

**Jefferson County Department of Community Development
Port Hadlock Wastewater System Design**

**Sewer Advisory Group
July 14, 2009, 1:30 PM – 4:30 PM**

Location: Spruce Room – WSU Extension

Approved Meeting Summary

Welcome, Introductions & Review Meeting Agenda, Meeting Purpose, and Ground rules

Meeting facilitator Bob Wheeler from Triangle Associates welcomed the Sewer Advisory Group (SAG) and provided some context for the formation of the SAG. SAG members, the Jefferson County Department of Community Development (DCD) and the Tetra Tech consultant team went around the table and made introductions (see Appendix 1 for a list of attendees).

Bob Wheeler reviewed the agenda and outlined the purpose of SAG, including its role in providing feedback to the consultant team and the County, to educate and inform the public, to provide recommendations for key sewer policies and ordinances, and to identify key factors for design standards.

He then reviewed the ground rules and asked the group to approve them for use for the planned four SAG meetings. He underscored that one of the ground rules was the context of the discussion for SAG: to provide constructive feedback and recommendations as the project moves forward. The process is not intended as a forum to argue the merits of the wastewater system.

Bob reviewed the contents of the SAG notebook that was handed out to all of the SAG members. He noted that additional materials will continue to be added in the notebook at subsequent meetings.

In response to a question about whether SAG was required by state law, Bob Wheeler responded that this group was not required by law, but DCD felt like there is a need to hear from the community and to get input on a set of complex policy issues regarding wastewater system design.

A SAG member asked if the Sewer Facility Plan was located at the Port Hadlock Library. The response was that a copy was given to the library, and that Ray agreed to check on its availability. In addition to the library, CD copies were available at the meeting or SAG members could download the Sewer Facility Plan at www.porthadlocksewer.org.

Review of the Wastewater System Design Process (Facility Plan) to-date

Kevin Dour presented an overview of the project to date, including the facility plan status; technical components of the proposed system; funding and finance elements; public involvement activities; and growth management compliance information. Please see the meeting PowerPoint presentation for a complete outline of his presentation, available at www.porthadlocksewer.org.

Kevin outlined the recent approval of the Sewer Facility Plan by the State Departments of Ecology and Health, and that the Plan was adopted into the Jefferson County Comprehensive Plan by the Jefferson County Board of County Commissioners in March 2009. He noted that the Facility Plan's approval by the Departments of Ecology and Health and adoption into the County's comprehensive plan makes the project eligible for design funding opportunities. Kevin did note that the Facility Plan was approved as an Engineering Report by Department of Ecology and will be given full Facility Plan approval upon review

of a Biological Assessment which was submitted to Department of Ecology in May 2009. Preparation of a Biological Assessment is a new requirement which was recently implemented by Department of Ecology.

In response to a question about how the U.S. Geological Survey (USGS) groundwater modeling survey had been incorporated into the Sewer Facility Plan, Kevin Dour said that the project team's hydrogeologist had completed a preliminary groundwater assessment and that during the predesign phase the project team will be continuing to work on the groundwater analysis. A suggestion to foster a connection with USGS was made. Kevin Dour said he would follow up with the project team's hydrogeologist and report back on how the USGS study has been considered or will be considered in the analysis for the wastewater system design.

The Group discussed where the rapid infiltration point would be along Chimacum Creek. It was noted that the preliminary hydrogeological assessment report was located in the appendix of the Sewer Facility Plan. The infiltration area is intended to be at a location that will provide recharge to the creek with the understanding that there are limits as to how far upstream it can be located. The wastewater treatment plant and reuse area needs to be in relatively close proximity to the sewer service area because of the costs of pumping.

The group further discussed beneficial reuse and the wastewater system's supplementation of summer low flows to Chimacum Creek. It was noted that the system could double summer low flows. However, concern was expressed about the possibility that if the discharge had low oxygen levels, the creek could be harmed. Kevin Dour said it would be important during final design to evaluate effluent quality and ensure that there are no issues such as low dissolved oxygen.

Kevin Dour described the public involvement components related to the approval of the facility plan and the predesign phase of the project. He outlined public involvement activities including, the current SAG meeting process, future public meetings, the Port Hadlock Wastewater System website, and mailings sent to local residents. It was noted that many of the questions raised in previous public meetings and citizen inquiries will now be addressed through the current predesign phase.

