court, went to that level, took two-and-a-half years to get to that level, but the Supreme Court saw fit that the Sanitary District did have that authority, so it - after that spending a lot of money on legal services and what-have-you, it finally came to pass that the District could levy - pre-asses these properties and proceed then to build the sewer system, even though people had been paying on their assessments for three years before they actually got service.

That was an interesting time, because there had never been a case similar to that in the state of Oregon, which is probably why it went to the Supreme Court, because there was no case history to show that that was or was not a legal method of providing funds to build the sewer system. So it was a pretty exciting time when I arrived there, because people were pretty much up in arms, and we would have monthly meetings with the board of directors, and we would hold those meetings in the Aloha Water District office,

because the Sanitary District had not yet found its own offices, or built its own office, which it eventually did, because it didn't have the money to do so. And this water district building would probably house a hundred people. And every meeting we would have people standing in the hallways, out on the street, because there wasn't enough room to accommodate all the people that wanted to come in and shout, shall we say, at the board of directors. So it was pretty interesting.

M.O'R.: So you arrived right in the ...

G.K.: Right in the middle of that.

M.O'R.: ... in that middle of that, eh?

G.K.: Yes.

M.O'R.: And had the lawsuit already been filed?

G.K.: No, it had not been filed on my arrival. It was filed very shortly thereafter, I would say no more than four or five months after I arrived that the lawsuit was filed.

M.O'R.: So a consumer group or somebody - who were the protagonists on the other side, then?

G.K.: They were the larger landowners, who were receiving huge assessments. One of them that I recall lived up in the Reedville area and had at least a 30-acre parcel of filberts, and it was really a nice filbert orchard. But he happened to be in this particular district, and he was being assessed several thousands of dollars in order to pay for his share of the sewer system. And he was probably the primary leader, if you will, of the opposition group.

M.O'R.: And what was his name?

G.K.: John Wilkins. He has since passed away. He was an elderly gentleman at that time but a very intelligent individual. He was the leader of that gang, if you will, and another individual I will name is Lou Hendershot, who was an accountant that had a business in the Reedville area and also lived in the Reedville area, and he was one of the opponents to the process that we finally used.

M.O'R.: Did he have as much at stake as Mr. Wilkins? Did he have a big piece of property, too?

G.K.: No, not a large piece. Maybe two, three acres at the most. But he just felt in his own mind that that was an inappropriate way to go about funding a public works project.

And I spent many hours on the telephone with those two gentlemen.

M.O'R.: Trying to explain what ...

G.K.: Trying to explain what we were doing, and you know -.

M.O'R.: Well, that must have been an interesting problem to tackle when you first hit the ground here?

G.K.: Yes, it really was, and I was very fortunate to have a very supportive board of directors. There were five individuals on the board of directors, and the chairman of the board of directors, whose name was Jerry Gray, was an attorney, and his employment was with one of the title companies, and therefore he had a lot of knowledge about property and property assessments, and he was just an outstanding leader in terms of leading that district forward and accomplishing the task that it set out to do.

M.O'R.: Was there another way that you could have financed or built the system?

G.K.: Yes, there was. It's a way that is commonly used nowadays, and that is that the District could have gone out and borrowed money to pay for the system and then do a post-assessment; in other words, assess the properties for the system after it's constructed. The problem with the Aloha District was that it didn't have any credit. It was a new district, it had no history, and there was a serious question whether it could have borrowed the amount of money necessary to build the system.

Usually where a city does this, the city of course has a long history of financial administration, financial records, and it's very commonplace for a city to go in and build the system and then after all of the costs are known they come back and they equally share the cost among the benefited properties. That's the way it's done most of the time nowadays. But where you've got a new organization, nobody's going to loan them any money.

M.O'R.: Uh-huh. Right.

G.K.: And we had to go through that process, do those assessments. Then we could borrow money, because those assessments ...

M.O'R.: ... were collateral, essentially?

G.K.: Yes. Yes. So that's why it was done that way at that time.

