



November 24, 2009

Joel Peterson  
Jefferson County Department of Community Development  
621 Sheridan Street  
Port Townsend, WA 98368

**Subject: Sewer Advisory Group Summary Recommendations**

Dear Joel:

Please find enclosed the final packet of materials developed by the Port Hadlock Wastewater System Sewer Advisory Group. As you are aware, the Group met four times over a four-month period to learn about, discuss, present considerations, and provide recommendations for Jefferson County to consider as it develops its policies and ordinances for the Port Hadlock Wastewater System.

The materials enclosed include:

- Summary Table of Sewer Advisory Group Recommendations
- Port Hadlock Wastewater System Sewer Advisory Group Attendance Roster
- Approved meeting summaries from July 14, August 11, September 9 and October 6, 2009

Please consider this letter and attachments the final deliverable from the Sewer Advisory Group to the Department of Community Development. We recommend that DCD consider SAG's guidance and input when developing policies and ordinances for the sewer system.

Additionally, our project team will prepare a technical memorandum summarizing our team's research of policies and ordinances of other jurisdictions, a summary of topics and key issues to consider when writing policies & ordinances, a re-cap of SAG's findings and recommendations, and a model ordinance we recommend as a starting point for drafting a sewer ordinance. This technical memorandum will be submitted under separated cover once completed.

Please let me know if you have any questions or need further assistance.

Sincerely,  
**Tetra Tech, Inc.**

A handwritten signature in purple ink, appearing to read 'Kevin J. Dour'.

Kevin J. Dour, PE, PMP  
Associate, Senior Project Manager

*KJD:kjd*  
*Enclosure(s)*

*c: Central Files #135-12562-09001*

## Port Hadlock Wastewater System Sewer Advisory Group Attendance Roster

The Sewer Advisory Group is made up of individuals from a broad range of community interests from around the Irondale/Port Hadlock area. Represented interests include single-family residence owners/residents, multi-family residents, the Tri Area Chamber of Commerce, local business, fixed income residents, property owners near the proposed treatment and reuse site, low-income services (OlyCAP), Jefferson County PUD #1, Port of Port Townsend, Jefferson County Library, environmental interests, Irondale Community Action Neighbors (ICAN), developer/real estate/multi-family residence owners, tourism interests, WSU Team Jefferson (economic development), a member of the previous UGA Task Force, Jefferson County Planning Commission, Chimacum School District, a Port Townsend resident, and the City of Port Townsend. Members and their attendance are listed below.

Sewer Advisory Group					
Organization	Name	Meeting #1 (July)	Meeting #2 (Aug.)	Meeting #3 (Sept.)	Meeting #4 (Oct.)
Chimacum School District	Steve Brown	✓	✓	✓	✓
Citizen	John Keegan	☐	☐	✓	☐
Citizen	Hank Rogers	☐	✓	✓	✓
City of Port Townsend	Ken Clow	☐	✓	✓	☐
City of Port Townsend	David Peterson	✓	☐	☐	☐
EDC Team Jefferson	Shelby Smith	✓	✓	☐	✓
Jefferson PUD #1	Bill Graham	✓	☐	☐	☐
Jefferson PUD #1	Ken McMillan	☐	✓	✓	✓
Jefferson PUD #1	Jim Parker	☐	✓	☐	✓
Jefferson PUD #1	Dana Roberts	☐	☐	✓	✓
Inn at Port Hadlock	Crystal Hudson	☐	✓	☐	☐
Inn at Port Hadlock	Jody Reuther	☐	✓	☐	☐
Irondale Community Action Neighbors (ICAN)	Michael Regan	✓	☐	✓	✓
Jefferson County Home Builders Association	Sandy Hershelman	☐	☐	☐	✓
Jefferson County Library	Ray Serebrin	✓	✓	✓	✓
Jefferson County Planning Commission	Bill Miller	✓	✓	✓	✓
North Olympic Salmon Coalition (NOSC)	Kevin Long	✓	☐	☐	☐
NOSC, Beach Watchers	Karl Meyer	✓	☐	✓	☐
NOSC, Sundland Water & Sewer District	Mike Langley	✓	☐	✓	✓
Northwest School of Wooden Boatbuilding	Bill Mahler	✓	✓	✓	✓
Olympic Community Action Programs (OlyCAP)	deForest Walker	☐	✓	✓	✓
Port Hadlock Tri-Area Chamber	Frances Rawski	✓	☐	☐	✓
Port of Port Townsend	Larry Crockett	☐	✓	✓	✓
Port of Port Townsend	Jim Pivarnik	✓	☐	☐	☐
Property Owner	Craig Durgan	✓	☐	✓	✓
Single family resident	Joni Williams	✓	☐	✓	✓
Valley Tavern	Chuck Russell	✓	✓	✓	☐

County Staff and Consultants					
Organization	Name	Meeting #1 (July)	Meeting #2 (Aug.)	Meeting #3 (Sept.)	Meeting #4 (Oct.)
Jefferson County Department of Community Development	Joel Peterson	✓	✓	✓	✓
Jefferson County Public Works	Frank Gifford	☐	☐	✓	☐
Katy Isaksen & Associates	Katy Isaksen	✓	✓	✓	✓
Tetra Tech	Kevin Dour	✓	✓	✓	✓
Triangle Associates	Blake Trask	✓	✓	✓	✓
Triangle Associates	Bob Wheeler	✓	✓	✓	✓

## Summary Table of Sewer Advisory Group Recommendations

This document summarizes the policy recommendations and considerations discussed over the course of four Port Hadlock Wastewater System Sewer Advisory Group meetings between July and October 2009. It is intended that these recommendations be used and considered by Jefferson County when drafting a sewer ordinance. Meeting summaries of all four SAG meetings provide greater context and should be considered as part of these recommendations. The members of SAG are listed in the Attendance Roster.

Topic	SAG Recommendation	Mtg. no.	Notes
<b>Simple vs. Complex Rates</b>	A balance between simple and complex, with a lean toward simple sounds appropriate	1	
<b>Simple vs. Complex Rates</b>	It is reasonable to base rates on water usage	1	
<b>Simple vs. Complex Rates</b>	Potentially develop 4-5 categories of rates for households and commercial users	1	
<b>Simple vs. Complex Rates</b>	Predictable rates are preferable.	1	
<b>General</b>	To carefully consider unintended consequences to the extent possible as they evaluate policies and make recommendations.	1	E.g., ADUs in Port Townsend – intention to create affordable housing, but did not accomplish that because some owners used their ADUs and rented their homes.
<b>Connection to System</b>	For New development/major modification <ul style="list-style-type: none"> <li>• Connection required as set by development regulations (connect when sewer phase is available, within 200 feet, or may install an interim on-site system and sign a no-protest agreement for potential local improvement districts that may be formed in the future.)</li> </ul>	2	<ul style="list-style-type: none"> <li>- State law allows septic systems to be a storage tank septic system; county law does not allow this.</li> <li>- Some concern expressed about the term “required”, but reason it was used was because of some of the granting agency requirements.</li> </ul>
<b>Connection to System</b>	For Interim on-site systems <ul style="list-style-type: none"> <li>• Connection required as set by development regulations (connect within 1 year of availability)</li> </ul>	2	<ul style="list-style-type: none"> <li>- Some concern expressed about the term “required”, but reason it was used was because of some of the granting agency requirements.</li> </ul>
<b>Connection to System</b>	For Failed septic systems <ul style="list-style-type: none"> <li>• Connection required as set by public health (connect when sewer is available)</li> </ul>	2	<ul style="list-style-type: none"> <li>Should consider enforcement issues.</li> <li>- Some concern expressed about the term “required”, but reason it was used was because of some of the granting agency requirements.</li> </ul>

