

Port Hadlock Wastewater Working Group (WWG) Meeting Three

Wednesday, December 11, 2019 | 1:00 pm– 3:30 pm | Chimacum Fire Hall, Chimacum, WA
Draft Summary

Welcome and Opening

Craig Durgan, WWG Chair and property owner opened the meeting and reviewed the agenda. He highlighted that the WWG discussed a working boundary for a Local Improvement District (LID) at their previous meeting in July and the purpose of this meeting was to discuss wastewater system policy recommendations to Jefferson County. Jefferson County is the ultimate decision-maker regarding policies for a wastewater system ordinance. These policies will help community members understand what their connection charges would be when a wastewater system is built.

Craig reminded the WWG that meetings are open to the public and asked for the discussion on policy recommendations be driven by property owners from within the working boundary of the LID.

Opening Discussion and Questions

Kay Kassinger, Peninsula Housing Authority (PHA), asked three questions in response to the materials sent out before the meeting. Kevin Dour, Tetra Tech, and Monte Reinders, Jefferson County, provided the following answers.

Q1: How many Equivalent Residential Units (ERUs) are needed to make the wastewater system financially viable.¹

A1: A ‘slow growth’ scenario was evaluated in the April 2019 Feasibility Study. If the initial modular treatment unit was installed and there were no further expansions, the treatment unit would have a capacity to treat up to 446 ERUs. Existing population in the Core area would take 356 ERU’s based upon PUD water data. This leaves 90 ERUs of additional capacity of treatment for future users. A conservative assumption would be to assume that the future rate of connection was to match the overall County Growth rate (1.49%), this would result in 5-6 ERUs connecting to the system on average. If this were to stay at this conservative rate for 20 years, the initial modular unit would reach capacity in 16-years. Phase 2 could be accommodated within the initial modular unit for a total of 811 ERU. This capacity would more than meet the conservative estimate of 478 ERUs at the end of 20 years based on the growth described, with 333 additional ERUs of capacity available before expansion to a second modular unit. With sewer, the Port Hadlock area would likely grow at a faster rate than the entire County because of the ability to develop residential and commercial properties at higher densities.

Q2: What percentage of the property within the LID working boundary is vacant land?

A2: There are 40-50 acres of vacant land within the LID working boundary. The specific percentage of land that is vacant wasn’t available.

Q3: What is the definition of a “new septic system?”

A3: The WWG may recommend a definition of a “new septic system” to the County.

In response to a question from Lori Rae, Jefferson County Public Utility District (PUD) Operations Assistant, Craig explained the system could be expanded in the future, but for now, the WWG is discussing a system for the Port Hadlock Core area because the wastewater system for the full Urban Growth Area (UGA) was too expensive.

The WWG discussed the wastewater treatment facility site. Kevin reminded the participants that Jefferson County has purchased property for the treatment facility which would treat water to Class A standards.

¹ An Equivalent Residential Unit is approximately 4,000 gallons of water a month.

The water would be applied onsite and would infiltrate into the groundwater, which would result in some increased flow in Chimacum Creek.

In response to a question from Harvey Olsen, Property Owner (not in Core area), Craig explained property owners outside the Core area/LID would not have to pay additional taxes or fees, or contribute to the potential wastewater system. If the wastewater system is built, an LID would be formed so property-owners within the boundary, where wastewater services would be available, pay for the cost of the collection system, minus any grant funds that might become available for the collection system.

In response to a question from PUD Commissioner Dan Toepper, Jefferson County PUD, Kevin explained the Core area and working LID boundary are smaller than the UGA which is the same as the Sewer Service Area. In the future, the collection system could be expanded to the full UGA/Sewer Service Area, but not beyond the UGA boundary unless it is expanded, per state planning regulations.

Announcements from Jefferson County

Monte Reinders, Jefferson County, made the following announcements.

- Jefferson County received \$1.4 million from the legislature for system design, but the money is held up. The County expects to receive the money in 2020.
- Tetra Tech is working to update the Facility Plan for a wastewater system in the Core area.
- The County wants input from the community on a potential wastewater system ordinance to help define when property owners in the LID would be required to connect, how to determine the cost of connection charges and other policies. Examples from other municipalities are limited because the number of new systems being built are limited.
- Grants/loans are available but limited. The total amount the property owners in the LID would need to pay through connection charges will depend on the amount of grant/loan funding.