M.O'R.: Did it delay the construction, then?

G.K.: Oh, yes, it did. Matter of fact, as I mentioned at the outset, the district had issued bonds, general obligation bonds which were approved by the people in the general election, to build the wastewater treatment plant, and that was under construction when I arrived at the District. In fact, the wastewater treatment plant was completed and ready for operation two years in advance of

when the sewer system actually got constructed. We had a plant sitting there, a beautiful brand-new wastewater treatment plant and no sewage going into the plant for two years, which was kind of a shame, because there's still a certain level of maintenance that you have to do on the treatment plant even though you're not operating it, machinery and so forth.

M.O'R.: So it was costing you money but you weren't ...

G.K.: It was costing money. We only had - we had an annual levy, tax levy, of \$36,000, and we couldn't charge anybody monthly sewer service fees, because nobody was getting any service. So we had to operate that thing on \$36,000 a year, and that was real difficult because we had myself, two secretaries, and one plant maintenance individual on the payroll. And we also had bills besides that for printing services, legal bills, and it was pretty tough. We had to borrow money every year against our future \$36,000 from the following year in order to make ends meet. But fortunately it all came together without going broke.

M.O'R.: I guess there was a lot riding on that Supreme Court decision?

G.K.: Oh, indeed there was. Yes.

M.O'R.: Did you have a contingency plan if it had gone the other way?

G.K.: No, we didn't. And the reason we didn't is because all of the legal advice we had received indicated strongly that we would prevail in this case, and therefore the board never did talk about the need to have a contingency plan.

M.O'R.: So then once the Supreme Court decision came down, I suppose that ended the controversy?

G.K.: Well, it ended that controversy, and then of course we called for bids on the project, one single project to build sewers throughout that entire area. And I'll never forget; the bid was slightly under two million dollars, which today would probably cost \$20 million to build that much sanitary sewer, and it came from a contractor out of California, our low bid. And the controversy ended on the assessments, but the controversy started on the construction problems. He had crews working everywhere in that district building sewer, and of course that caused traffic problems and mud on the road and stuff like that. So we had then those kind of problems to deal with.

M.O'R.: So you were in construction by, what, 1968 or something or -?

G.K.: I think it was late - yeah, I think the bid, matter of fact, was like in December of 1967, and then they really got going in the Spring of 1968.

M.O'R.: That was at the time when I was living out there. I think I vaguely remember the streets being torn up there for a while.

G.K.: Right. Right. Yeah, that was - it was a pretty big headache, because the contractor, never having worked in this area before, was unfamiliar with soil conditions, and he tried to use techniques that worked fine in California but didn't work well here at all because of the wet soils, and he was having great difficulty. Ultimately he filed a claim against the District for several hundred thousand dollars more than he was actually - than he actually bid. And my recall is we settled that claim for something less than \$100,000.

[interruption]

M.O'R.: So the streets are all torn up in Aloha, and there's problems with the contractor, and you say you settled with him, though, finally for an extra ...

G.K.: Less than a hundred thousand dollars, right. Right. Which we thought was pretty good, because we encountered soil conditions that we had not anticipated, that our engineers had not identified, underground - not streams as such, but real muddy areas that we had not anticipated. So we felt it was fair that we pay the contractor extra money for those things. We also encountered underground utilities: water lines and gas lines that we thought we knew were there, but didn't realize there were as many as - and that's not uncommon to do that when you're doing an underground system, to encounter other interferences that you didn't know were there or didn't anticipate, so usually you end up paying something extra for the contractor to deal with those things. Not unlike, if you will, what they encountered in the tunnel for the West Side Light Rail.

M.O'R.: Oh, right.

G.K.: Yeah, which is going to cost us an extra \$55 million, which is pretty substantial.

M.O'R.: Well, this whole conversation here for these last few minutes reveals the difference between today's dollars and 1968 dollars.