Summary Table of Sewer Advisory Group Recommendations

Topic	SAG Recommendation	Mtg. no.	Notes
<b>Connection to System</b>	For Existing Buildings <ul style="list-style-type: none"> <li>• Connection required within [60] days of notice of sewer availability</li> <li>• County should seek financial assistance/programs for low-moderate income residents</li> </ul>	2	<ul style="list-style-type: none"> <li>• Build in incentives for people to connect earlier.</li> <li>• There should be a relationship to the cost and complexity to the time required to connect.</li> <li>• For existing buildings: Given that the buildout will occur over a number of years, a communications element should be implemented to give property owners advanced notice. This will avoid the first communication with property owners being only 30 days before the connection requirement. Working with individuals to give them advanced notice will be important. This could include education, finance options, etc. There needs to be some ability or option for the resident to be proactive. This will reduce the issue and may lessen the potential hardship of a 30 or 60 day notice.</li> <li>• The number of days notice requirement should be a function of how long it takes someone to get a loan. 60 days should be appropriate.</li> <li>• Concern about 60 days being okay for financing issues.</li> <li>• Make some provisions in the policy to incorporate variances – and some flexibility – into the system (possibly for extreme hardship cases or special circumstances). For instance, where an owner recently built a septic system.</li> <li>• Give a period of time to make the connection, so they could use more of the value of their septic.</li> <li>• Some concern expressed about the term “required”, but reason it was used was because of some of the granting agency requirements.</li> </ul>
<b>Side Sewer</b>	Responsibility should change from public to private at the property line <ul style="list-style-type: none"> <li>• Require sewer permit for connecting building sewer to public sewer</li> <li>• Considers ability of property owners to connect to stub at property line</li> <li>• Require a stub or tee for utility maintenance access at property line</li> <li>• Keep integrity of sewer mains and service stub outs within the County right-of-way the responsibility of the utility</li> <li>• County should consider licensing side sewer contractors</li> </ul>	2	<ul style="list-style-type: none"> <li>• Find out from Jefferson County Public Works as well as WSDOT what their policies/rules for side sewers work (cuts in the Right-of-Way) would be.</li> <li>• Explore if there an allowance for private prop owners to do their own work?</li> </ul>
<b>System Management</b>	County will <i>own</i> the system.	2	<ul style="list-style-type: none"> <li>• This is in accordance with the Facility Plan.</li> <li>• Consider other options, such as the PUD owning the system.</li> </ul>

Summary Table of Sewer Advisory Group Recommendations

Topic	SAG Recommendation	Mtg. no.	Notes
System Management	Principles: <ul style="list-style-type: none"> <li>Seek to protect County and customer investment</li> <li>Seek efficiencies and savings in the cost of operations and administration</li> </ul>	2	
System Management	Contract billing services using the Jefferson County PUD #1 as the billing contractor should be a preferred approach	2	<ul style="list-style-type: none"> <li>The PUD is the water provider and source of billing data, they already bill the water customers, and are local in the community</li> </ul>
System Management	System operation and maintenance (contract or in-house)	2	<ul style="list-style-type: none"> <li>County should consider contracting for services based upon best available price</li> <li>Consideration should be given to contractors who are resident (or their key employees reside) within Jefferson County</li> </ul>
Cost Allocation	<b>General costs</b> include those facilities serving the general system and benefits all customers: treatment and recharge system, influent pump station with force main, mainline sewer pipes greater than 8"	2	<ul style="list-style-type: none"> <li>Make sure that those who pay at the start are not paying a higher cost than users connecting on to the system later.</li> <li>The cost allocation system needs to be fair – concern about threatening low income housing starts.</li> </ul>
Cost Allocation	<b>Local costs</b> include those facilities serving and benefiting a local area: 8" collection pipe, local pump stations	2	<ul style="list-style-type: none"> <li>8" sewer pipes are the minimum size allowed according to DOE standards.</li> </ul>
Cost Allocation	<b>Private on-site costs</b> include those facilities serving and benefiting individual properties to be paid by private property owners	2	<ul style="list-style-type: none"> <li>Low income issues need to be considered.</li> <li>Seek opportunities to lessen the burden of on-site and connection costs to low income residents.</li> </ul>
Capital Cost Recovery	<b>For capital costs that do not receive grant funding:</b> <ul style="list-style-type: none"> <li><b>General Facilities</b> to be paid by connection fee</li> <li><b>Local Facilities</b> to be paid by connection fees <u>OR</u> by Utility Local Improvement District (ULID) assessment</li> <li><b>Private On-Site Facilities</b> to be funded by property owners</li> </ul>	3	<ul style="list-style-type: none"> <li>Build the entire system at once might make sense.</li> <li>Maximize efforts to acquire grants to fund the wastewater system.</li> <li>If built over time, more septic systems will need to be replaced.</li> <li>Look at low-cost financing opportunities for private on site facilities and how to deal with non profit &amp; low-income residents.</li> <li>Note that ULID or utility local improvement district term has been used to avoid confusion with low impact development (LID). Assume the County will use the appropriate improvement district.</li> </ul>
Capital Cost Recovery	County should seek methods of increasing the ability of customers to finance their share	3	
Capital Cost Recovery	SAG recommends making ULID available as a financing method	3	<ul style="list-style-type: none"> <li>ULID provides an additional method to finance costs, so this is recommended.</li> <li>Consider constructing the entire system at once and funding it using a large ULID.</li> </ul>

Summary Table of Sewer Advisory Group Recommendations

Topic	SAG Recommendation	Mtg. no.	Notes
Monthly Rate Structure	Keep balance between simple administration and equity to customer classes	3	
Monthly Rate Structure	Make sure the rate structure works on the billing system	3	<ul style="list-style-type: none"> <li>• If the PUD or any other entity is the billing contractor, work with that entity to make sure whatever monthly rate structure is used works with any existing billing system in use, for instance for the water system billing.</li> </ul>
Monthly Rate Structure	<p>Residential – Use a flat <u>OR</u> two-tier system, and consider a three-tiered system if there is a wide variation in water use within a customer class.</p> <p>Upon further reflection, some felt that there should be an actual set system fee, plus the actual volume of water used (base rate + variable rate).</p>	3	<ul style="list-style-type: none"> <li>• What do the water records show? If there a wide variation in flows – may want to go to 3-tier system.</li> <li>• When there is an incentive folks will use less water.</li> <li>• Needs to be good communication between utility and its customers.</li> <li>• Need to consider a system fee, in addition to water use. Primarily for the snowbird factor.</li> <li>• If water use is due to a calamity, consider some adjustments to the sewer fee. For instance, a broken water line that would show more water use than would normally enter the sewer.</li> </ul>
Monthly Rate Structure	<p>Commercial –</p> <ul style="list-style-type: none"> <li>• increase by volume/ERU</li> <li>• simple increase by user class waste strength</li> <li>• minimum of 1 ERU</li> </ul>	3	<ul style="list-style-type: none"> <li>• Non profit perspective – not necessarily commercial.</li> <li>• The school – look at by volume and not strength (no cooking onsite)</li> <li>• Recognize Pharmaceuticals and Personal Care Products (PPCPs) and their impact on water quality.</li> </ul>
Multifamily Rates	<p>Single family home – residential</p> <p>Duplex – residential</p> <p>Mobile home not in designated park – residential</p> <p>Townhome, condo – residential</p> <p>Accessory Dwelling Units – with main residence</p> <p>Apartment building (3+ units) – commercial</p> <p>Mobile home park – commercial</p> <p>Hotel/motel – commercial</p> <p>Institutional (school/church) – commercial</p> <p>Mixed use residential &amp; commercial – commercial or mixed depending on how meters are set up.</p>	3	<ul style="list-style-type: none"> <li>• Allow for some flexibility on mixed use residential &amp; commercial. Should be based on how meters are set up, which would allow for different options or categories to choose from.</li> </ul>
Monthly rate discounts	<p>The County should:</p> <ul style="list-style-type: none"> <li>▪ Consider offering monthly rate discounts to qualifying low-income people that own their homes, and/or non-profit that rent to low income /disabled</li> <li>▪ Qualification should be coordinated with either the Assessor’s tax exemption program or the contract billing agency’s program (such as the PUD)</li> </ul>	3	<ul style="list-style-type: none"> <li>• In first bullet add “and/or non-profit that rent to low income /disabled”</li> <li>• Look at existing programs that offer discounts (phone, PSE, OlyCap, LIAP) as example programs.</li> <li>• For non-profit accounts that rent to low income, consider whether the residents themselves pay the utilities in order to ensure that the savings are realized by the low-income residents.</li> </ul>

