

Port Hadlock Wastewater System Community Meeting

Summary

May 29, 2019, 1:30 - 4:00pm, Chimacum Fire Station

| <i>Action Items</i> | <i>Persons Responsible</i> |
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| Provide meeting participants with information regarding the use of PIF money for wastewater system planning. | Monte Reinders |
| Inform interested parties of the date and location for the first Wastewater Working Group meeting. | Monte Reinders/Craig Durgan |

Welcome, Meeting Purpose, and Introductions

Thomas Christian, Triangle Associates, welcomed all to the meeting, reviewed the meeting agenda, and explained the purpose of the meeting:

- To provide the community of Port Hadlock with information regarding the recently completed Value Engineering/Feasibility Study for a scaled down initial wastewater system startup area;
- To discuss the formation of a community Working Group to explore with Jefferson County the willingness of community members to financially support such a system.

Craig Durgan, Port Hadlock community member and property owner within the Core area, explained the meeting was coordinated by members of the Port Hadlock community with support from Jefferson County Public Works Department. Craig briefly reviewed the background of the proposed Port Hadlock wastewater system. Jefferson County pursued the designation of an Urban Growth Area (UGA) in Port Hadlock/Irondale prior to 2005. Craig also explained why the community should support the development of a wastewater system and noted that without urban services, including a public sewer system, urban zoning allowing commercial development and multi-family housing is not allowed.

Monte Reinder, Jefferson County Public Works Director, highlighted recently installed wastewater systems in the small communities of Belfair, Carlsborg, and Port Gamble that serve as examples of what might and might not work in Port Hadlock. Monte noted Jefferson County wants to listen to the community and find out what property owners in the Core area of Port Hadlock would be willing to pay to construct, connect to, and maintain a wastewater system.

Thomas led the meeting participants in a round of introductions. Participants noted the following thematic concerns, interests, and questions regarding a proposed wastewater system.

Concern/Questions

- Cost to property owners
- How to calculate an Equivalent Residential Unit (ERU) for an apartment complex

Interests

- As an economic development opportunity
- As an opportunity to increase the density of the Core area
- Avoid the high cost of new septic systems, septic system maintenance and the challenges of septic systems for restaurant operation
- Urban zoning for the Port Hadlock Core area
- Support a viable future for the community
- Encourage new affordable housing opportunities

- Increase property values

Thomas also acknowledged Commissioner Kate Dean was on her way to the meeting from a different meeting and recognized County Administrator, Philip Morley.

Wastewater System Planning Background

Kevin Dour, TetraTech project manager, reviewed the planning history of the proposed Port Hadlock wastewater system.

- *2008 Facility Plan* included wastewater system connections for the Port Hadlock Core area, Alcohol Plant, and Rhody Drive area. The intent was to provide a wastewater system and capital facility plan to provide service availability to existing and future (planned) users within the UGA over a 20-year planning period, as required under the Growth Management Act (GMA).
- *2013 Design Estimate* included the Core Area and Rhody neighborhood, but not the Alcohol Plant. The Design Estimate was based on 100 percent design of the treatment facility using a Membrane Bioreactor (MBR) system and 10 percent design of a gravity collection system for the Core and Rhody Drive areas only.
- A gravity collection system has a higher initial construction cost relative to a pressurized collection system. However, a pressurized sewer has higher on-site costs per individual service connection than a gravity sewer service connection.
- Jefferson County has purchased property for a treatment facility, which has been approved for on-site infiltration.
- The designed system (*2013 Design Estimate*) has not been constructed because initial costs were high and grant sources could not be found to bring remaining costs down for the property owners.

2019 Wastewater System Value Engineering Review/Feasibility Study

Kevin explained that the purpose of the *2019 Value Engineering (VE) Review* was to perform a feasibility study of a more affordable wastewater system alternative with lower initial construction costs for Port Hadlock. The alternative reviewed included three key elements that have developed since completion of the 2008 Wastewater Facility Plan:

- Technology advancements which make implementation of a modular MBR system for initial flows more feasible than what was available in 2008.
- Changes in planning requirements relaxing restrictions on providing sewer service to all areas within the UGA within 20-years for the lowest life-cycle cost.
- Incorporate key VE elements to defer all non-essential elements such as the administration building and site improvements; these elements can be incorporated after the system is running and there is cash flow and users.

VE Alternative Key Elements

Kevin reviewed the VE Alternative and a handout showing the three system elements: the treatment system, the collection system, and on-site (private property) elements.

- The VE Alternative is focused only on the Core Area.
- To lower startup costs, start with one recently introduced Ovivo brand modular/skid mounted treatment unit instead of the treatment facility designed in 2013. No change to the rapid infiltration system.