G.K.: Oh, isn't that the truth. Oh, my, yes. It's just amazing to me how the cost of public works has increased so dramatically in the last 20 years. It's just awesome.

M.O'R.: Well, I was really impressed that you could pay three or four peoples' salaries for a year for \$36,000.

G.K.: Yeah, right. Yeah.

M.O'R.: Well, so then you finally could get the sewage to the brand new plant?

G.K.: Finally got it to the brand new plant, yes, and we were so excited and happy about that. Finally got that system completed. Fought with the contractor all the way, but finally got all of the roads reasonably repaired, although even today I can still drive in certain areas in the Aloha-Reedville vicinity and find roads that are a result of his construction - you know, low spots and stuff like that. But we got it satisfactorily completed, and we were quite happy, like I say, about that. Finally got everything in operation, got people hooked up to the system, got a good source of revenue coming in, and things were going along pretty well.

And all of a sudden here comes USA!

M.O'R.: Right. Which will be the next chapter. We'll get into that in a minute.

G.K.: Right.

M.O'R.: I just wanted to ask you a couple other ...

G.K.: Sure. Sure.

M.O'R.: ... quick questions, though. You, I assume, eventually got offices, too, for the Aloha Sanitary District?

G.K.: Yes. As a matter of fact, yes. Once we got settled down we found that we could afford to build an office, so we built an office adjacent to the Water District building, which then allowed people who liked to pay their bill by coming to an office,

they could come to the Water District office and pay their bill and then just hop across the way and pay the sanitary sewer bill at the same time. And that's good for public relations.

And we did build that office. I can't recall the size of it - about the size of an average home, 1800, 2,000 square feet. So things were looking good.

M.O'R.: Well, that's good. And did the Sanitary District remain the same size? You mentioned, I guess, you had an engineer, yourself and a couple of secretaries?

G.K.: Yeah. We didn't have an engineer. We hired an engineering firm, a consulting-type engineer to do work for us, but we didn't have one on staff.

As soon as we got the plant in operation we did hire an additional person to assist with the operation and maintenance of the plant, so we had five people total: myself, two secretaries who did all of the administrative-type work and billing of the customers, collecting and issuing permits, and then two people at the treatment plant. Five total.

M.O'R.: During this construction phase when you were putting in the new collection system, were you out on site very often, or did you more or less leave that to the construction outfit?

G.K.: Well, I pretty much left it to the construction outfit, but I did go out almost every day just to check on the progress and see if they had encountered any problems and things of that nature, but we also used the engineering firm that we hired to design the system to also inspect the construction. So they had about five people working in the field every day, making sure the contractor

was doing it correctly. But I would go out and see those folks almost once a day.

M.O'R.: And then once you got sewage to the new plant, were there any hangups there, or how well did the plant work once you were ...

G.K.: Well, actually, it was a very good treatment plant, and it worked really quite well. And we used that plant until we - USA came along and built, of course, larger facilities. But it was a very good treatment plant. It was among the top treatment plants in terms of its capability in the state of Oregon. It was very modern and had all the latest technology incorporated in the plant.

M.O'R.: So it was obviously primary treatment, then, and some secondary treatment, too?

G.K.: Yes, it had full secondary treatment. See, it is situated on what is known as Beaverton Creek, which is a tributary of the Tualatin, and its requirements were quite high, because there was so little dilution water in Beaverton Creek. So it had to produce a high level of treatment, very high secondary-type treatment, in order to meet our permit requirements.

M.O'R.: Well, we've been making references here to the USA situation which occurred, I guess - what? - in the early 70's sometime.

G.K.: Yes.

M.O'R.: Now, maybe I misunderstand something here, but I thought when the USA came in that one of the - I mean, obviously the overall issue is that they didn't have confidence in sewage treatment within the county in general.

G.K.: Yes, within the county in general, that's right.

M.O'R.: And I suppose that would include still a lot of individual septic tank systems as well as some sanitary districts or centralized systems that weren't doing a very good job on the waste, but I thought Aloha was supposed to be one of the worst. Is that not true?

