

Port Hadlock Wastewater Working Group (WWG) Meeting One

Friday, June 21, 2019 | 1:30 – 3:30 pm | Chimacum Fire Hall, Chimacum, WA
Draft Summary

Action Item(s)	Responsible Party
Provide the WWG with additional information about the Special Benefit analysis process.	Jefferson County
Provide the WWG with information about opportunities to assist individual property owners, particularly for lower-income property owners.	Jefferson County/Consultant Team
Hold further discussion on how to engage other property owners and the community.	WWG

Welcome and Introductions

Thomas Christian, Triangle Associates, opened the meeting, facilitated a round of introductions, and reviewed the agenda. He also highlighted that the purpose of the meeting was to:

- Establish the WWG’s purpose, membership, membership roles, and meeting expectations;
- Discuss next steps with Jefferson County for public involvement related to the Value Engineering (VE) Review Alternative and formation of a Local Improvement District (LID), and specifically how to determine the willingness of the community to pay for wastewater services.

Thomas reviewed the May 29 Community Meeting summary with the WWG and the meeting participants accepted the summary as final.

WWG Formation

Bob Wheeler, Triangle Associates, reviewed with the meeting participants the proposed *Port Hadlock Wastewater Working Group Purpose, Membership, Expectations, and Operating Protocols* document. He explained the purpose of the WWG is to be an informal community group convened jointly by Port Hadlock property owners and the Jefferson County Public Works Department to provide input to Jefferson County on next steps related to the VE Review Alternative, formation of an LID, and to encourage informed discussion among community members and property owners.

Bob highlighted the following points.

- The WWG is:
 - An informal group and not an official Citizen’s Advisory Committee which would require the involvement of the County Commission;
 - A forum for all participants to make known their interests and concerns regarding a wastewater system;
 - Asked to provide Jefferson County recommendations on a wastewater system and LID policies.
- Jefferson County is the final decision maker on all sewer and LID policies/decisions.
- That Jefferson County and WWG will work collaboratively in considering how to move forward

WWG Membership

- The initial membership of the WWG is proposed to include:

- Property owners/landowners or their representatives within the Core area;
- Entities that can participate in the LID process and a wastewater system or that would be directly impacted by the LID or system;
- Non-property owners who can act as advisory members, including agency members.
- When the WWG makes recommendations, WWG Advisory Members and Jefferson County would not participate.
- Kay Kassinger, Peninsula Housing Authority (PHA), clarified that PHA is a Core area property owner.
- Mike Gold, Chimacum School District, noted that he will be the regular WWG representative from the School District

WWG Meetings

- The WWG would likely hold monthly meetings.
- The WWG would seek consensus on recommendations but would also take a non-decision-making vote if needed, to capture the range of opinions on an issue.

Chair and Vice-Chair

Meeting participants nominated Craig Durgan, property owner, and Ron Marlow, Port Hadlock Building Supply representative, to be the Chair and Vice-Chair, respectively, of the WWG.

Value Engineering (VE) Report Update

Kevin Dour, Tetra Tech, provided the meeting participants with an update regarding the VE Report.

- The Washington Department of Ecology (Ecology) has advised Kevin that the VE Report appears to be approvable (the report still needs to be officially approved by Ecology) and Jefferson County will need to update the 2008 Jefferson County Port Hadlock UGA Sewer Facility Plan.
- Ecology also confirmed that under the VE Alternative, Jefferson County would be required to own the onsite grinder pumps and side sewers which would require private property easements.
- The consultant team will also need to verify the VE Report meets U.S. Department of Agriculture (USDA) requirements as a likely funding partner with its own set of requirements.

In response to a question from the meeting participants about Jefferson County approving the VE Report, Kevin explained the consultant team performed the VE Feasibility Study at the request of the County. However, the Jefferson County Commissioners will need to accept the VE Report. Philip Morley, Jefferson County Administrator, explained that the County is both the project advocate and required to ensure that it is compliant with the Growth Management Act.

Financial Update

Katy Isaksen, Katy Isaksen & Associates, updated the participants that she had a conversation with Peter McMillin from USDA-Rural Development, the Funding Tech Team lead, who advised her that a Funding Tech Team meeting with the WWG would be better after an LID boundary is known and the facility plan has been updated. At that point, the funding agencies would be able to provide more specific input on the applicability of grants and loans to the proposed Port Hadlock LID boundary and wastewater system instead of more general funding information.

Wastewater System Example Costs

Katy provided a packet of examples to help explain in more detail how the LID assessments, connection charges and on-site costs might be applied to individual properties, compared to the average cost per ERU summarized in the VE Report. Katy walked meeting participants through the packet that included

example LID assessment amounts for sample properties based on the scenarios from the VE Analysis– at 50 percent of the Special Benefit. Katy highlighted that the packet included example assessments under two scenarios: (1) If the County receives \$7 million in additional grants and (2) If the County receives \$13 million in additional grants.

Katy reviewed with the participants that under the VE Alternative:

- The treatment plant would be paid for via connection charges;
- The collection system would be partially funded by the LID assessment;
- On-site costs (the grinder pump system and service line to the sewer) would be paid for by each property owner;
- Operations and maintenance (O&M) costs would be paid for by property owners in a monthly sewer bill.

In response to a question, Katy clarified onsite costs will vary from property to property depending on the size of the grinder pump, the distance to the sewer main in the street, any landscaping that would need to be disturbed and restored, and decommissioning of an existing septic tank.