- Use a pressurized collection system, which has a lower start-up cost but potentially higher overall 20-year lifecycle cost relative to a gravity collection system.
- Use of onsite grinder pumps at each property is necessary for a pressurized collection system.
- Future planned expansion to Rhody Drive and Irondale may be accommodated with additional modular treatment units to cover additional treatment capacity needs in the future.

Estimated Project Costs

Kevin explained the 2013 *Design Estimate* project cost was an estimated \$32 million to provide service to the Core Area only and the VE Alternative project cost is an estimated \$23 million. Kevin also noted the project cost is the total cost of constructing the system (including design, administration and construction management) while construction costs include only the cost of constructing/installing the system infrastructure (the contractor bid estimate).

Grinder Pumps

In response to a question from the audience, meeting participants discussed ownership of the on-site grinder pumps. Determining ownership and maintenance responsibility for the grinder pumps is a question that the Department of Ecology will weigh in on and the Working Group may discuss with the County. If the County is required to own and maintain the pumps, this would require an easement from the private property owners. It was noted that there are examples of wastewater systems where grinder pumps are owned by individual landowners and where grinder pumps are owned by a municipality, though typically grinder pumps are owned by a municipality in a system where all service connections (or a majority of them) are grinder pumps at startup. It was additionally pointed out that grant agencies might require public ownership and maintenance of the grinder pump systems as part of their grant requirements.

There was a question about monitoring the grinder pump systems and if it would be the same as existing monitoring requirements for on-site septic systems. Philip explained that the Jefferson County Health Department monitors private septic systems with a focus on water quality, which is a form of monitoring that would not apply to an individual grinder pump system for wastewater.

Community Access to the 2019 Value Engineering Review

Monte noted that the County and consultant team is working on final edits to the VE Review report and will make it available on the County's website. The County will also provide hard copies of the report upon request.

Financial Summary

Katy Isaksen, Katy Isaksen & Associates, reviewed the financial analysis for the VE Alternative and assumed funding strategies. Katy explained that grants will be critical to making the VE Alternative financially feasible. Total costs to property owners would include connection charges, Local Improvement District (LID) assessment, onsite costs, and ongoing operation and maintenance costs. Katy discussed possible funding strategies for different parts of the wastewater system as described below:

Pressurized Collection System Assumed Funding

- Finance through an LID assessment to property owners in LID
- Grants cover remaining costs

Treatment Elements Assumed Funding

- Seek grant funding
- County borrows money for initial financing
- Property owners pay their share with connection charges

- County uses connection fees to make debt payments from initial financing

On-site Elements/Grinder Pumps Assumed Funding

- Costs covered by property owners

Katy reviewed the estimated costs of the VE Alternative, including the estimated costs for each Equivalent Residential Unit (ERU), depending on the amount of money the County would receive in grants. The sewer VE report shows the estimated cost per ERU ranges from \$53,500 per ERU with no future grants (\$27,200/ERU treatment + \$13,700/ERU collection + \$12,600/ERU on-site) down to \$24,700 per ERU with \$13 million in future grants (\$4,700/ERU treatment + \$7,400/ERU collection + \$12,600/ERU on-site). In addition, operations and maintenance of the system would be paid in a monthly sewer bill estimated to be \$87.00 per ERU.

An ERU is a unit used in planning to equate wastewater generated by a household or commercial customer to system capacity and costs. It is an ‘average’ of household usage that is equal to 4,000 gallons/month for this study. The initial capacity of the modular treatment plant for the VE Alternative is 446 ERU’s while the February 2019 PUD water use data suggests a current need for 356 ERUs.

See the VE Review report for these and additional financial metrics.

Discussion Period

- In response to a question from the audience about the use Public Infrastructure Fund (PIF) money, Monte summarized how the PIF money has been used to support planning and early steps to secure a wastewater site for a wastewater system in Port Hadlock. The County sold bonds and used a Public Works Trust Fund loan from Washington State, which are both being repaid with PIF money, to purchase land for the treatment plant. Both Craig and Monte confirmed that other tax revenues have not been used for system planning and early steps.

Action Item: Monte will provide meeting participants with data on revenues and expenses regarding the use of PIF money for wastewater system planning.

- In response to a question about the maximum amount of grant money that could be garnered for a wastewater system, Katy explained that obtaining grants is a challenge and that there are not as many federal grants available as there once were. The VE Review assumed a maximum of \$13 million in grants that would be secured through efforts by the County and the public. Katy also explained that it is the norm for municipal wastewater systems to be paid for in part by the property owners and customers who benefit from the system.
- Some meeting participants suggested that public-private partnerships could be an option, but Katy explained that there would need to be a private entity interested in such an investment. The VE Alternative financial analysis assumes the County would pay for a wastewater system with traditional funding sources that include a combination of grants, loans, and financial support from system customers.
- Kevin explained contingency funds, listed in the Sewer VE report, are costs for specific details of the project that have yet to be engineered/determined. They are not ‘extra’ funds for cost overruns. Once the final design of a project is complete, the contingency funds should be at zero because those funds will be represented in the details of the final cost estimate where all items have been designed and are represented in the final cost estimate.