Summary Table of Sewer Advisory Group Recommendations

Topic	SAG Recommendation	Mtg. no.	Notes
<b>Mobile Tank Disposal/Septage Disposal/RV Disposal</b>	<ul style="list-style-type: none"> <li>The County should leave this option open during design.</li> <li>Restrict sources: only from in-County, only septage, licensed haulers, RV's?</li> </ul>	3	<ul style="list-style-type: none"> <li>It is important to hear from Public Health about concerns on what might be discharged to the system.</li> <li>Licensed haulers only.</li> <li>Need to maintain due diligence on this issue, but keep as an option for now.</li> </ul>
<b>Sewer Service Availability</b>	<b>Collection System Phases:</b> <ul style="list-style-type: none"> <li><b>Facility Plan:</b> in general accordance with the plan</li> <li><b>Specific Development Plans:</b> allow adjustment according to specific funded development plans</li> </ul>	4	<ul style="list-style-type: none"> <li>Overall goal is to ensure that the plan can pay for itself</li> <li>In the best financial and operational benefit of the utility.</li> <li>Be flexible.</li> </ul>
<b>Sewer Service Availability</b>	A certificate of sewer availability to be required from the sewer utility; existing development to receive a letter stating their eligibility by phases.	4	
<b>Sewer Service Availability</b>	<b>Treatment Plant Capacity:</b> <ul style="list-style-type: none"> <li>Sewer Utility to track capacity that is available and promised</li> </ul>	4	
<b>Sewer Service Availability</b>	The county works to make the permit process more efficient (waiving the cost?), affordable and faster	4	
<b>Sewer Service Availability</b>	May allow pre-purchase of capacity based upon best interest of the utility	4	<ul style="list-style-type: none"> <li>The goal to get the connections used, you may want to specify who can pre-purchase. Might make it non-transferable or go with the property. Reduce the market for capricious behavior.</li> </ul>
<b>Sewer Service Availability</b>	Connection fees will be adjusted annually to reflect actual costs and/or interest on funds borrowed	4	

Summary Table of Sewer Advisory Group Recommendations

Topic	SAG Recommendation	Mtg. no.	Notes
Sewer System Extension	<p><b>To allow for planned orderly development and expansion of the system:</b></p> <ul style="list-style-type: none"> <li>• Anticipate that the sewer utility will expand the treatment facilities as necessary</li> <li>• Allow the ULID process for extending local facilities</li> <li>• Allow developer extensions so that property owners and/or developers can accelerate their own schedule when possible</li> <li>• Allow latecomers agreements to make sure that the developer extensions can be reimbursed by others connecting into the facilities</li> <li>• Ensure all customers pay their equitable share of the costs</li> </ul>	4	<ul style="list-style-type: none"> <li>• Explore building the system in its entirety now (discussed at multiple meetings and a number of SAG members thought it should be explored. In an informal poll 13 SAG members were favorable to this idea.).</li> <li>• Explore building more of the wastewater system than the initial phase.</li> <li>• Investigate if latecomer agreements could be extended to longer than 15 years. Note that a bill passed the 2009 legislature (HB 2146) to increase this from 15 to 20 years.</li> <li>• Linkage between who should be considered a latecomer and the individual that should receive the latecomer fees.</li> <li>• Conduct additional research on septic failure rates.</li> </ul>

**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](http://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](http://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.	

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

**Sewer Advisory Group  
August 11, 2009, 1:30 PM – 4:30 PM**

**Location: Spruce Room – WSU Extension**

**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 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 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. He reiterated that the presumption of the Advisory Group is that the wastewater system will be designed and built.

The Advisory Group reviewed the July 14, 2009 meeting summary. One SAG member noted that some of the statements made at the July meeting were accurate, but that further clarification was still necessary for him to better understand the policy issues. The Group agreed to cover some of those issues at today's meeting. No changes to the meeting summary were requested and it was approved by consensus.

**Updates**

Kevin Dour reported back on his discussions with the project hydrogeologist about how the U.S. Geological Survey (USGS) study. The hydrogeologist is aware of the work being conducted by USGS. The project findings and investigations conducted during the Facility Planning stage are preliminary (but are grounded in field work around the Port Hadlock/Irondale area). Future work conducted by the team's hydrogeologist will be coordinated with the work and findings of the ongoing USGS study.

Kevin Dour reported that a Request for Proposal (RFP) was issued for the membrane bioreactor (MBR) wastewater system design and the project team now is evaluating the three proposals received. The rationale for issuing the RFP early on in the design process was that MBR technologies differ enough as to impact how the wastewater treatment plant will be designed. Thus the RFP was issued now in order to appropriately design the treatment plant around the selected MBR technology.

Joel Peterson provided an update on the Western Washington Growth Management Hearings Board decision. He said that the parties to the June 2, 2009 hearing had expected a decision from the Hearings Board on July 17, but the County has not yet heard. Potential reasons for the delay could include the Board's busy schedule or because a second petition was submitted and the Board is taking additional care to make sure the first ruling is thorough and complete before addressing the second, relatively similar petition.

Questions/comments brought up during the update conversation included:

- In response to a question about how long the MBR contract would last, it was noted that the contract was good for 12-18 months and after a certain amount of time the contract could be modified.
- In response to a question regarding a potential new PUD #1 project, Kevin Dour said that the effluent of the wastewater system could theoretically be used for a reverse osmosis plant.
- In response to a question about whether it is necessary to develop an entirely new design for this wastewater system when other wastewater systems often use existing designs, Kevin Dour explained that for a plant size of one million gallons per day (the Port Hadlock system is expected to be this size at the end of the 20-year planning horizon), ready-made designs do not exist. Out of the box pre-designed systems usually process under 100,000 gallons per day.

Based on questions developed from the July meeting, Katy Isaksen addressed issues about recognizing the socio-economics of the Port Hadlock/Irondale area. She noted that the project team is seeking grants to reduce capital costs of the wastewater system. Following the July 14 SAG meeting Katy Isaksen spoke to ShoreBank Septic Loan Program Manager Terry Hull about the potential for a similar program to assist lower income households connect to the wastewater system. Mr. Hull noted that a loan program (to help out lower income households) for the wastewater system could be a great opportunity, but sees two challenges: (1) the current program prohibits connections to sewer systems, which would necessitate starting a new program separate from the existing septic program; and (2) new capital would need to be found. Mr. Hull explained that he was open to exploring new opportunities to help finance sewer connections for Port Hadlock residents.

Additionally Katy Isaksen reported out that:

- Joel Peterson had conducted research on how many properties within the service area receive property tax exemptions. In the Port Hadlock UGA, 109 households fall under this category.
- Currently funding opportunities on the federal level exist and Congressman Norm Dicks has included \$1 million grant funding for the Port Hadlock wastewater system in the current Department of Interior appropriations bill. The funding program is the State and Tribal Assistance Grant (STAG) program that the County applied for earlier this year.
- Based on the questions asked at the July 14 SAG meeting, other wastewater system examples were researched by the project team (Port Orchard, Belfair, and Carnation) to help provide more context for SAG members.
- Rate discount policies would be discussed at the September SAG meeting.