Joel Peterson from DCD outlined Jefferson County's recent Growth Management Act (GMA) compliance process for the Port Hadlock/Irondale Urban Growth Area (UGA), including a background of compliance issues since 2004. Most recently, Jefferson County enacted changes to the Comprehensive Plan and Implementing Regulations on March 23, 2009, to achieve compliance with GMA.. He said that the County expects to hear from the Western Washington Growth Hearings Board (WWGMHB) by July 17, 2009 on the compliance decision from the WWGMHB. Kevin Dour then noted that GMA compliance opens up several new funding opportunities for the future.

Presentation on Policies, Ordinances, and General Philosophies & Principles

Katy Isaksen made a presentation on possible wastewater system policies and ordinances and referred SAG members to two background documents contained in the SAG Notebook. She outlined the key policy elements that will be addressed over the course of the four-meeting SAG process, including:

- System management
- Connections to system
- Sewer availability
- Extension of system
- Cost allocation
- Rate structure
- Ancillary services/requirements

She explained that connections to the system (when and where) would be addressed at this meeting. Discussion of the other elements would be spread out over the next three meetings.

Katy presented a comparison matrix that summarizes the policies from comparable jurisdictions to provide examples of other utilities' policies. The examples were selected to be relevant to Port Hadlock and to include some variety to aid the SAG as it considers its policy alternatives. The four examples included: Jefferson County PUD (water provider for the area), Kitsap County (wastewater), Bainbridge Island (wastewater), and Port Townsend (wastewater).

Katy noted that the development of the Port Hadlock Wastewater System amounts to setting up a new utility. Important in establishing this utility is the need to create a sustainable funding system that has a long-term outlook to ensure consistent rates. Key sustainable utility guidelines for the Port Hadlock Wastewater System include:

- Ensure the utility is self sufficient
- A long-term outlook leads to smoother rate changes
- Match revenue streams with expenditures
- Create Balance within the policies

In response to a question about whether the wastewater utility would be a part of county government or if it would be a separate utility, it was noted that a decision had not been made, but various options exist. Kevin Dour said the wastewater system will be owned by Jefferson County, but someone else could manage it. He underscored that the question of who will manage the different components of the wastewater system has not yet been decided. This will be discussed at a future SAG under the policy of system management.

The SAG discussed the possibility of the UGA's incorporation and the ramifications to Jefferson County, especially with the capital costs of the wastewater system. Joel Peterson said that the County would likely establish an interlocal agreement or revenue sharing arrangement to recover the costs paid by the County, if incorporation did occur.

Discussion and questions and answers –

SAG members discussed recent problems with other nearby wastewater systems (Bainbridge and Poulsbo), including sewage spills. Kevin Dour noted that reliability and redundancy standards are being incorporated into the design of the Port Hadlock Wastewater System. He also explained that this facility would not use an emergency outfall to a water body. As a result, a redundancy standard was incorporated to hold effluent for up to three days. The absence of a marine outfall was due in part because the Department of Ecology did not allow one as it saw rapid infiltration, non-direct discharge approach to be a viable option. Because of the beneficial reuse and the need to go into a groundwater source, the Department of Health had to review the Sewer Facility Plan, as well.

In response to a question about why the wastewater system's beneficial use was different or better than a septic system, it was noted that the County Comprehensive Plan includes developing the area to urban standards (in accordance with the Washington State Growth Management Act) and that the purpose of the Sewer Facility Plan is to create a plan that meets the urban standards for wastewater. It was emphasized that the purpose of SAG was not to decide whether a wastewater system should or should not happen, but instead to provide recommendations on the policies and ordinances for the Port Hadlock Wastewater System.

SAG members discussed the cost of septic system installations and how it relates to the cost of hookup to the wastewater system. In response to a question about the costs of a new septic system designed and installed to current standards, it was noted that new septic systems cost about \$20,000. SAG participants gave a range of septic system costs ranging from \$4,000, to several systems that cost over \$20,000, plus ongoing maintenance based upon their experience.

