

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

**Sewer Advisory Group
October 6, 2009, 1:30 PM – 5:00 PM**

Location: Jefferson County WSU Extension, Spruce Room

Approved Meeting Summary

Welcome, Introductions, Review Meeting Agenda, and Meeting Summary Approval

Meeting facilitator Bob Wheeler from Triangle Associates welcomed the Sewer Advisory Group (SAG) and provided some context for the formation of the Group. SAG members, the Jefferson County Department of Community Development (DCD) and the consultant team went around the table and made introductions (see Attachment 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 Jefferson County, to educate and inform the public, to provide recommendations for key sewer policies and ordinances, and to identify key factors for design standards. The Advisory Group's presumption is that the wastewater system will be designed and built.

The Advisory Group reviewed the September 9, 2009 meeting summary. No changes to the meeting summary were requested and it was approved by consensus.

Bob Wheeler discussed the document "Summary Table of Sewer Advisory Group Recommendations" and indicated to the Group that this table will serve as a summary of the recommendations and advice from SAG members to Jefferson County. He noted that during this meeting SAG members would be reviewing the entire table, which included recommendations and considerations made at each of the four SAG meetings.

Updates

Joel Peterson from the Jefferson County DCD updated the Advisory Group on the decision made by the Western Washington Growth Management Hearings Board. He said that the County received compliance orders from the Board and it was found compliant on the Sewer Facility Plan. The Hearings Board also found the county compliant on Capital Facilities Plan and Dwelling Unit and Population Holding Capacity Analysis.

One point of non-compliance remained which was the need to clearly show what rural zoning and development standards are in place in advance of sewer. Additionally, he reported that the second request for reconsideration made by the Irondale Community Action Neighbors (ICAN) was denied by the Hearings Board.

Joel noted that the code changes required by the Western Washington Growth Management Hearings Board were to be presented to the Jefferson County Planning Commission on October 7, 2009. Following the Planning Commission review, the code changes will be forwarded on to the Board of County Commissioners (BOCC) for their review and adoption, anticipated for November 9, 2009. The compliance action is due to be submitted to the Hearings Board by November 12, 2009, with the Compliance Hearing scheduled for January 5, 2010.

In response to a September SAG meeting inquiry about wastewater system cash flow and financing, Katy Isaksen presented Table 9-5, which is located in the Sewer Facility Plan (http://www.porthadlocksewer.org/pdf/Ch%209_Pt_Hadlock_Sewer_Facility_Plan_09-08.pdf), as well as in the meeting PowerPoint presentation located on the Sewer Advisory Group web page. She noted that \$26 million will be required to fund general and local facilities for the first phase of the wastewater system. She explained that this amount does not include costs for private property owners to make individual connections or decommission existing septic tanks. The Facility Plan financing scheme was intended to ensure adequate funding for collection system, lines, and the treatment plant. She then proceeded to describe the various sources of financing available (including grants and low-interest loans) available to fund the \$26 million necessary for general and local facilities. In addition she described the multi-year phasing plan for the estimated repayment stream through 2018, which assumes the first three phases of the wastewater system (Core plus Alcohol; Rhody Drive; and Residential Area #1). Katy Isaksen noted that the Table assumes that the cost per Equivalent Residential Unit (ERU) is around \$15,000. She explained that she erred on the conservative side of the system funding estimates and did not assume the best case scenario for grant and loan support.