WWG Discussion on Connection Charge Policies

Bob Wheeler, Triangle Associates, introduced a connection charge policy question document to the meeting participants. Bob reminded participants that all property owners in the LID will pay LID assessments through their property taxes. For today's discussion, we are assuming that all property owners in the LID will not have to immediately connect and pay connection charges.

For the wastewater system to be financially viable, though, the County needs enough connections early on to make debt payments on the amount borrowed for the common capital facilities (treatment plant) and for ongoing operation and maintenance (O&M) costs. The main questions today to the WWG are what policies will be required of owners of existing structures to connect and pay connection charges, how much will they have to pay, and when will they have to pay to connect. Bob explained it is important for participants to consider in their policy recommendations the need for connection charges to be affordable for property owners with the need to make the system financially viable.

In response to a question from Bill Dean, Northwest School of Wooden Boat Building, Kevin explained the assumption is the LID would contribute just over half of the cost of the collection system, and that grants would make up the other half of the cost. LID assessments are based on each property's special benefit, which is the net increase in property value created because wastewater services are available.

Monte noted each property's total ERUs are determined using winter water use data. It was noted the treatment facility has an initial capacity for 446 ERUs and there are 356 ERUs, based on winter water use records from the PUD, currently in the Core area.

Breakout Groups

Participants broke out into three small groups to discuss recommendations for the following five connection charge related questions.

1. When will property owners of existing structures be required to hook up?
 - a. Participants reviewed three different connection charge cost scenarios on a per ERU basis and asked which scenario was reasonable for property owners.
 - b. Participants were directed to a document provided by the County showing the number of ERUs used by each parcel in the Core area.
2. When should structures that have installed newer septic tank/leach field systems be required to connect to the wastewater system?
3. What incentives should be considered to encourage property owners with existing structures to connect?
4. Should all new development within the LID be required to hook up to the wastewater system and pay capital and O&M costs immediately?
5. When should owners of vacant land be required to pay connection charges and O&M costs?

Report Out on Connection Charge Policy Discussion

After the breakout group session, Bob reconvened the participants and each group reported out on the five Policy questions.

Policy Consideration	WWG Potential Policy Recommendations
1. Existing Structures – When required to connect and connection charge scenarios	<p>Group One</p> <ul style="list-style-type: none"> • \$4,700 per ERU is the best option for the connection charges. • \$9,200 per ERU is the maximum for the connection charges. <p>Group Two</p> <ul style="list-style-type: none"> • Allow connection charges to be financed over 20-years. • Commercial property connection charges could be \$13,700 per ERU if financing is available. Consider a lower per ERU amount if the property uses more than 10 ERUs. • Residential property connection charges could be \$4,700 per ERU or lower and financing should be available. <p>Group Three</p> <ul style="list-style-type: none"> • Needs to include options for low income or financing over time (for single-family residence). <p>Additional Notes</p> <ul style="list-style-type: none"> • Ron Reed, QFC property owner, and Tamara Meredith, Library, reported QFC and the Library have agreements that require them to connect when wastewater services are available.
2. Existing newer septic systems and	<p>Group One</p> <ul style="list-style-type: none"> • If the septic system fails, the property is required to connect immediately. • If the septic system is over five years old, the property is required to connect immediately.