G.K.: That is not true. I'm not sure where that came from, because we had the new treatment plant. Maybe the worst comes from the fact that it took so long to get that system constructed and everybody hooked up to the system. Maybe that's where that comes from; I don't know. Because, see, that district was started in about 1961, as I recall, so it took almost - well, eight years in order for it to build the facilities necessary to do the job that they set out to do. So maybe that's where that came from.

M.O'R.: Maybe so. Maybe it was just the situation before the system was in place, then, people were talking about.

G.K.: There were other districts that had been in business for quite some time who had not taken the leadership role, if you will, to upgrade their facilities that really caused the State to become concerned about wastewater treatment in general in Washington County.

Primarily those older areas, such as Oak Hills and West Slope and in those older areas of the county where they had sewer systems for quite some time, small wastewater treatment plants, some of them situated where they had no creek to discharge into but rather were discharging their treated sewage into a ditch that eventually ended up in some drainage course. And those treatment plants were secondary plants, but not very good secondary plants, and therefore they were discharging a lot of pollutants into those non-existing

streams and causing some real health hazards, potentially, in those areas. That's where the State was most concerned, with those older systems.

We at Aloha couldn't understand why we were being drug into this, because we had all these new facilities and we were doing a good job, and we thought, "Gosh, this is somebody else's problem," you know. Eventually, however, my board saw the big picture, if you will, the whole region all draining to a central location. It made sense in the long term to have a much larger district, if you will, addressing this particular issue. And they saw the wisdom of that, and they got on board, if you will, and participated in all of the politics that ultimately led to the formation of USA.

M.O'R.: And that was a decision that you came to believe in, too?

G.K.: Yes, it was. As a matter of fact, all of the districts and all of the cities that were involved, and there were like 11 cities and about 16 districts, about a year-and-a-half before USA was actually formed in February of 1970, about a year-and-a-half before that this group got together and formed a study committee, if you will, and each district and each city had a representative on this group, or in this group. And I served as secretary to the group. I took minutes and sent out notices and that sort of stuff. And gee, they were meeting twice a month, I think, early on, and then when it got closer to the time to decide the fate of USA, they were meeting once a week, and I spent so many nights a week in meetings prior to the formation of USA, it was just awesome. Thank God I was a lot younger.

But they spent a great deal of time studying, working with the County, who was actually promoting the formation of USA, working with the County to make sure that the financial arrangements were fair and equitable to all of the cities and districts. As an example, some of the districts and some of the cities had all of their facilities paid for, so the arrangement was made that once USA was formed and became viable financially they would pay back the value of those facilities to those organizations that had ...

[end of side one]

GARY KRAHMER

TAPE 5, Side 2

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M.O'R.: Was that desired outcome achieved and was it recognized by everyone that it was achieved?

G.K.: It was achieved. It was achieved. As a matter of fact, that financing plan was used for 12 years after the formation of USA. I can remember referring to it in the 1980's, referring back to that study, for whatever reason. But that was an excellent financing plan. It was agreed to, for the most part, by everybody, but not all of the cities and not all of the districts supported the formation or creation of USA, because some cities, some districts felt that they were in fine shape, and they didn't want any part of it. I think it for the most part was political, because obviously once the USA was formed, then all of the districts were dissolved. There were no more board of directors of sanitary districts, and all of the employees of the sanitary districts immediately became employees of USA. And I think there was a feeling among some of those of a loss of importance, if you will, in that "I'm a board member of the Aloha Sanitary District, and I'm going to lose my job," you know, even though they were never paid. But it was kind of an ego thing. So some of the districts did not support, but a majority of them did, a majority of the cities did.

One of the cities that was able to stay out - and the cities had an option. They could opt in or opt out of USA, and they had to make that decision before the vote was held. The only city that opted out was the City of Hillsboro, and I understand why, because

they had modern facilities and they were in good shape financially, and their feeling was that, one, they didn't need USA in order to achieve their goals, and two, that they were concerned that the cost of sewer service would increase. And the financial study we had conducted indicated that it would increase. So they opted to stay out, and when the vote was held, however, the rest of the cities and all of the sanitary districts voted overwhelmingly - as I recall the vote was like two-thirds in support of formation of USA.