Comments, questions, dialogue, and responses from the discussion about financing and cash flow included:

- In response to a SAG member question, it was noted that Table 9-5 assumes the County will receive some grants and borrow the remainder of the \$26 million to construct the initial system. In this way, the debt repayment will be spread over 20 years and will be repaid with the connection charges received from new customers.
- In response to a SAG member inquiry about the methodology for growth projections, it was noted that the population and growth projections were estimated using County-wide data provided by the Washington State Office of Financial Management (OFM). The estimated new connections to the wastewater system were planned such that all inhabitants of the UGA would be connected to the sewer system by 2030. The SAG member was referred to Chapter Four of the Sewer Facility Plan for more information about the details of the population projections used for sewer planning.
- The consultant team added that plans are updated periodically to adjust projections as new population data are acquired. Joel Peterson added that the OFM numbers are released annually, and that Jefferson County is tracking relatively close to OFM's 2004 population projections for the County.
- Katy Isaksen noted that in response to a shift in population projections, the wastewater system phasing and construction can be adjusted to conform to these projections. It was noted that County staff will continue to monitor the UGA's population and will adjust its planning accordingly.
- One SAG member noted that it is likely that the opposite will happen and that UGA growth will actually exceed the current population projections.
- One SAG member wondered if the final approval for financing was decided by BOCC. The consultant team explained that the cash flow and financing figures were included as part of the Sewer Facility Plan that was approved by the Departments of Ecology and Health and adopted by BOCC.

Presentation, Discussion, and Recommendations on Policies/Ordinances

Katy Isaksen reviewed the policies and ordinance issues that the SAG will be considering and making recommendations:

Policy and ordinance issue	SAG Meeting schedule
Connections to system	SAG Meetings #1 & 2
System management	SAG Meeting #2
Cost allocation	SAG Meeting #2
Rate structure	SAG Meeting #3
Ancillary services/requirements	SAG Meeting #3
Sewer availability	SAG Meeting #4
Extension of system	SAG Meeting #4
Recap of SAG recommendations	SAG Meeting #4

She then transitioned into the presentation topics scheduled for this meeting and asked SAG members for advice on policies and ordinances. The two remaining questions that SAG members were asked to consider at the October 6 meeting included:

1. Sewer Availability – How will the Sewer Utility determine when sewer is available in an area?
2. Extension of the System – How will the planned expansions be made to the sewer system?

Katy gave an overview of ways for SAG to provide feedback, advice, and recommendations.

Sewer Availability

Katy Isaksen reviewed the methods of sewer availability for SAG members to consider (Please see the meeting PowerPoint presentation for a complete outline of her presentation, available at www.porthadlocksewer.org/Advisory_Group.htm). Based on the question (“How will the sewer utility determine when sewer service will be available in a given area?”) posed to SAG members, she provided a description of several alternatives for SAG to consider including the issuance of letters and/or certificates of sewer availability; by collection system phase as scheduled in the Facility Plan; by treatment capacity as scheduled in the Facility Plan; or a by combination of the above. She asked SAG members to consider a strong financial utility.

She then addressed some of the details related to sewer availability and capacity control. For the latter she described that property owners would need a sewer permit before being allowed to physically connect to the system. She also highlighted some of the potential advantages of a customer paying their connection charge up-front, i.e., buying into the system, prior to when they actually connect (pre-purchase). A reason for pre-purchase is that at the moment it serves as a vehicle to acquire early cash flow for financing the system. However, a drawback is that the County has committed the units or capacity and cannot sell them again. Meanwhile, the plant has to be operated and maintained while not receiving rate revenue for operation.

Katy Isaksen then discussed some of the grant and low-cost loan financing opportunities. She informed SAG members that the following week she and County representatives will attend the statewide Infrastructure Assistance Coordinating Committee meeting, which will mark the project team’s fourth year attending this meeting. She noted that the meeting offers an excellent opportunity to discuss with program coordinators ways to acquire grant funding and low-cost loan financing for the project and to update funders about the project’s status. She added that the County has had conversations with all levels of government to look at ways for grant funding and to maximize external funding sources for the future of this wastewater system.