Special Benefit and Urban Zoning

Katy reviewed with the participants that a Special Benefit is the net increase in property value created by a local improvement – in this case a wastewater system. A local improvement benefits specific properties – in this case properties where wastewater service is available and can be developed to urban densities – rather than the County as a whole. In 2013, a qualified appraiser performed a Special Benefit appraisal for the Port Hadlock Urban Growth Area (UGA) to determine the special benefit (increase in property value) associated with building a sewer system. Katy used the 2013 Special Benefit analysis for her example properties and proportional special benefits.

Action Item: Jefferson County should provide the WWG additional information about the Special Benefit analysis process.

Participants also noted that if wastewater services were made available in the Core area, property owners would receive urban zoning, which would affect property values and allow for different types of use including higher density. Connection to the sewer would also remove septic reserve area requirements and allow more of the parcel to be developed.

Monte Reinders, Jefferson County, explained that property owners should consider their intended use for their property and if urban zoning would benefit them in that intended use. In response to a question about whether property taxes would increase, he also explained that property values would likely increase because of the potential for further development under urban zoning in the future,. Philip confirmed that higher property values would likely affect property taxes over the long term as sales demonstrate higher demand (price) for property with sewer.

In response to a question about two single-family residence example properties with different Special Benefits, Katy explained that the Special Benefit assessment is complex because it considers all unique characteristics, including the presence of wetlands and all zoning overlays and setbacks that would allow/inhibit development. Thus, the Special Benefits for two properties that may seem to be similar at first glance could be very different.

WWG members and County staff agreed that there has likely been little change to the Special Benefit analysis performed in 2013. Monte explained that the County would likely wait until actual LID formation before updating the Special Benefit Analysis.

Wastewater System Planning Numbers

A meeting participant asked for clarification on planning numbers and why water use data (water-in) was used in the VE report, rather than wastewater discharge numbers. Kevin explained the VE Report uses winter water meter data from the Jefferson County PUD in the planning process because wastewater discharge data is hard to measure for every individual property and not available for many properties.

Another participant also expressed skepticism that the Port Hadlock library uses a similar number of Equivalent Residential Units (ERUs)¹ as Ferino's Pizzeria. Monte agreed to review the water data and provide it to property owners who request it for their property.

Infrastructure Funding

In response to a question about grants, Katy explained that there is limited grant funding through government agency grant programs. In years past, the federal government provided more funding for local infrastructure, but that has changed. Katy also emphasized the formation of an LID is a necessary step before applying for grants because it demonstrates community support for the improvement.

Bob Wheeler, Triangle Associates, highlighted that Ecology's potential grant is a maximum of \$5 million and the USDA rural development grant potential also has a maximum dollar amount. Jefferson County will likely need an additional appropriation (outside of the government agency programs) from the Washington State legislature and/or the U.S. Congress.

In response to a question, Katy explained that there are several options to assist individual property owners with the cost of a wastewater system.

Action Items: Jefferson County and the consultant team should provide the WWG with information about opportunities to assist individual property owners, particularly for lower-income property owners.

A participant asked if the Jefferson County PUD could build a wastewater system instead of Jefferson County. Jeff Randall, Jefferson County PUD Commissioner, explained that the PUD does not have available funding or access to different funding and would have less capacity to borrow compared to the County. Bob also noted that infrastructure costs would be similar regardless if the County or the PUD built the system. The VE alternative does assume that the County would contract O&M and billing services to the PUD because the PUD already has the administrative and billing capacity in place. The approved facility plan indicates Jefferson County as the system owner. Only the owner would be allowed to borrow for the system.

LID Formation

Bob explained that the LID formation process is highly iterative because the number of property owners willing to participate in the LID could affect the amount of money that each property owner is assessed. Also, the size of the project could be larger or smaller depending upon how many property owners want to participate, and where they are located; which may affect the cost of the project. He noted that as estimated assessments are higher or lower, the number of property owners who might support the formation of an LID could change, which would then cause further changes to the estimated assessments. Once the LID is formed, all properties within the boundary would be subject to an assessment.

Public Comment

None

¹ An ERU is approximately 4,000 gallons of water per month.

Meeting Wrap-Up

In the final minutes of the meeting, participants held a general discussion on a wastewater system. Some participants encouraged others to consider a long-term investment in the community.

Participant also asked for further discussion on how the WWG members should communicate with the public and the other Port Hadlock Core area property owners.

Action Item: The WWG should hold further discussion on how to engage other property owners and the community.

Core Area Properties

Monte Reinders ended the meeting by passing out detailed information on core area properties and examples of how LID assessments using 50% of special benefit and connections charges based on water usage data could look. Three items were passed out:

- A Core area map with numbers assigned to each property;
- A chart titled *Port Hadlock/Irondale UGA Sewer Project Example Cost Scenario #1*;
- A chart titled *Port Hadlock/Irondale UGA Sewer Project Special Benefit Tabulation – Core Phase*.

Monte expects there to be questions and discussion necessary. He asked participants to review the documents prior to the next meeting.

The meeting was adjourned at 3:45 pm.

Attendees

Working Group/Members of the Public

Adam Burns, Ferino's Pizzeria
Bob Thurston, Aquatech
Cheri Van Hoover, Property Owner
Craig Durgan, Property Owner
Dan Toepper, Jefferson County PUD
Duke Shold, Shold Excavation
Irene White, Property Owner
Jeff Randall, Jefferson County PUD
Kay Kassinger, Peninsula Housing Authority
Monica Koehl, Property Owner
Paula McAvoy, Joy Luck Restaurant Property Owner
Rocky Day, Property Owner
Ron Marlow, Representative of James Family/Hadlock Building Supply
Ron Reed, QFC/Laundromat
Joyce Murphy, Hadlock Veterinary Clinic
Mike Gould, Chimacum School District

Jefferson County

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