<p>requirements to connect</p>	<ul style="list-style-type: none"> • If a septic system is 0-5 years old, the property owner has five years to connect. • New development will be required to connect if the value of the building permit/new construction is greater than 50 percent of the current value of the structure (i.e. Large remodel), the property owner is required to connect. <p>Group 2</p> <ul style="list-style-type: none"> • Property owners are required to connect at a change of use. • Any property with a septic system over 30 years old is required to connect. • Commercial property (including multi-family): Required to connect within five years of wastewater services being made available. • Residential property (single-family): Required to connect within ten years of wastewater services being made available. <p>Group 3</p> <ul style="list-style-type: none"> • All existing structures are required to connect regardless of a new system. • A new septic system is defined as a viable system if it is not within 5 years of its useful life.
<p>3. Connection incentives</p>	<p>Group 1</p> <ul style="list-style-type: none"> • Do not penalize property owners who connect later to subsidize initial connections. • Property owners with vacant land should not have to pay more if they do not initially connect (no incentives for early connection). • Property owners with vacant land may be able to pay connection charges for vacant land, securing use of the treatment facility, without paying a monthly O&M fee. <p>Group 2</p> <ul style="list-style-type: none"> • Connection charges increase at five percent per year, with the increase maxing out at 10 years after wastewater services are available. <p>Group 3</p> <ul style="list-style-type: none"> • No special incentive for property owners to connect and pay. All existing structures should be required to connect when services are available.
<p>4. Policies for new development</p>	<p>All Groups - All new development within the LID should be required to hook up to the wastewater system and pay capital O&M costs immediately.</p>
<p>5. Policies for vacant land</p>	<p>Group 1</p> <ul style="list-style-type: none"> • Owners should be able to “lock-in” a connection charge for the first five to ten years of service availability. • Owners of vacant land should be able to pay connection charges to reserve service capacity but should not have to pay O&M (at least for some period of time). • Owners of vacant land should not be required to pay more if they connect later.

	<ul style="list-style-type: none"> • O&M costs could include a base fee that might apply to anyone who connects but doesn't generate any wastewater initially. <p>Group 2</p> <ul style="list-style-type: none"> • Owners of vacant land should not be required to connect until they develop. • Connection charges should increase by 5 percent per year. <p>Group 3</p> <ul style="list-style-type: none"> • Owners of vacant land should pay common capital costs when they choose to connect.
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Next Steps

Bob reviewed some of the policy recommendations the 2009 Sewer Advisory Group developed and noted these recommendations were similar to what the WWG put forward in this meeting, but the WWG will likely need to discuss the recommendations further.

Monte pointed meeting participants to a list of additional policy considerations for the WWG to discuss at future meetings and noted the need to consider the definition of an ERU. In the future, the County will use this information to develop a draft wastewater system ordinance, which will help property owners understand the total costs to connect each property.

In response to a question, Monte explained the County would own excess ERUs because the County will seek initial financing for the construction of the common elements of the system including the treatment plant and then sell ERU capacity through connection charges. Monte referred meeting participants to chapter six of the Feasibility Study on Jefferson County's website for more information on how the system would be paid for. (Google 'Port Hadlock Sewer'; Web address - <https://co.jefferson.wa.us/1158/Port-Hadlock-Wastewater-System>).

Craig and Ron Marlow, WWG Vice-Chair thanked participants for their work and forecasted the next meeting would take place in early 2020.

The meeting was adjourned at 3:45 pm.

Attendees

Working Group/Members of the Public

Craig Durgan, Property Owner, and WWG Chair
Bill Dean, Northwest School of Wooden Boat Building
Debbie Tillman, Property Owner
Duke Shold, Shold Excavation
Harvey Olsen, Property Owner (not in core area)
Irene White, Property Owner
John Crooks, Property Owner (not in core area)
Kay Kassinger, Peninsula Housing Authority
Pastor Scott Rosekrans, Community United Methodist Church
Paula McAvoy, Joy Luck Restaurant Property Owner
Rick Thompson, Chimacum School District
Ron Marlow, Port Hadlock Building Supply Representative, and WWG Vice-Chair
Ron Reed, QFC Property Owner
Ryan Tilman, Property Owner
Tamara Meredith, Jefferson County Library

Jefferson County PUD

Commissioner Dan Toepper, Jefferson County PUD District 3
Lori Rae, Jefferson County PUD Operations Assistant
Samantha Harper, Jefferson County PUD Water Superintendent

Jefferson County

Commissioner Greg Brotherton, Jefferson County District 3
Monte Reinders, Jefferson County Public Works Director/County Engineer

Tetra Tech Consultant Team

Bob Wheeler, Public Involvement, Triangle Associates
Kevin Dour, Project Manager, Tetra Tech
Thomas Christian, Public Involvement, Triangle Associates