

BEFORE THE STATE OF OREGON
OREGON HEALTH AUTHORITY
PUBLIC HEALTH DIVISION
CENTER FOR HEALTH PROTECTION

In the Matter of

Diamond Lake Improvement
Company / Diamond Lake Resort
Gas Station Public Water System

BILATERAL COMPLIANCE
AGREEMENT

The Oregon Health Authority, Public Health Division, Center for Health Protection, Drinking Water Services (DWS) and Stephen Koch, representing Diamond Lake Improvement Company, agree to the following:

1. Diamond Lake Improvement Company is a water supplier (hereinafter “Water Supplier”) as defined in Oregon Revised Statute (ORS) 448.115 and Oregon Administrative Rule (OAR) 333-061-0020. The responsibilities of water suppliers are identified in OAR 333-061-0025.
2. Water Supplier owns and operates the Diamond Lake Resort Gas Station public water system (hereinafter “Water System”), identified by public water system ID# OR4195243 and located at 501 Diamond Lake Loop at Diamond Lake Resort, north of Crater Lake National Park in Douglas County, Oregon. The Water System is a transient non-community water system serving approximately 50 people and subject to regulation under ORS 448.115 to 448.290 and OAR 333-061-0005 to 333-061-0272.¹

¹ This Bilateral Compliance Agreement relies on the definitions in ORS 448.115 and OAR 333-061-0020.

3. DWS has reviewed the operation of the Water System pursuant to its authority in ORS 431A.010, 448.150 and 448.255 and determined that the Water System is supplied by a surface water source without adequate treatment to remove and inactivate surface water pathogens. Drinking water with the presence of surface water pathogens not adequately treated represents a potential public health hazard.

Inadequately treated water may contain disease-causing organisms. These organisms include bacteria, viruses, and parasites which can cause symptoms such as nausea, cramps, diarrhea, and associated headaches. OAR 333-061-0043

Additionally, Water Supplier has not reported sample results for coliform bacteria according to the requirements set forth in rule.

4. This Bilateral Compliance Agreement (“Agreement”) is entered into between DWS and Water Supplier to address the lack of treatment for surface water pathogens at the Water System and the lack of monitoring for coliform bacteria. This Agreement establishes the corrective action(s) that Water Supplier must take and the deadlines for completing those actions with the purpose of installing effective treatment for a surface water source and reporting coliform monitoring. The corrective actions and respective deadlines are described in detail below.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Water Supplier was and is required to meet all the responsibilities for water suppliers described in OAR 333-061-0025.
2. OAR 333-061-0025(1) requires water suppliers to routinely collect and submit water samples for laboratory analyses at the frequencies prescribed by OAR 333-061-0036. OAR 333-061-0036 requires sampling for the following contaminants at public water systems, including but not limited to: coliform bacteria and water quality measurements to verify effective surface water treatment as described in Violations No. 3 and No. 4. Water Supplier did not report sample results to DWS for these contaminants, which constitutes a violation of OAR 333-061-0025(1) if samples were in fact not collected.
3. OAR 333-061-0036(6)(b) requires water suppliers to monitor for coliform bacteria at least once every month at public water systems supplied by a surface water source. Additionally, OAR 333-061-0040(1)(b)(A) requires water suppliers to report

monitoring required by OAR 333-061-0036 to DWS within 10 days of the end of the required monitoring period. Water Supplier has not reported coliform monitoring for the Water System since reporting a sample collected on January 8, 2025. This constitutes one violation of OAR 333-061-0036(6)(b), or a violation of OAR 333-061-0040(1)(b)(A) if monitoring was conducted but not reported.

4. The springs supplying the Water System were inspected by staff from Douglas County Environmental Public Health, the Oregon Health Authority and the Oregon Water Resources Department on June 18, 2024, and were determined to have no means to exclude surface water.
5. OAR 333-061-0032(1)(a), in part, requires that water systems supplied by a surface water source to provide at least 99.9 percent removal or inactivation of *Giardia lamblia* cysts, 99.99 percent removal or inactivation of viruses and 99 percent removal of *Cryptosporidium*. Because the springs supplying the Water System have no means to exclude surface water, the Water System must provide treatment that achieves the levels of inactivation or removal specified above, but the required treatment is not provided. The Water System is therefore not in compliance with OAR 333-061-0032(1)(a).