General Policy Discussion

The SAG discussed the following general philosophies. There is an inter-relationship among all of these philosophies so descriptions, while focused on one particular philosophy, can be applicable to another:

- Simple vs. complex rates. A complex rate structure could provide greater accuracy by attempting to charge users precisely for what sewage they discharge, but it could be more difficult and costly to administer. A simple rate could state that “single-family residential” user would pay a flat rate. A problem with this flat rate approach is that it ignores the size of the household (e.g., one single-family residential household could include more residents than another household, but the cost to each would be the same under the flat rate structure). One relatively simple method, but more complex than the simplest approach, would be to charge for rates using average winter water use and affix the rates accordingly.
 - Port Townsend tried the average winter water use but found it too complex and changed to a two-tier flat rate system for residential users (either under or over 3,000 gallons per month). For commercial users, it is harder to assume a simple rate as their usage varies over the year.
 - There is likely not a utility in the Country where all user rates are based on measuring wastewater via a sewage meter. Tying sewer rates to water usage serves as a proxy and is an approach that is used more frequently.
 - Can one separately meter irrigation? Yes, separate irrigation meters are possible. The PUD sets policies on water meters for this area. It was noted that Port Townsend does incorporate this type of measurement system.
- Stability of revenue. In order to reliably operate a utility it is important to establish a revenue stream that is stable enough that funds are available to cover expenses in a timely manner.
- Predictable vs. variable rates. Some rate systems provide very predictable revenues while others can generate the needed revenue, but with significant differences from one month to another month.
- Equity. Systems can be established that charge everybody a rate that truly reflects what they discharge to the system, but there is always a need to balance this with what is administratively feasible and affordable.
- Evaluate annually or every 2-3 years. Rates can be evaluated and modified every year or the utility can evaluate its rates only every few years. In terms of changing the rates, a decision is necessary on whether to do it every year, which allows for a gradual change in rates and a better ability to stay in parallel with inflation, or larger increases can be made every few years.
- Ease of implementation. It is helpful if the method of determining your monthly bill is easily understood by the customers and the administrative staff. In addition, since this is a new utility, we would like to take care to ensure that the rates designed will work simply and properly on the billing system to be used.

SAG members’ questions and dialogue based on the policy discussion included:

Equity concerns:

- In response to a question about how phased equity would work to make sure that early users do not foot more of the cost for the wastewater system than users that connect to the system at a later date, it was noted that the rate and fee structure should be developed and structured such that latecomers would pay for their fair share. The Facility Plan shows costs fully distributed amongst the users, that is the total cost over the 20-year planning horizon is divided among the planned customer base.
- A concern was expressed that people outside of the UGA could benefit from the wastewater system but would not be paying.

Funding and policy questions:

- As more residents move into the UGA the actual costs (in inflation-adjusted dollars) per household may go down, but the rate would not necessarily decrease, and certainly not be linear. Instead, reserves may be built up for emergencies and repair and replacement, or rates may not have to increase for a longer period
- SAG members discussed how to grow the new utility's financial reserves in order to build up funding for emergencies and replacement of equipment and facilities.
- The large portion of residential hookups in the initial core area of the wastewater system will be helpful for applying for grants, which often fund residential customers rather than commercial customers.
- What are the unforeseen or unintended consequences in terms of people's behaviors to different policies? SAG agreed to carefully consider unintended consequences to the extent possible as they evaluate policies and make recommendations.

Other Utility Models to Consider for Comparison Purposes:

- One suggestion made was to look to a few other similar systems, like Sequim and Port Orchard. This would be in addition to the comparisons with Bainbridge Island, Kitsap County, Jefferson County PUD #1, and Port Townsend.
- In response to a question about whether it would be good to look across the country for potential wastewater system rate models, it was noted that staying local might be prudent because of the particularities of the state.
 - It was noted that through discussions with Community Trade and Economic Development (CTED), [now known as the Department of Commerce], and in looking for urban growth areas in this stage of planning, Jefferson County is one of the leaders in unincorporated urban growth area planning.

Rates:

- Instead of using an appeals board to address future rate discussions, the goal is to design the policies in a way so that an appeals board would be infrequently used.
- It was agreed by the SAG that for initial purposes, there are four or five rate categories that could probably incorporate all of the users within the UGA.
- SAG agreed that predictable wastewater systems rates were preferable.
- It was noted that the \$60 per month fee would be an average rate over the first three years of system operation according to the Facility Plan.
- A concern was raised about whether this system might price out a particular class of people that cannot pay the connection charge or the \$60 monthly rate.
 - The consultant team explained that for lower income residents, there are grant programs which could be used to secure funds that could be used to subsidize residential hookups. Also, the consultant team is looking for opportunities to reduce the burden of some residents' hookup costs through grant and low-interest loan programs. Also, the SAG could recommend developing discounted rates for low income, low income senior citizens, and for disabled customers. It was mentioned that ShoreBank has helped out with septic system replacements in the area. The team will be checking with them to see if they might have the funds and be able to administer a program for low-income residents.
- In response to a question about how one decommissions a septic system and if this would constitute an extra cost, it was noted that about \$3,500 for the decommissioning of septic systems was included in the \$20,900 hookup fee estimated in the Facility Plan.