M.O'R.: Now, backing up just a little bit here, the - when you said the State become concerned about the contamination ...

G.K.: Oh, yes. Right.

M.O'R.: That concern was - how was that concern felt?

G.K.: Well, the State was working with the individual sanitary districts in the cities, and it became very burdensome for the State to work individually with these organizations, and they would issue citations and issue orders to improve their wastewater treatment here, there and beyond, and actually in about 1967 they levied a ban on making additional connections to the sewer system in the West Slope area, because their treatment facility just simply wasn't adequate to handle any more sewage. And that ...

M.O'R.: Was that a *de facto* construction ban, then? Or could people ...

G.K.: Yes. Oh, yes. Absolutely, because they couldn't get septic tank permits. They may have in a few rare instances, but for the most part it was a building ban.

And eventually that ban on building, if you will, because of the lack of sewer capacity expanded. It got into the Oak Hills

area, and it got into the Raleigh district, which is south of West Slope, and it got to a point to where the State felt that it just simply couldn't manage the wastewater out here. So they levied a ban on the whole urban area.

M.O'R.: Everyplace?

G.K.: Everyplace, including the City of Hillsboro, and including Aloha, although we had lots of capacity, see.

M.O'R.: So that must have seemed like an odd decision to you at the time?

G.K.: Yes, it did. It seemed like a very odd decision, of why us? But they had the authority to do it, and they did it because they wanted a larger organization to address the wastewater problem in the valley.

M.O'R.: And this was the way to force everybody's hand?

G.K.: This was the way to force everybody's hand. It was what we call "Black Friday," when the - the day that that occurred. As I recall the timing in this - I'm not sure of the year anymore; maybe '69 or - I'm not sure. Yeah, it had to be '69 when this occurred, because USA was formed in 1970.

It was in September, and we had heard through the grapevine, if you will, that the State Department of Environmental Quality was going to levy this ban in the entire valley on Friday - whatever - the second Friday in September in 1969. And we had heard that on Tuesday, as I recall, the same week. And it became rapid knowledge within the basin. And we could issue permits for new construction and sewer connection up to 5 o'clock on Friday evening, and we had people standing in line in our district office to buy permits. And we issued on that Friday - my goodness - 125 or 135 permits for new

construction and sewer connection on that one particular Friday. It was just awesome. My poor secretaries were writing out permits and just having a heck of time, collecting the money, of course, you know, for those permits.

And every city that issued permits, every sanitary district was doing the same thing. Except West Slope, of course, they were under a ban.

M.O'R.: They already had a ban, yeah.

G.K.: Yeah. But there were just hundreds of thousands of dollars worth of permits issued on that particular Friday, and then of course the ban went into effect, then, on Sunday or Monday, the following Monday. And there's no doubt that that had a great deal to do with the favorable election, if you will, for USA.

M.O'R.: So the negotiations to form USA were already underway when this ban came down?

G.K.: Yes. Oh, yes. Yeah, it had been for about a year.

M.O'R.: So it was sort of a - almost a political ploy by the State to really get things moving?

G.K.: Yes, it was. Right. And the State also, when they levied the ban, they said, "Okay, folks, if you form this new organization, we'll lift the ban." So there was a big carrot out there, you know. And that's the way it happened, of course.

M.O'R.: I imagine that this would have involved - potentially it would have some real financial consequences for certain people, people that were anticipating being able to build and whatnot?

G.K.: Oh, my, absolutely. Just in the Aloha district there were large tracts of land that had been platted for subdivision, and several hundreds of lots that were affected by the ban, and we

had people coming in with huge checks to buy these permits for these vast subdivisions. They were vast then; today they're not all that big, but they were vast then. And yes, it had a tremendous impact, and of course the impact has a snowball effect because you're impacting developers, you're impacting contractors, carpenters, plumbers, electricians. So all of those folks who were associated with those various building trades could have been out of work had USA not been formed in the time frame that it was. So you can see that a lot of people would have been affected by that.