**Presentation, Discussion, and Recommendations on Policies/Ordinances**

Katy Isaksen reviewed the policies and ordinance issues that the SAG will be considering and making recommendations during the four-meeting process:

<b>Policy and ordinance issue</b>	<b>SAG Meeting schedule</b>
Connections to system	SAG Meetings #1 & 2
System management	SAG Meeting #2
Cost allocation	SAG Meeting #2
Sewer availability	Future SAG Meetings
Extension of system	Future SAG Meetings
Rate structure	Future SAG Meetings
Ancillary services/requirements	Future SAG Meetings

She then transitioned into the presentation and asked SAG members for advice on policies and ordinances. Four questions for the SAG to consider at the August 11 meeting included:

1. When is connection required? – Existing buildings

2. Side sewer policy – Where does public/private responsibility change?
3. System management – Should the County operate in-house or contract for services?
4. Cost allocation – General, local and private on-site costs; also connection charge vs. Utility Local Improvement Districts (ULID)

### **Connections to system**

Katy Isaksen then reviewed the content for SAG members to consider regarding “connections to system” (Please see the meeting PowerPoint presentation for a complete outline of her presentation, available at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm)). The central question that this policy sought to ask was “*how much time would businesses or households have to hookup for sewer service once the wastewater system has expanded to their area?*” Additionally, she outlined some factors to consider including considering the planned expansion/phasing of the wastewater system (in accordance with the Facility Plan), the funding requirements (what the granting or low interest loan agencies would require to ensure a successful and financially sound utility to make the best use of grants and be able to repay the amounts borrowed), and how to maintain utility financial stability while keeping the costs to customers low.

In other words, a significant amount of money will be borrowed, in addition to the grants received, and this debt will be repaid by new customers connecting to the sewer. If only a few connections are made, there will not be the revenue to the sewer utility to meet the debt payments. In addition, the operations and maintenance costs for the system will be paid by those connected to the sewer. More connections will help keep the cost per customer as low as possible.

### *Comments, questions dialogue, and responses on the policy discussion about “connections to system”*

- The project team explained that there could be variances between commercial and residential costs. SAG members discussed and compared the costs of hooking up to a wastewater system and building a septic system leachfield.
- The project team explained that the financing plan presented in the Facility Plan (including the cash flow analysis) has been designed so that costs would be spread evenly between the early wastewater system users and those signing up at a later date. However there will need to be a “cost of money” factor applied to ensure that the later users do indeed pay their share of the common/shared costs.
- The project team explained that the public health department will likely require an immediate connection upon failure of the septic system if located in an area where sewer service is available.
- One SAG member suggested that Jefferson County might want to take the lead on financing issues in order to spread the costs over the whole county (since the entire county will benefit from the wastewater system).
- The project team explained that because no established customer base exists at the outset of wastewater system design and construction, selling revenue bonds for funding the project is not possible. Using a utility local improvement district (ULID) method for funding the local collection system allows for the design, construction, and expansion of the wastewater system in phases and would be repaid by the specific properties benefited. General obligation bonds are always an option for the county to sell for financing the wastewater system but grants and low-interest loans typically are less costly.
- One SAG member noted that the level of funding available to help pay for connections would be an important factor to consider when evaluating whether to require an immediate system connection versus having the chance to connect at a later date.
- The project team explained that if a septic system were to fail prior to wastewater system service being available, there may be options to expand the system earlier if neighbors were willing to pursue a ULID option together, or if a nearby developer wanted to finance an expansion in order to connect earlier.

- One SAG member suggested that some variances should be built into any policy for connections to the system.

#### *Connection to System Recommendations*

Katy Isaksen then presented a set of potential recommendations (see the August 11 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

#### **Side Sewer Policy**

The SAG then considered the question of where along the side sewer pipeline the public/private responsibility would change. Kevin Dour outlined that two alternatives exist for where the responsibilities should end and begin: (1) at the property line or at right-of-way; or (2) at the sewer main. The SAG discussed some of the issues concerning where the sewer pipeline would be located (typically they are placed in the center of the roadways), stubs placement, and new sewer placement issues. In addition to the presentation provided by the consultant team, SAG member dialogue and discussion included:

- One SAG member noted that the questions would be influenced by right of way issues.
- A SAG member asked about what other entities (e.g., the Jefferson County Public Works Department and the Washington Department of Transportation) should be informed about this new utility that will be impacting the streets?
- One SAG member said that for initial installation, the sewer side policy should be up to the right of way.
- In response to concerns about how long households would have before needing to replace their side sewers, Kevin Dour noted that the assumed design life of side sewers is around 40 years (although they have been known to last longer in many instances).
- In response to a SAG member question about whether or not to place the sewer in the center of the roadway, it was noted that an alternative to locating the sewer down the center of the existing street is to put the sewer along one side of the street. This is an issue that would be addressed in the construction standards which would be developed by the new sewer utility. In general, locating sewers in the center of the roadway is a typical construction standard.

#### *Side Sewer Policy Recommendations*

A set of potential recommendations were presented to SAG members (see the August 11 SAG meeting PowerPoint presentation, available on the Port Hadlock Wastewater System website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

#### **System management**

Katy Isaksen then reviewed the content for SAG members to consider regarding management of the new wastewater system – specifically, should the County carry out all operations (treatment plant, pump stations, collection lines) and billings in house, contract separately for operations or billing, or contract the wastewater system services out to other public or private entities? She outlined several factors, which can be reviewed in the August 11 PowerPoint presentation at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm). In addition to the presentation notes, dialogue and discussion included:

- One SAG member discussed the importance of hiring a local business in Jefferson County for the contracting services.
- A SAG member noted that while keeping business in the County was important, so was cost effectiveness. He noted that if an outside contractor could make operating costs \$10 a month

cheaper than this would benefit rate payers and may be preferable, even if the cheaper company was located outside of Jefferson County.

- One SAG member suggested that the PUD could be a good manager for the wastewater system.
- A SAG member noted that coordination of both utilities' water and sewer with the PUD could be beneficial for the area's utilities management.
- In response to a question about whether system management would be put out to bid (if contracting services were used), it was noted that this would be done to encourage competition.

#### *System Management Policy Recommendations*

A set of potential recommendations were presented (see the August 11 SAG meeting PowerPoint presentation, available on the Port Hadlock Wastewater System website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

#### **Cost Allocation**

Katy Isaksen mentioned that having the utility being successful and equitable to its users was the goal and also a challenge for project financing. She described costs associated with constructing a sewer system as fitting into three major categories:

- Common and Shared – Those costs which all users share the use and benefit (e.g.) the treatment plant, main pump station, and oversized collection lines.
- Local Costs – Those cost which a local group share the use and benefit (e.g.) local collection lines and pump stations within a neighborhood.
- Private On-Site – Those cost which the private property owner has the sole use and benefit (e.g.) the side sewer connection on private property, a grinder pump system (may be required for some properties along the beach).

The discussion slides outlining the differences between these cost categories can be reviewed in the August 11 meeting PowerPoint presentation at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm).

#### *Comments, questions dialogue, and responses on the policy discussion about “cost allocation”*

- In response to one SAG member's question about when a grinder pump would be needed for the system, Kevin Dour noted that such a pump would be needed in a few locations along Port Townsend Bay.
- A SAG member wondered if Jefferson County intended to borrow the money for the cost of the entire sewer system and later charge UGA residents to pay the loan back. The consultant team explained that the system would be developed and financed in phases such that the system would expand, and the County would seek grants, low interest loans, and/or bonds to finance the expansion. The users would be charged their share to repay the amount borrowed in accordance with the cost allocation policies.
- The consultant team noted that the wastewater system would be built in phases to account for the area's expected growth.
- One SAG member noted the importance of having an equitability component in the project.
- A SAG member inquired how this type of project could affect the expansion of low-income housing. They expressed a concern that some housing could be removed because of the costs required for the hookup and additional monthly fees.
- One SAG member asked if the total number of existing units accounted for in the funding analysis only incorporated existing housing stock or it took into account future housing growth. The project team explained that the funding analysis accounted for future growth of new equivalent units in accordance with the County's Comprehensive Plan.