Simplicity versus Complexity

- SAG agreed that for the Port Hadlock sewer system, as an initial decision subject to modification as SAG learns more and considers other policies, that on the scale between simple systems and policies to complex systems and policies, the group wants to focus on a centered approach tending toward simple.

Specific Policy Question: When is connection required to the wastewater system?

Katy presented the specific policy question for this meeting, “when is connection required?” Some alternatives outlined were:

- Immediately when sewer is available
- Within one year of availability (similar to interim on-site systems)
- Upon failure of septic system
- Another plan?

Some factors to consider include:

- Planned expansion/phasing
- Funding requirements
- Utility financial stability versus customer base

Katy noted that a Utility Local Improvement District (ULID) would account for all properties within a ULID boundary and property owners would pay for their share through an assessment. This is especially germane in a scenario where a sewer is constructed adjacent to undeveloped land – property owners would benefit as the price of that land would increase, but because of the ULID they will still share the costs of the wastewater system that are included in their assessment (for example, collection lines only).

Additional points of discussion included –

- The Group discussed the various definitions of how one defines a property being within 200 feet of a mandatory hookup zone (with 200 feet already defined in the development regulations adopted by the County).
- SAG members discussed how the wastewater system would affect currently undevelopable lots, as well as the numerous lots within the UGA that were originally platted at 25’ x 100’.
- In response to a question about whether there was anything not congruent between the Shoreline Management Act and the wastewater system, it was noted that no problems exist.
- How will Jefferson County enforce if residents do not want to tie into the wastewater system?

SAG did not make a decision on when a connection is required, but intends to further consider this question at its next meeting.

Technical Discussion and Potential Decisions

Because of the time constraints Bob Wheeler said that the Technical Discussion and Potential Decisions discussion to be led by Kevin Dour would be held for the August meeting.

Wrap Up & Next Steps

SAG discussed future meeting dates and agreed that the three-hour afternoon format (1:30-4:30 p.m.) would work well for the majority of SAG participants. Bob Wheeler then presented possible dates for the three remaining SAG meetings. The group agreed upon the following dates:

- Tuesday, August 11
- Wednesday, September 9
- Tuesday, October 6

Adjourn

Bob Wheeler thanked the SAG for its input and adjourned the meeting at 4:30 p.m.

Appendix 1: Meeting Participants

SAG Members

Name	Organization
Steve Brown	Chimacum School District
Craig Durgan	Property Owner
Bill Graham	Jefferson PUD #1
Mike Langley	NOSC, Sundland Water & Sewer District
Kevin Long	North Olympic Salmon Coalition
Bill Mahler	Northwest School of Wooden Boatbuilding
Karl Meyer	NOSC, Beach Watchers
Bill Miller	Jefferson County Planning Commission
David Peterson	City of Port Townsend
Jim Pivarnik	Port of Port Townsend
Frances Rawski	Port Hadlock Tri-Area Chamber
Michael Regan	ICAN
Chuck Russell	Valley Tavern
Ray Serebrin	Jefferson County Library
Shelby Smith	EDC Team Jefferson
Joni Williams	Single family resident

Staff and Consultants

Name	Organization
Joel Peterson	Jefferson County Department of Community Development
Kevin Dour	Tetra Tech
Katy Isaksen	Katy Isaksen & Associates
Blake Trask	Triangle Associates
Bob Wheeler	Triangle Associates

Appendix 2: A Tracking and Summary of SAG Recommendations

Topic	SAG Recommendation	Notes
Simple vs. Complex Rates	A balance between simple and complex, with a lean toward simple sounds appropriate	This is an initial decision pending further consideration of policies
Simple vs. Complex Rates	It is reasonable to base rates on water usage	
Simple vs. Complex Rates	Potentially develop 4-5 categories of rates for households and commercial users	
Simple vs. Complex Rates	SAG agreed that predictable rates were preferable.	
General	SAG agreed to carefully consider unintended consequences to the extent possible as they evaluate policies and make recommendations.	