CORRECTIVE ACTIONS

Water Supplier agrees to take the following corrective actions and meet the deadlines set out below:

1. Water Supplier shall submit complete construction or installation plans to DWS no later than 60 days after signing this Agreement, that meet the requirements in OAR 333-061-0060 for any modification of the facilities at the Water System.
 - The plans shall identify treatment to achieve the requirements for surface water as prescribed by OAR 333-061-0032(1)(a)(A) or shall identify how a groundwater source will be constructed that meets all the applicable construction standards in OAR 333-061-0050(2) to supply drinking water to the Water System.
 - Construction plans must be reviewed and conditionally approved by DWS prior to any construction or installation taking place.

2. Water Supplier shall complete construction of surface water treatment or a new groundwater source no later than six months after DWS issues conditional approval for the construction plans submitted according to Corrective Action No. 1.
 - For this corrective action to be met, construction or installation that was performed must meet the applicable construction standards in OAR 333-061-0050, as approved by DWS.
 - Water Supplier must notify DWS in writing within 5 calendar days of completing construction or installation of treatment or a groundwater source according to this Corrective Action.
3. Water Supplier shall conduct monitoring within sixty (60) calendar days of notifying DWS that construction was completed according to Corrective Action No. 2.
 - Monitoring must occur according to all the applicable provisions of both OAR 333-061-0036(5) and OAR 333-061-0036(6) if surface water treatment was installed at the Water System, or according to OAR 333-061-0036(6) if a groundwater source was constructed and meets the construction standards prescribed by OAR 333-061-0050(2).
4. Water Supplier shall publish public notice at least once every 90 days that informs customers drinking water at the Water System is derived from a surface water source without adequate treatment. The notice must meet all the applicable requirements in OAR 333-061-0042.
 - Within 10 calendar days of distributing the public notice to customers, Water Supplier must submit a copy of the notice to DWS along with a written statement that it has fully complied with the distribution and public notification requirements according to OAR 333-061-0040(1)(i).
 - Water Supplier must comply with this action until DWS notifies it that it has fully complied with this Agreement and that drinking water produced by the Water system meets all applicable state and federal drinking water laws and rules.

DWS RESPONSIBILITIES

- DWS shall review and approve any corrective action plan or construction plans submitted by Water Supplier within thirty (30) days of receipt. DWS shall approve or require changes to the submitted plans immediately upon completing the review.

GENERAL PROVISIONS

1. Water Supplier satisfies the terms of this Agreement by completing the corrective actions listed above according to the deadlines specified herein.
2. This Agreement does not constitute a waiver, suspension or modification of the requirements of the Oregon Drinking Water Quality Act; ORS 448.115 to 448.285 and administrative rules OAR 333-061-0005 to 333-061-0272, which remain in full force and effect.
3. This Agreement does not relieve Water Supplier of any responsibilities or liabilities established by any applicable federal, state, or local law or regulation.
4. If Water Supplier fails to complete any of the corrective actions listed above or fails to meet any of the listed deadlines, DWS may pursue any enforcement action, which may include assessment of civil penalties or other legal remedies pursuant to ORS 431A.010, 431.155, 448.255 and 448.280. If DWS proceeds with such an enforcement action, Water Supplier will have the right to a hearing.
5. DWS may consider the findings of fact and violations cited in the conclusions of law of this Agreement for purposes of any future enforcement action or sanction involving Water Supplier.
6. Water Supplier is aware of its rights to contest the violations listed in this Agreement in a contested case hearing under the Administrative Procedure Act (Oregon Revised Statutes, Chapter 183) and its rights to judicial review of a final order issued in the contested case. Water Supplier freely and voluntarily waives all rights to a contested case hearing and to all judicial review of the findings of fact or conclusions of law contained in this Agreement in a proceeding brought by DWS to enforce this Agreement.
7. This Agreement may be executed in one or more multiple counterparts, including facsimile, scanned, and electronically transmitted counterparts, each of which shall

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constitute an original and all of which together shall constitute one and the same agreement.

Date 10/29/25

Stephen H Koch VP

Stephen Koch, President
Diamond Lake Improvement Company

Diamond Lake Resort Gas Station

Date 10.29.2025

Casey Lyon

Casey Lyon, Interim Manager
Drinking Water Services
Oregon Health Authority

cc: Zach Golik, Oregon Health Authority, Drinking Water Services