### *Cost Allocation Policy Recommendations*

A set of potential recommendations were presented to SAG members (see the August 11 SAG meeting PowerPoint presentation, available on the Port Hadlock Wastewater System website). For the tentative recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

### **Technical Discussion**

Kevin Dour then presented an update on technical issues concerning the wastewater system design and the site evaluation process. He explained that the candidate parcels were identified and the project team had conducted field visits. Through the course of the site evaluation, the project team noticed the potential opportunity to eliminate or reduce the need of an influent pump station (which could lessen the overall capital, as well as operations and maintenance, costs), by instead relying on gravity flow for the treatment plant. Kevin Dour cautioned that this finding would have to be confirmed through future evaluations, but that it was an exciting piece of news. Next steps for project team included formulating a recommendation for how to move forward with site selection.

In addition to the MBR technology bidding process, Kevin Dour noted that additional design considerations will focus on the appearance of the facility and mitigation issues. He explained that the project team intends to design the wastewater system to be an amenity for the community.

Kevin Dour said that the project team is examining different strategies and options for acquiring grant and/or low interest loans to finance the design and construction phases. He outlined the team's current anticipated schedule for applying for funding from targeted funding programs and when those funds might be received if successful. He mentioned that at the construction phase, additional potential funding from programs such as the Public Works Trust Fund, the Department of Ecology and the US Dept. of Agriculture-Rural Development should be available. The project team is continuing to explore and identify new funding opportunities, particularly opportunities to aide low-income residents. In response to a question about what data exists about the number of low-income households, it was noted that considerable data does exist and the project team has incorporated that data into its evaluation of available programs as the team continues to seek additional project funding sources.

### **Wrap Up & Next Steps**

Bob Wheeler noted the dates for the two remaining SAG meetings:

- Wednesday, September 9 (Jefferson County Library)
- Tuesday, October 6 (Spruce Room – WSU Extension Offices)

He then mentioned next steps for the September 9 meeting, including discussing additional policy issues and reporting back to the SAG on future updates.

### **Adjourn**

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

**Attachment 1: Meeting Participants**

SAG Members

Name	Organization
Steve Brown	Chimacum School District
Larry Crockett	Port of Port Townsend
Ken Clow	City of Port Townsend
Crystal Hudson	Inn at Port Hadlock
Bill Mahler	Northwest School of Wooden Boatbuilding
Ken McMillan	Jefferson PUD #1
Bill Miller	Jefferson County Planning Commission
Jim Parker	Jefferson County PUD #1
Jody Reuther	Inn at Port Hadlock
Hank Rogers	Citizen
Chuck Russell	Valley Tavern
Ray Serebrin	Jefferson County Library
Shelby Smith	EDC Team Jefferson
deForest Walker	Olympic Community Action Programs (OlyCAP)

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

**Attachment 2: A Tracking and Summary of SAG Recommendations**

Topic	SAG Recommendation	Mtg. no.	Notes
Simple vs. Complex Rates	A balance between simple and complex, with a lean toward simple sounds appropriate	1	This is an initial decision pending further consideration of policies.
Simple vs. Complex Rates	It is reasonable to base rates on water usage	1	
Simple vs. Complex Rates	Potentially develop 4-5 categories of rates for households and commercial users	1	
Simple vs. Complex Rates	Predictable rates are preferable.	1	
General	To carefully consider unintended consequences to the extent possible as they evaluate policies and make recommendations.	1	
Connection to System	New development/major modification <ul style="list-style-type: none"> <li>• As set by development regulations (connect when sewer phase is available, within 200 feet, or may install an interim on-site system and sign a no-protest agreement for potential local improvement districts that may be formed in the future.)</li> </ul>	2	
Connection to System	Interim on-site systems <ul style="list-style-type: none"> <li>• As set by development regulations (connect within 1 year of availability)</li> </ul>	2	
Connection to System	Failed septic <ul style="list-style-type: none"> <li>• As set by public health (connect when sewer is available)</li> </ul>	2	Should consider enforcement issues.

Connection to System	<p>Existing Buildings</p> <ul style="list-style-type: none"> <li>• Within [60] days of notice</li> <li>• County should seek financial assistance/programs for low-moderate income residents</li> </ul>	2	<ul style="list-style-type: none"> <li>•How to build incentives for people to want to connect earlier.</li> <li>•There should be a relationship to the cost and complexity to the time required to connect.</li> <li>•For existing buildings: Given that the buildout will occur over a number of years, a communications element should be implemented to give property owners advanced notice. This will avoid the first communication with property owners being only 30 days before the connection requirement. Working with individuals to give them advanced notice will be important. This could include education, finance options, etc. There needs to be some ability or option for the resident to be proactive. This will reduce the issue and may lessen the potential hardship of a 30 or 60 day notice.</li> <li>•The number of days notice requirement should be a function of how long it takes someone to get a loan. 60 days should be appropriate.</li> <li>•Concern about 60 days being okay for financing issues.</li> <li>•Make some provisions in the policy to incorporate variances – and some flexibility – into the system (possibly for extreme hardship cases or special circumstances).</li> </ul>
Side Sewer	<p>Responsibility should change from public to private at the property line</p> <ul style="list-style-type: none"> <li>• Require sewer permit for connecting building sewer to public sewer</li> <li>• Considers ability of property owners to connect to stub at property line</li> <li>• Require a stub or tee for utility maintenance access at property line</li> <li>• Keep integrity of sewer mains and service stub outs within the County right-of-way the responsibility of the utility</li> <li>• County should consider licensing side sewer contractors</li> </ul>	2	<ul style="list-style-type: none"> <li>•Find out from Jefferson County Public Works as well as WSDOT what their policies/rules for side sewers work (cuts in the Right-of-Way) would be.</li> <li>•Explore if there an allowance for private prop owners to do their own work?</li> </ul>
System Management	County will <i>own</i> the system.	2	<ul style="list-style-type: none"> <li>•This is in accordance with the Facility Plan.</li> <li>•Should consider other options, such as the PUD owning the system.</li> </ul>
System Management	<p>Principles:</p> <ul style="list-style-type: none"> <li>• Seek to protect County and customer investment</li> <li>• Seek efficiencies and savings in the cost of operations and administration</li> </ul>		
System Management	Contract billing services	2	

System Management	System operation and maintenance (contract or in-house)	2	County should consider contracting for services based upon best available price Consideration should be given to contractors who are resident (or their key employee's reside) within Jefferson County
Cost Allocation	<b>General costs</b> include those facilities serving the general system and benefits all customers: treatment and recharge system, influent pump station with force main, mainline sewer pipes greater than 8"	2	<ul style="list-style-type: none"> <li>• Make sure that those who pay at the start are not paying a higher cost than users connecting on to the system later.</li> <li>• The cost allocation system needs to be fair – concern about threatening low income housing starts.</li> </ul>
Cost Allocation	<b>Local costs</b> include those facilities serving and benefiting a local area: 8" collection pipe, local pump stations	2	<ul style="list-style-type: none"> <li>• 8" sewer pipes are the minimum size allowed according to DOE standards.</li> </ul>
Cost Allocation	<b>Private on-site costs</b> include those facilities serving and benefiting individual properties to be paid by private property owners	2	<ul style="list-style-type: none"> <li>• Low income issues need to be considered.</li> <li>• Seek opportunities to lessen the burden of on-site and connection costs to low income residents.</li> </ul>

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

**Sewer Advisory Group  
September 9, 2009, 1:30 PM – 4:30 PM**

**Location: Jefferson County Library, Humphrey 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 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 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 August 11, 2009 meeting summary. One SAG member asked to change the word "equity" to "equitability" on page 5 of the summary. The Group discussed whether wastewater system ownership should exist with the County and operations and management should go to the PUD. An addition to Attachment 2, "Tracking and Summary of SAG Recommendations," will be made to include a recommendation to designate the PUD as the billing agent. No additional changes to the meeting summary were requested and it was approved with the stated changes by consensus.