M.O'R.: Do you know anything about the story on the State side in terms of who the individuals were in making some of these decisions?

G.K.: Oh, my. I remember the - I can see the individuals; I can't think of the names, here. Oh, that's unfortunate. If I had a little time to review the history, I could get names, but I can't think of names anymore. But I certainly remember the individuals that sat on the Environmental Quality Commission. I can see two faces right now, but I can't remember names right offhand.

M.O'R.: Okay. That's fine. And you said that your board finally came along and saw the big picture, and you along with them. Was that - I assume the board probably, like most boards, looked to the manager of the district to give them information and help them out in making decisions?

G.K.: Yes.

M.O'R.: Can you describe your relationship with the board?

G.K.: Yes. As I indicated, the chairman of the board was an attorney who was associated with a title company, so he had pretty

good knowledge of what was going on in terms of the development community and home construction and those sorts of things.

This was an all-male board at that time, and as I recall two of them owned property of developable type property in the district in addition to the chairman, who had his knowledge through the title company. So those two individuals were very knowledgeable, and had, frankly, a personal interest in seeing that they would be able to develop their land ultimately.

And we worked together. I would say this board relied on me, yes, but they were knowledgeable enough that they didn't rely on me as much as some boards I worked with later, namely, the County Commissioners. This board, having only to deal with issue, wastewater, wastewater services, as opposed to County Commissioners, who deal with a whole variety of things including wastewater, and therefore there was more reliance there on the manager to inform them and less so with the Sanitary District board.

M.O'R.: You also mentioned that the new Aloha plant dumped to Beaverton Creek ...

G.K.: Right.

M.O'R.: ... which was a tributary of the Tualatin, and you mentioned that the State's concerns in West Slope were just about, you know, local pollution and health hazards, but was the Tualatin River itself a focus at all in terms of people's concerns at this time?

G.K.: You know, it really wasn't that much of a concern at that time. It was more the tributaries of the Tualatin is where the concern was really expressed. The Tualatin itself, no, not a lot of concern expressed about the quality of the water in that

particular river. But Fanno Creek, which is a major tributary of the Tualatin that comes from the Tigard area all the way up into Beaverton, great concern about the quality of water in Fanno Creek, because there was three, four, maybe five treatment plants discharging into that creek, and of course there's no natural flow in the summertime. Any flow in the creek was treated wastewater, and it was terribly polluted. No question about that. That creek probably received more focus than any of the others, simply because of the more dense population, five treatment plants discharging into it and so forth. But that's where the emphasis was, was on the tributaries as opposed to the river.

M.O'R.: Yeah, I remember actually back in those days I was working at Tektronix, and Tektronix I think was discharging into Fanno Creek.

G.K.: Yes, indeed. They discharged - well, they had an industrial wastewater treatment facility that discharged to Beaverton Creek, and then there their domestic waste went to the Fanno Creek drainage basin and was treated by some municipality at that time. I can't remember if it was West Slope or Multnomah County. Multnomah County actually operated a plant in Washington County at that time. But Tek's industrial treatment plant continued on line for several years after USA was formed. Matter of fact, it was only taken off line maybe seven or eight years ago.

M.O'R.: And so now they take that industrial waste and give it to USA?

G.K.: Yeah. Right.

M.O'R.: So you - were you downstream from Tek's plant, then?

G.K.: Yes. Yeah, we were. Right. I'm trying to recall - there are other tributaries off Beaverton Creek. There was one known as Johnson Creek that actually conflued with Beaverton Creek very close to our wastewater treatment plant, and there were three plants that discharged into that creek, and here again is a creek that has hardly any flow if any during the summertime, and one of those was the Sunset Valley, which was a prominent sanitary district in the area, and they discharged into that creek along with Oak Hills, I think.