Comments, questions, dialogue, and responses from the discussion included:

- In response to one Group member inquiry about whether it would be possible to create an installment plan as a payment option, the project team explained the ULID would allow a property owner to pay over a 20-year period of time via property taxes.
- One SAG member inquired about how ShoreBank could help finance connections. Katy Isaksen noted that currently ShoreBank's regulations for septic system financing do not allow for any connections to a sewer system. The project team is exploring future options to allow financing programs with ShoreBank or separate programs that could assist homeowners and businesses with borrowing the connection charges at reasonable rates.
- A SAG member expressed concern that there is a succession of financial planning challenges that the UGA will have to face over time. Katy said the cost for the treatment plant is a general cost and will be shared by all that use the system. Bob Wheeler noted that building a wastewater system from scratch presents several challenges, but he reminded SAG members that their role was to provide the best advice to make the wastewater system successful by making policy and ordinance recommendations which provide the direction to operate and manage the new sewer utility.
- In response to a question about how payment works with ULIDs, Katy Isaksen noted that each property within each ULID would receive an assessment and the property owner would be able to choose whether he or she pays the entire cost upfront, or pay for it over a 20-year period with interest. One could begin the 20-year payment program, but then pay the remaining amount in a lump sum in the future. There would be interest charges associated with paying the assessment over time; none if paid in full up front.
- SAG members discussed the issuance of a county permit for sewer availability. One recommendation made was for the County to pay for the permit cost. This, one SAG member suggested, would make the hookup process smoother, more efficient, affordable, and faster.
- One SAG member said that the sewer should be built immediately without phasing described in the Sewer Facility Plan.
- In response to a question about whether future grants would reduce ULID charges, connection charges, or onsite costs, Katy Isaksen explained that each grant program will have its own definition of what is eligible for funding support. In general, grants will cover the general costs, which will likely reduce the connection charge.
- One SAG member commented that acquiring grants would make the model even more affordable in terms of long-term financing.
- Another SAG member explained that he did not see anything wrong with this plan, but he wanted to ensure that the permitting program is acceptable and for the County to retain its flexibility in order to reduce the overall cost of the wastewater system.
- In response to a question if a connection would be required even if a home was not built on the property, it was noted that for the connection charge, the owner would only pay when they physically connect to the wastewater system. If a ULID was used to fund the local collection system, the property owner would pay their assessed share of the cost of the local system even if the property was undeveloped. They would pay a connection fee when connecting to pay for the general (common and shared – treatment plant and major facilities) costs.
- One SAG member expressed concern about the funding and financing necessary to get the system started. The Group discussed some of the initial financing rates. It was noted that the treatment plant will serve the whole area, but the collection system will be expanded over time. The plan is to phase the buildout process, so that the system can be paid for over time and according to population projections. The project team explained that this was a typical way of financing these types of wastewater systems.
- Specifically related to who could pre-purchase, one SAG member suggested making the connection fees non-transferable and/or attached to the property that they were purchased with.

This would avoid such situations where folks are attempting to profit from pre-purchasing lower cost connections to be able to sell them later at an increased cost for their own profit.

- SAG members noted that being located within a wastewater system service area would increase the values of their properties.

Sewer Availability Recommendations

Katy Isaksen then presented a set of potential recommendations for SAG to consider (see the October 6 SAG meeting PowerPoint presentation available on the Port Hadlock website). The Group made several additions, which are reflected in the final recommendations, including a request for the County to cover the costs of permitting. For the recommendations and considerations that were examined and tentatively approved by SAG members, please see the table titled, “Summary Table of Sewer Advisory Group Recommendations.”

System Extension

Katy Isaksen then reviewed the content for SAG members to consider regarding system extension (Please see the meeting PowerPoint presentation for a complete outline of her presentation, available at www.porthadlocksewer.org/Advisory_Group.htm). In posing the question to the Advisory Group of how will the new sewer utility allow for system extension, Katy provided four alternatives for SAG members to consider: by sewer utility; by ULID; by developer extensions; and/or by latecomer agreement. Additionally she posed several factors for the SAG membership to consider (see presentation). She closed by asking the SAG which of these tools should the County include in its “toolbox”? Comments, questions, dialogue, and responses from the discussion included:

- One SAG member asked if the four different alternatives for system extension were mutually exclusive. Katy noted that if allowed by the County, all four methods of system extension could be allowed
- A SAG member recommended that the County should require consistent standards of construction for sewer line connections.
- Another SAG member asked if there were any reasons that users would tie into the wastewater system early. Katy Isaksen noted that if they have a failed septic and are located within 200 feet of a sewer line that the state health department would require a connection.
- It was noted that state law only allows for latecomers agreements to last 15 years.
- One SAG member said that the community should build the entire system now while money is cheap (i.e., low interest rates).
- In response to one SAG member’s question about the number and rate of septic system failures in the proposed UGA, Joel Peterson explained that he had looked over the Geographic Information System data about where systems are aging. He noted that he did not observe any clustering of septic system failures, but there have been failures at a consistent rate through time. Joel said that he would investigate the exact rate of septic system failures and report back.

System Extension Recommendations

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Discussion of SAG Member Correspondence

Based on an email sent from one SAG member to the entire Group on September 17, 2009, Bob Wheeler asked the SAG member to discuss the content of the email. (Discussion and response to the letter was held until the meeting to respect open public meetings and to ensure that all SAG members had access to

the contents.) The Group member provided some background and asked that it be included as a recommendation or consideration from SAG. Group members discussed the merits of attaching it to the transmittal of SAG recommendations that would be sent to the County. After the discussion, SAG members requested to vote on whether to attach his email to the SAG transmittal. By a vote of 7 against, 5 for, and with 2 abstentions, SAG members voted against including the email along with the final SAG recommendations and considerations. Group members indicated that the individual would be free to send his comments directly to the County independently from SAG.

Final SAG Recommendations

Bob Wheeler then led SAG members through the table titled, “Summary Table of Sewer Advisory Group Recommendations.” He noted that the final meeting recommendations had just been covered, so the majority of the discussion would be oriented toward reviewing and clarifying the policies recommended in the first three SAG meetings. For a complete listing of the final SAG recommendations, please review the table located on the Port Hadlock Wastewater System website.

Final Questions, Comments, and Discussion of Next Steps

The project team thanked SAG members for their hard work and efforts in providing the County with recommendations and considerations regarding policies for the Port Hadlock wastewater system. Bob Wheeler explained that the County is considering next steps and may be interested in seeking SAG members’ input on future issues in early 2010. It was asked if the SAG members would be amenable to convening in the future at limited meetings on future topics as needed by the County. They agreed. He said that SAG members would be notified in the event of the scheduling of future SAG meetings.

He also noted that the table titled “Summary Table of Sewer Advisory Group Recommendations” as well as the meeting summaries and some supporting documents will be transmitted to the County as it moves forward in developing policies and ordinances for the Port Hadlock Wastewater System. Bob Wheeler concluded that the County will likely hold a public open house in spring 2010, but in the meantime he urged SAG members to discuss the issues surrounding the Port Hadlock Wastewater System with community members.

Adjourn

Bob Wheeler thanked SAG members for their input and adjourned the meeting at 5:00 p.m. Joel Peterson, DCD and the consultant team joined in thanking SAG members for their participation.

Attachment 1: Meeting Participants (need to update on Monday)

SAG Members

Name	Organization
Steve Brown	Chimacum Schools
Larry Crockett	Port of Port Townsend
Craig Durgan	Citizen
Sandy Hershelman	JCHBA
Bill Mahler	Northwest School of Wooden Boatbuilding
Ken McMillan	Jefferson Count PUD #1
Bill Miller	Jefferson County Planning Commission
Jim Parker	Jefferson County PUD #1
Mike Regan	ICAN
Frances Rawski	Port Hadlock Chamber of Commerce
Dana Roberts	Jefferson County PUD #1
Hank Rogers	Citizen
Ray Serebrin	Jefferson County Library
Shelby Smith	Team Jefferson
deForest Walker	Olympic Community Action Programs (OlyCAP)
Joni Williams	Citizen

County 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