Bob Wheeler discussed Attachment 2 (see below) "Tracking and Summary Table of SAG 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.

**Updates**

Joel Peterson updated the Advisory Group on the Western Washington Growth Management Hearings Board decision noting that the general sewer facility plan was found compliant. One remaining element left to address relates to implementing urban development standards in the growth area and the need to identify interim rural zoning and interim rural development standards. Jefferson County is on a schedule to make the required changes to its code and to report back to the Board by mid-November. The Jefferson County Planning Commission will conduct a review on September 16. Additionally, Joel mentioned that a second appeal was filed with the Western Washington Growth Hearings Board. Both the appellants and the County agreed with the Hearings Board to put this latest petition on hold until the resolution of the first appeal.

Katy Isaksen noted that the U.S. Department of Agriculture (USDA) approved a \$25,000 Rural Development Predevelopment Grant. She explained that this grant is significant for project funding for three reasons: (1) Representative Norm Dicks sent a letter to the undersecretary of USDA endorsing the project; (2) USDA Rural Development Program funding sources has been identified by the project team as a target program for wastewater system construction; and (3) USDA is reluctant to select projects and then let them fail. Thus USDA should have an interest in continuing to fund the wastewater system to ensure its successful completion.

**Presentation, Discussion, and Recommendations on Policies/Ordinances**

Katy Isaksen provided an explanation of the financing and cash flow proposal presented in the Facility Plan for the wastewater system. She noted that the estimated rolled up connection cost per equivalent residential unit (ERU) was \$20,900 and explained that if the project team is successful in acquiring up to 45% grants for residential connections that the average cost per hookup would drop to about \$14,000 per ERU. Finding other sources of low-cost financing would bring the capital costs down as well. In addition, an estimated monthly rate of \$60 per ERU will be necessary to fund the operations and management costs.

The Advisory Group discussed operations, maintenance, billing, and administration. SAG members talked about the Jefferson County planning figures for baseline population and population projections for the future growth rates. These figures provided a projection of current and future residents that would tie into the wastewater system design. Discussion included potential scenarios if certain areas, or residents, of the UGA did not ultimately tie-into the system.

Katy Isaksen reviewed the policies and ordinance issues that the SAG will be considering and making recommendations during the four-meeting process:

<b>Policy and ordinance issue</b>	<b>SAG Meeting schedule</b>
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. Four questions for SAG members were asked to consider at the September 9 meeting included:

1. Capital Cost Recovery Methods - Local Improvement Districts (LID/ULID)
2. Monthly rates – how to structure the rates?
3. Monthly rates – what discounts to allow?
4. Mobile tank/Septage/RV Disposal

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

**Capital Cost Recovery & Utility Local Improvement District (ULID)**

Katy Isaksen reviewed the methods of recovering capital costs 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](http://www.porthadlocksewer.org/Advisory_Group.htm)). These included connection charges (property owner pays upon connection to the system), Utility Local Improvement District (ULID) assessments (costs spread among property owners and financed over 10-20 years), or repaying the borrowed construction funding through monthly rates. Repaying debt through monthly rates does not work well with a new system and this option is not recommended at the beginning. The financing plan focuses on the two options connection charges and ULID assessments.

She noted, as recommended in the Facility Plan, that by using a ULID to fund local collection system costs, Jefferson County would borrow money to construct portions of the local collection system by selling ULID bonds. Each of the properties in the UGA that would be part of a specific ULID would be assessed their fair-share of the bond repayment. This would be repaid through an annual assessment on their property over a 20-year period. The ULID is unique for financing because it allows the property owner to pay for the assessment over time without having to go out and obtain their own financing (such as a home equity loan) Her presentation sought to explain to Advisory Group members the rationale for using ULIDs, their benefit as a tool for the County to use so that it can borrow money to fund the system, the benefits of distributing the costs of the system over a longer period of time (20 years), and the benefits of ULIDs to provide another vehicle for wastewater system customers to finance their local capital costs.

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

- In response to one SAG member question, the project team explained that using a municipal general obligation bond for funding is typically a more costly method of financing available to the County than grants and low-interest loans. If the project cannot acquire low-interest loans, then bonds would be the next option. It was noted that in the initial start-up phase of the project, it would be difficult to issue revenue bonds because of the small customer base that would be required to carry a large amount of bond debt.
- One SAG member wondered how the wastewater system could be paid for without having the entire UGA connected immediately. Katy Isaksen noted that a cash flow analysis was previously completed in the Facility Plan, which evaluated the planned phasing scenario. She also explained that the estimated \$20,900 cost for a new connection was the resulting figure of the analysis that assumed the project's total planned costs divided by the project's total planned connections.
- The project team noted that the boundaries of the ULIDs are not set at this time, but that they will be determined during the current predesign phase, at least for the earlier ULIDs. Future ULID's would be formed based upon needs of the community and the planned implementation of the Facility Plan.
- A SAG member inquired how Jefferson County would handle enforcement issues regarding residents hooking up to the wastewater system. Bob Wheeler referred to SAG recommendations and considerations concerning "connections to system" that were discussed at the second SAG meeting (see attachment 2 for a table of the recommendations).
- SAG members discussed how ULIDs could be approved or rejected by the public.
- Some SAG members noted they liked the ULID financing method because it would provide more funding options for residents.
- SAG members discussed talking with U.S. senators to acquire federal funding for this project. It was noted that Representative Dicks was taking the lead on federal funding for the wastewater system instead of the state's U.S. senators. And in fact, that Representative Dicks has placed the project on the Interior Bill for \$1Million grant. The grant will not be finalized until passage of the Bill that will be going through the federal process this fall. It was also noted that the County had been in contact with both Washington Senators and State legislators.
- A SAG member commented that maybe the whole system should be built right up front and funded with a large ULID.
- One SAG member expressed concern that this is a County-driven process, which is saving open space throughout the county at the expense of Port Hadlock UGA residents. The member said that the entire County should pay for some portion of the project because the entire County will benefit from it.
- The project team clarified that for private on-site facilities, public funds cannot be gifted to private property, but low-interest loans may be offered through a potential loan program that could be funded through a grant.
  - In response to the assertion that public money cannot be gifted to benefit private property; a SAG member noted that often the federal government does provide financial

support to individual homeowners on projects, such as weatherization. A point of clarification is that state money is different than federal money and cannot be gifted for on-site improvements.

- One SAG member discussed ways to support non-profit entities that help low-income housing in the community.