But it was kind of a mess. I've got to admit those creeks were in very bad condition, quality-wise.

M.O'R.: So USA was formed in 1970?

G.K.: February 4, 1970.

M.O'R.: And you went to work for USA as the manager of USA?

G.K.: I was - initially the board of directors, being the County Commissioners, hired a fellow by the name of Gordon Tuplin, who was a retired businessman, to be their interim manager, and we all started out just continuing our operations at our various facilities. He then was allowed to set up an office at the West Slope Sanitary District office, which is up in the - east of Beaverton. So he set up an office there and got all the employees on record and filled out our employment applications, if you will, even though we continued to be employees, and took care of those administrative things. All of the monies that we took in were transmitted to that office where they were dealt with up there, but we were allowed to continue, we were asked to continue, at our present location for about a month-and-a-half while he got things organized.

Then I - he chose to involve me in administration: issuing permits, dealing with development plans and general financial matters, and then I worked out of the West Slope office until the organization rented some space here in Hillsboro by the courthouse, and then we all moved from that office down to Hillsboro. It was about three months after the formation of USA that they hired their first permanent General Manager, who was the City Manager of Forest Grove, Dan Potter, who was the first full-time General Manager of USA.

M.O'R.: And you continued on in your role as sort of - what was the title then?

G.K.: Administrative Division Manager. And I continued on in that role as long as Mr. Potter was there.

M.O'R.: Actually, there was one other thing I was going to ask you about, too, about the formation, and that was when Hillsboro decided to stay out you said you could understand their decision?

G.K.: Yes.

M.O'R.: Did that have any - well, first of all, the State must have okayed their staying out, too, then?

G.K.: Yes. The State did okay that, simply because Hillsboro was meeting its requirements.

M.O'R.: But so was Aloha, right?

G.K.: Well, yeah, we were. But see, if you weren't a city, you did not have the option under the law to opt out. You had to be a city.

M.O'R.: Incorporated city?

G.K.: An incorporated city. Those were the only ones that had the right to opt out.

M.O'R.: I see. And then they would be able to opt out if they met the standards?

G.K.: Yes. Right.

M.O'R.: Did Hillsboro opting out throw a monkey wrench into the works at all?

G.K.: No, it really didn't, because we knew that that's the way they were leaning from the outset, and prior to the election the City Council adopted a resolution expressing that firmly, that they were not going to opt in to USA. And it contained, the common term, "weasel words," talking about at some time in the future they may consider opting into USA, which ultimately did happen, by the way, but initially we knew they weren't going to be a part of it, and it had no effect on its formation.

M.O'R.: Well, in these early days of USA, then, in terms of the physical plant, it was more or less the same in both locations; is that correct?

G.K.: Right. Out of the chute it was very much the same. However, prior to the formation of USA the County engaged an engineering firm, about two years prior to the formation, to conduct a water and wastewater study to determine how best to provide those services within the urban area of the drainage basin. So we had that study available to us. As a matter of fact, we used it for several years after USA was formed. And that study identified what was necessary, what should be built first, how much it was going to cost and the logical progression, if you will, of the development of a major wastewater system and its treatment plants.

It had practically every existing plant removed from service and taken over - not taken over, but those waste waters then taken to a major facility, which ultimately happened. And there was a lot of abandonment of fairly nice treatment plants [that were] just simply inadequate because of their location.

But we had that plant available, we had the financing plan available, and in May, then, of 1970, USA was on the primary ballot, the primary election ballot, with a \$36 million bond issue, which also received overwhelming support of the public in order that we could proceed to construct and pay for these new facilities that were identified in this plan.

So it wasn't very long after USA was formed that we started a major capital improvement program.

M.O'R.: One other thing I was going to ask you just on the personal front was were you still a bachelor at this point?