Local Improvement Districts as a Finance Tool

Thomas and Katy provided a PowerPoint presentation on LID formation, the need for an LID to support funding for a possible Port Hadlock wastewater system, and next steps to explore formation.

- An LID is a tool for financing infrastructure improvements, such as a Port Hadlock wastewater pressurized collection system, that would benefit property owners in the Core area/boundary of the LID.
- Each property owner in the LID would receive a special assessment, which can be paid over 20 years plus interest. Money from the assessments would be dedicated for the County to make debt payments for the LID financing.
- The VE Alternative assumes that the County would form an LID to finance an estimated \$3.5 million of the estimated \$6.5 million pressurized collection system cost. This could be up to \$3.9 million or 50% of the special benefit identified for the Core area in 2013.
- The County would coordinate with a potential Wastewater Working Group to explore formation of an LID, as public involvement is critical to the formation of an LID.
- For further details, see the PowerPoint presentation.

Wastewater Working Group

Bob Wheeler, Triangle Associates, explained that an informal group of Port Hadlock community members has been coordinating with the County to review the VE Alternative and discuss next steps. Craig Durgan has maintained much of the communications among this group of community members to date.

Bob explained that in the last month, this community group has worked with the County to propose the formation of a Working Group to serve as an informal forum to work with and advise the County on next steps for a possible design phase of the VE Alternative and formation of a possible LID. He also noted that prior to the *2013 Design Estimate*, the County had formed a formal Sewer Advisory Group, which required convening by the County Commissioners. The Working Group is not proposed to be a formal Advisory Group.

The Working Group could:

- Determine when and how often to meet;
- Identify agenda topics for meetings;
- Elect a chair and vice chair to coordinate directly with County staff;
- Help the County prepare for a summer 2019 meeting with funders/grant agencies
- Advise the County on LID formation including an LID assessment process
- Communicate with Port Hadlock community members both inside and outside the Core area to help ensure the exchange of accurate information.

Membership could include:

- Property owners/representatives of property-owners in the Core area;
- Entities impacted by or who could be impacted by a wastewater system;
- Advisors who do not own property in the Core area and who would not vote or participate in recommendations to the County. However, providing their expertise and opinions would be valued.

Bob explained that the assumption is that the Working Group would involve community members already working with the County plus anyone else who was interested.

Action Item: Monte Reinders and Craig Durgan will inform interested parties of the date and location for the first Wastewater Working Group Meeting.

Final Discussion

- In response to a question, it was suggested that if they had all the money in hand (which is not the case), it might take three years to construct a wastewater system, however, a more practical time period would be on the order of five years.
- Kevin clarified that the VE Review is planning level estimate and not a design estimate. Philip noted that thanks in part to Commissioner Kate Dean, the Washington State Legislature allocated \$1.4 million in funding for the design of the VE Alternative.
- Craig explained again why the community should support a wastewater system and suggested that septic system regulations and costs would get more expensive in the future. Tim Johns, Shold Excavation, echoed Craig's support for a system, citing the cost of septic systems in the area.
- Philip thanked participants for their involvement and explained that the reason the VE Review was commissioned and this meeting called was because of community involvement.
- Commissioner Dean thanked participants for their involvement and explained that a Port Hadlock wastewater system is a top priority.
- Bob adjourned the meeting at 4:00 pm.

Attendees

Members of The Public

Adam Burns, Ferino's Pizzeria
Andrea Hill, Property Owner
Bill Graham, Jefferson County PUD
Bob Thurston, Aquatech
Brian Richardson, Peninsula Housing Authority
Dale Wilson, OlyCAP
Craig Durgan, Property Owner
Irene Udd White, Property Owner
Jason Woods, Double D Electric
Joyce Murphy, Hadlock Veterinary Clinic
Kathy Morgan, OlyCAP
Kay Kassinger, Peninsula Housing Authority
Mike Gould, Chimacum School District
Paula McAvoy, Joy Luck Restaurant Property Owner
Ron Marlow, Representative of James Family/Hadlock Building Supply
Ron Reed, QFC/Laundromat
Scott Rosekrans, United Methodist Church
Tamara Meredith, Jefferson County Library
Tim Johns (For Duke Shold), Shold Excavation

Jefferson County

Kate Dean, Jefferson County Commissioner
Monte Reinders, Jefferson County Public Works Director/County Engineer
Philip Morley, Jefferson County Administrator

Tetra Tech Consultant Team

Bob Wheeler, Public Involvement, Triangle Associates
Katy Isaksen, Funding / Finance Lead, Katy Isaksen & Associates
Kevin Dour, Project Manager, Tetra Tech
Thomas Christian, Public Involvement, Triangle Associates