#### *Capital Cost Recovery (ULID) Recommendations*

Katy Isaksen then presented a set of potential recommendations (see the September 9 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

#### **Monthly Rate Structure**

Katy Isaksen then reviewed the content for SAG members to consider regarding monthly rate structures (Please see the meeting PowerPoint presentation for a complete outline of her presentation, available at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm)). In posing the question to the Advisory Group of how to structure monthly rates, Katy provided several alternatives (e.g., rates by ERU, flat rates, base rates, rates by volume, average winter water use rates, two tiered rates, along with differences between commercial and residential, and multifamily as residential OR commercial) and factors to consider when evaluating the alternatives (administrative costs; equity; rate predictability vs. variability). Comments, questions dialogue, and responses from the discussion included:

- In response to questions about whether or not the rate structure should be based on the strength of the waste, the project team explained that waste strength was typically associated with commercial entities like grocery stores, breweries, and other similar entities. Wastes, including milk and blood (such as from the dairy and meat departments in a grocery store), require more treatment capacity at a treatment plant than a more standard waste stream from a residential connection. To account for this difference, a strength surcharge could be added in addition to the volume of wastewater produced for certain commercial customers. Additionally, waste strength can be categorized and sub-categorized to help provide a consistent rate structure based on the type of business (and the typical strength of the activity's waste) in question.
- In response to a question about how schools are classified, it was noted that for some jurisdictions schools are simply classified as commercial and other small jurisdictions calculate according to ERU. It was also noted that schools with or without food preparation facilities could be classified differently for waste strength.
- The Group discussed using a 3-tiered system for residential. Analyzing water usage was seen as important. Some members commented that a 2 or 3 tier rate structure might be best to help reward conservation.
- A suggestion was made to complete an investigation on the water records for existing accounts in the area to determine whether variations in usage amongst customer groups would result in a suitable application of a tiered rate structure. This could change over time as more residential connections were made.
- In response to a question about whether government buildings received discounts it was noted, that for water in Port Townsend, governments are actually charged more to offset the fact that governments do not pay property taxes even though they receive the same services that residential and commercial buildings do.

#### *Monthly Rate Structure Recommendations*

Katy Isaksen then presented a set of potential recommendations (see the September 9 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

### **Multifamily Rates**

In addition to the monthly rate discussion, Katy Isaksen presented a table of potential multifamily recommendations for SAG members to consider regarding multifamily rates. Comments, questions dialogue, and responses from the discussion included:

- SAG members discussed how rate discounts could be passed on from landlords to low income and senior citizen residents. A number of concerns regarding ensuring that the discounts offered were being received by those intended (tenant vs. property owner) and enforcement were raised.
- The project team noted that giving mobile home parks commercial rates could actually amount to less than the one ERU per single-family residential home proposed for the residential rate structure.

#### *Multifamily Rate Recommendations*

Katy Isaksen then presented a set of potential recommendations (see the September 9 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

### **Monthly Rate Discounts**

Katy Isaksen then reviewed the content for SAG members to consider regarding monthly rate discounts (Please see the meeting PowerPoint presentation for a complete outline of her presentation, available at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm)). She posed the question of who should be offered discounts to monthly rates and then laid out several alternatives and considerations for SAG members to evaluate. Comments, questions dialogue, and responses from the discussion included:

- Joel Peterson noted that he had explored financial assistance programs in the context of telephone services. He explained that a financial assistance program may be able to be recreated for a wastewater system, as well.
- A concern was voiced regarding equity and who would benefit (particularly landlords who offered substandard housing) with rate discounts.

#### *Monthly Rate Discount Recommendations*

Katy Isaksen then presented a set of potential recommendations (see the September 9 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

### **Mobile Tank Disposal/Septage Disposal/RV Disposal**

Kevin Dour then reviewed the presentation regarding whether or not the system should accept mobile tank disposal/septage/RV disposal (Please see the meeting PowerPoint presentation for a complete outline of the presentation, available at [www.porthadlocksewer.org/Advisory\\_Group.htm](http://www.porthadlocksewer.org/Advisory_Group.htm)). The question that Advisory Group members considered was the advantages and disadvantages of whether or not the wastewater treatment system should be designed to allow for mobile tank disposal/septage disposal/RV disposal. Comments, questions dialogue, and responses from the discussion included:

- One SAG member noted that some individuals now transport their RV waste to Port Townsend.
- SAG members discussed the efficacy of onsite sampling devices to ensure that unwanted or illicit substances did not enter the wastewater system. It was noted that it is possible to get some indication of the contents disposed, but not always everything.
- It was noted that disposing unwanted or illicit substances into the wastewater system from residential or commercial locations was relatively easy to track.
- The project team noted that this service could be seen as an economic development tool to promote tourism (i.e., easy RV disposal for visitors) and other economically beneficial activities.

*Mobile Tank Disposal/Septage Disposal/RV Disposal Recommendations*

SAG members were then presented a set of potential recommendations (see the September 9 SAG meeting PowerPoint presentation available on the Port Hadlock website). For the recommendations and considerations that were examined and tentatively approved by SAG members, please see Attachment 2 of this meeting summary.

**Technical Update**

Kevin Dour updated SAG members that the project team is moving forward on progress in evaluating site characteristics. In addition to the project team activities, Jefferson County is determining a course of action for discussion/negotiation with property owners.

Kevin Dour then gave an update on the MBR equipment bidding process that he reported on at the August meeting. He explained that the project team had evaluated all three of the membrane bioreactor (MBR) technology proposals submitted and told SAG members that he was hoping by the end of the week to make a recommendation on which MBR technology the County should choose. He said that the project team looked at lifecycle costs, the number of treatment plants using the proposer’s technology across the U.S., as well as local installations, and the financial stability of the proposer’s company in the evaluation process.

- One SAG member asked about alternative technologies beyond the MBR process, such as hypochlorite and ultraviolet disinfection. Kevin Dour said the project team planned to consider ultraviolet disinfection because of recent discussions and guidance from the State Department of Health to explore using this as a disinfection technology.

**Wrap Up & Next Steps**

Bob Wheeler noted the date and location for the final SAG meeting:

- Tuesday, October 6 (Spruce Room – WSU Extension Offices)

He then mentioned next steps for the October 6 meeting, including discussing additional policy issues and reporting back to the SAG on future updates.

**Adjourn**

Bob Wheeler thanked SAG members for their input and adjourned the meeting at 4:45 p.m.

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

SAG Members

Name	Organization
Steve Brown	Chimacum Schools
Ken Clow	City of Port Townsend
Larry Crockett	Port of Port Townsend
Craig Durgan	Citizen
John Keegan	Citizen
Mike Langley	NOSC
Bill Mahler	Northwest School of Wooden Boatbuilding
Ken McMillan	Jefferson Count PUD #1
Bill Miller	Jefferson County Planning Commission
Mike Regan	ICAN
Dana Roberts	Jefferson County PUD #1

Hank Rogers	Citizen
Chuck Russell	Valley Tavern
Ray Serebrin	Jefferson County Library
deForest Walker	Olympic Community Action Programs (OlyCAP)
Joni Williams	Citizen

County Staff and Consultants

Name	Organization
Frank Gifford	Jefferson County Public Works
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

**Attachment 2: Tracking and Summary Table of SAG Recommendations**

<b>Topic</b>	<b>SAG Recommendation</b>	<b>Mtg. no.</b>	<b>Notes</b>
Simple vs. Complex Rates	A balance between simple and complex, with a lean toward simple sounds appropriate	1	This is an initial decision pending further consideration of policies.
Simple vs. Complex Rates	It is reasonable to base rates on water usage	1	
Simple vs. Complex Rates	Potentially develop 4-5 categories of rates for households and commercial users	1	
Simple vs. Complex Rates	Predictable rates are preferable.	1	
General	To carefully consider unintended consequences to the extent possible as they evaluate policies and make recommendations.	1	
Connection to System	For New development/major modification <ul style="list-style-type: none"> <li>• Connection required as set by development regulations (connect when sewer phase is available, within 200 feet, or may install an interim on-site system and sign a no-protest agreement for potential local improvement districts that may be formed in the future.)</li> </ul>	2	
Connection to System	For Interim on-site systems <ul style="list-style-type: none"> <li>• Connection required as set by development regulations (connect within 1 year of availability)</li> </ul>	2	
Connection to System	For Failed septic systems <ul style="list-style-type: none"> <li>• Connection required as set by public health (connect when sewer is available)</li> </ul>	2	Should consider enforcement issues.