G.K.: No, no. Virginia and I got married in December of 1968, so I had her support, thank goodness, because I sure attended a lot of night meetings. Oh, my! I guess that's why I detest them so much nowadays. Yeah, it was two years of, boy, just - I mean I was just engulfed in wastewater business for two solid years there during the formation of USA.

M.O'R.: Now, when Aloha undertook to build their sewage collection system, of course it spawned these lawsuits. Were there similar problems with USA?

G.K.: Strangely, no. There were legal issues to deal with at that time, but as I remember there was never a lawsuit filed to prevent its formation. I can't recall a lawsuit being filed for any purpose. Obviously there was a lot of legal work to be done,

because USA had to have agreements with all of the cities on what USA would do versus what the city would do in providing sewer service, so the attorneys were working to develop those agreements prior to the formation of USA so the cities and the agency knew exactly what their responsibilities and duties were and how much money was being paid to whom, the city versus USA. So there was a lot of legal work being done.

And of course drawing up the ballot and the ballot title was just an enormous job. I remember looking at that ballot, a sample of it, here just before I retired. It's huge, because simply identifying all of the properties to be incorporated in USA, the descriptions took up two 16-inch pages just describing all of the property. It was a massive effort legally as well as politically, but there was never any contention legally, which is surprising.

M.O'R.: Well, I just asked you the question about your bachelor days. Let me just pursue that for a couple more minutes and then we'll probably call it a day.

G.K.: Okay. Great.

M.O'R.: How did you meet Virginia?

G.K.: Oh, my, Virginia and I were in high school together ...

M.O'R.: Oh, so you knew her ...

G.K.: ... to start with, but we weren't close during high school. But when I came back here my cousin was having marital difficulties, and he and I rented an apartment in Beaverton. So he and I lived together, and he was a salesman for Reser's Fine Foods, and he learned - he was a friend of Virginia's former husband, who I also knew, but he learned through him that they had divorced. And we thought it would be kind of neat if we just went out and

visited her one night, and we did that. She lived here in Hillsboro. And I can't remember how much later it was, but it was about four months later we got married, I think. Something like that.

M.O'R.: That visit must have worked out pretty well!

G.K.: Yeah, it worked out real well, and of course we had the prior acquaintance so we didn't have a lot of getting to know each other, in one sense.

M.O'R.: But this visit was just a friendly visit?

G.K.: Yeah, it was just a friendly visit. We just stopped by to kind of bring up old times, you know, and talk about what was going on, and it wasn't two or three days after that I called her and asked her if she'd like to go out, and it went from there.

M.O'R.: Okay. Well, you know, I'm getting down to my last few turns of the tape here, and I know we're getting through most of the time that - if you wanted to head out of here, too, for your meeting. So maybe now's a good time to stop.

G.K.: Okay. Just one more thing about Virginia and I.

M.O'R.: Go ahead.

G.K.: We lived here in town for about a year, and ultimately we bought a three-acre piece of property in the Helvetia area where we built a home, and then we lived there for 22 years. It was kind of nice because I got to get back to the soil, if you will, back to the farm.

M.O'R.: Oh, yeah, which you'd been away from for some time.

G.K.: Right. I really enjoyed it out there while we lived out there. I raised some cattle, and we had some horses. You know, the girls go through the horse routine, and we had horses for the girls for a while. Had a good time there.

M.O'R.: Maybe just another quick note about this business too: You knew Virginia since high school?

G.K.: Yes.

M.O'R.: What was her family background?

G.K.: She lived in Hillsboro, and her father was - he was a logger at one time, he was a farmer at one time, he worked for the City of Hillsboro in his later years. I never got to know him because he had passed away before she and I got married, but I knew her mother. They were elderly people. As an example she has a sister that's about 76 or 78. She was the youngest of four children, and she was born late in her parents' life, if you will. They were - her mother was well past 40 when she was born.

M.O'R.: That was unusual in those days especially.

G.K.: Yeah. She always says she was a mistake, so I don't know. [laughs]

M.O'R.: Okay. Well, thank you.

[end of tape]