<p>Connection to System</p>	<p>For Existing Buildings</p> <ul style="list-style-type: none"> <li>• Connection required within [60] days of notice of sewer availability</li> <li>• County should seek financial assistance/programs for low-moderate income residents</li> </ul>	<p>2</p>	<ul style="list-style-type: none"> <li>•Build in incentives for people to connect earlier.</li> <li>•There should be a relationship to the cost and complexity to the time required to connect.</li> <li>•For existing buildings: Given that the buildout will occur over a number of years, a communications element should be implemented to give property owners advanced notice. This will avoid the first communication with property owners being only 30 days before the connection requirement. Working with individuals to give them advanced notice will be important. This could include education, finance options, etc. There needs to be some ability or option for the resident to be proactive. This will reduce the issue and may lessen the potential hardship of a 30 or 60 day notice.</li> <li>•The number of days notice requirement should be a function of how long it takes someone to get a loan. 60 days should be appropriate.</li> <li>•Concern about 60 days being okay for financing issues.</li> <li>•Make some provisions in the policy to incorporate variances – and some flexibility – into the system (possibly for extreme hardship cases or special circumstances).</li> </ul>
<p>Side Sewer</p>	<p>Responsibility should change from public to private at the property line</p> <ul style="list-style-type: none"> <li>• Require sewer permit for connecting building sewer to public sewer</li> <li>• Considers ability of property owners to connect to stub at property line</li> <li>• Require a stub or tee for utility maintenance access at property line</li> <li>• Keep integrity of sewer mains and service stub outs within the County right-of-way the responsibility of the utility</li> <li>• County should consider licensing side sewer contractors</li> </ul>	<p>2</p>	<ul style="list-style-type: none"> <li>•Find out from Jefferson County Public Works as well as WSDOT what their policies/rules for side sewers work (cuts in the Right-of-Way) would be.</li> <li>•Explore if there an allowance for private prop owners to do their own work?</li> </ul>
<p>System Management</p>	<p>County will <i>own</i> the system.</p>	<p>2</p>	<ul style="list-style-type: none"> <li>•This is in accordance with the Facility Plan.</li> <li>•Consider other options, such as the PUD owning the system.</li> </ul>
<p>System Management</p>	<p>Principles:</p> <ul style="list-style-type: none"> <li>• Seek to protect County and customer investment</li> <li>• Seek efficiencies and savings in the cost of operations and administration</li> </ul>		

System Management	Contract billing services using the Jefferson County PUD #1 as the billing contractor should be a preferred approach	2	The PUD is the water provider and source of billing data, they already bill the water customers, and are local in the community
System Management	System operation and maintenance (contract or in-house)	2	County should consider contracting for services based upon best available price Consideration should be given to contractors who are resident (or their key employee's reside) within Jefferson County
Cost Allocation	<b>General costs</b> include those facilities serving the general system and benefits all customers: treatment and recharge system, influent pump station with force main, mainline sewer pipes greater than 8"	2	<ul style="list-style-type: none"> <li>• Make sure that those who pay at the start are not paying a higher cost than users connecting on to the system later.</li> <li>• The cost allocation system needs to be fair – concern about threatening low income housing starts.</li> </ul>
Cost Allocation	<b>Local costs</b> include those facilities serving and benefiting a local area: 8" collection pipe, local pump stations	2	<ul style="list-style-type: none"> <li>• 8" sewer pipes are the minimum size allowed according to DOE standards.</li> </ul>
Cost Allocation	<b>Private on-site costs</b> include those facilities serving and benefiting individual properties to be paid by private property owners	2	<ul style="list-style-type: none"> <li>• Low income issues need to be considered.</li> <li>• Seek opportunities to lessen the burden of on-site and connection costs to low income residents.</li> </ul>
Capital Cost Recovery	<p><b>For capital costs that do not receive grant funding:</b></p> <ul style="list-style-type: none"> <li>• <b>General Facilities</b> to be paid by connection fee</li> <li>• <b>Local Facilities</b> to be paid by connection fees <u>OR</u> by Utility Local Improvement District (ULID) assessment</li> <li>• <b>Private On-Site Facilities</b> to be funded by property owners</li> </ul>	3	<ul style="list-style-type: none"> <li>• Build the entire system at once might make sense.</li> <li>• Maximize efforts to acquire grants to fund the wastewater system.</li> <li>• If built over time, more septic systems will need to be replaced.</li> <li>• Look at low-cost financing opportunities for private on site facilities and how to deal with non profit &amp; low-income residents.</li> </ul>
Capital Cost Recovery	County should seek methods of increasing the ability of customers to finance their share	3	
Capital Cost Recovery	SAG recommends making ULID available as a financing method	3	<ul style="list-style-type: none"> <li>• ULID provides an additional method to finance costs, so this is recommended.</li> <li>• Consider constructing the entire system at once and funding it using a large ULID.</li> </ul>
Monthly Rate Structure	• Keep balance between simple administration and equity to customer classes	3	
Monthly Rate Structure	Make sure the rate structure works on the billing system	3	<ul style="list-style-type: none"> <li>• If the PUD or any other entity is the billing contractor, work with that entity to make sure whatever monthly rate structure is used works with any existing billing system in use, for instance for the water system billing.</li> </ul>

Monthly Rate Structure	Residential – Use a flat <u>OR</u> two-tier system, and consider a three-tiered system if there is a wide variation in water use within a customer class.	3	<ul style="list-style-type: none"> <li>•What do the water records show? If there a wide volume of flow – may want to go to 3-tier system.</li> <li>•When there is an incentive folks will use less water</li> </ul>
Monthly Rate Structure	Commercial – – increase by volume/ERU – simple increase by user class waste strength – minimum of 1 ERU	3	<ul style="list-style-type: none"> <li>•Non profit perspective – not necessarily commercial</li> <li>•The school – look at by volume and not strength (no cooking onsite)</li> <li>•Recognize Pharmaceuticals and Personal Care Products (PPCPs) and their impact on water quality.</li> </ul>
Multifamily Rates	Single family home – Residential Duplex – Residential Mobile home not in designated park – residential Townhome, condo – residential Accessory Dwelling Units – with main residence Apartment building (3+ units) – commercial Mobil home park – commercial Hotel/motel – commercial Institutional (school/church) – commercial Mixed use residential & commercial – commercial or mixed depending on how meters are set up.	3	<ul style="list-style-type: none"> <li>•Allow for some flexibility on mixed use residential &amp; commercial. Should be based on how meters are set up, which would allow for two different options or categories to choose from.</li> </ul>
Monthly rate discounts	The County should: <ul style="list-style-type: none"> <li>▪ Consider offering monthly rate discounts to low-income seniors, low-income disabled that own their homes, and/or non-profit that rent to low income /disabled</li> <li>▪ Qualification should be coordinated with either the Assessor’s tax exemption program or the contract billing agency’s program (such as the PUD)</li> </ul>	3	<ul style="list-style-type: none"> <li>•In first bullet add “and/or non-profit that rent to low income /disabled”</li> <li>•Look at existing programs that offer discounts (phone, PSE, OlyCap, LIAP) as example programs.</li> <li>•For commercial accounts that rent to low income, are they not eligible for rate discounts?</li> </ul>
Mobile Tank Disposal/Septage Disposal/RV Disposal	<ul style="list-style-type: none"> <li>•The County should leave this option open during design.</li> <li>•Restrict sources: only from in-County, only septage, licensed haulers, RV’s?</li> </ul>	3	<ul style="list-style-type: none"> <li>• It is important to hear from Public Health about concerns on what might be discharged to the system.</li> <li>•Licensed haulers only.</li> <li>•Need to maintain due diligence on this issue, but keep as an option for now.</li> </ul>

**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](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:

<b>Policy and ordinance issue</b>	<b>SAG Meeting schedule</b>
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](http://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](http://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*

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. 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.”

#### **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