

## Port Hadlock Sewer – Project Update - June 5, 2020

### **Sewer Final Design**

In April, the County was notified that its efforts to secure funding for final design of the Port Hadlock Phase I sewer project finally paid off. The Washington State supplemental capital budget, which was passed by the Legislature in March and signed by Governor Inslee on April 3<sup>rd</sup>, includes \$1,422,000 specifically for the design of the Port Hadlock Sewer. This appropriation from the State of Washington would not have been possible without the ongoing efforts of Jefferson County Commissioner Kate Dean working closely with State Representative Steve Tharinger to direct limited funds towards this project. These funds will be administered by the Department of Commerce which is currently drawing up a contract for County approval.

The County issued a Notice to Proceed on April 23<sup>rd</sup> to its sewer design consulting team led by Tetra Tech, Inc. The scope of work includes design of the wastewater treatment facilities, the sewer collection system, the wastewater disposal (infiltration) area, final cost estimates, and contract specifications. This project covers the Port Hadlock “core area”, sometimes referred to as “Phase I”, which mostly encompasses the commercially zoned property and some multi-family residential zoning in the Urban Growth Area (UGA) along SR-116 and Chimacum Road. A map and explanation are included at the end of this document.

Note that while this boundary is being used for the purposes of advancing the design, this is an iterative process in which property owners will have an opportunity to review the design and the costs and have input on possible revisions to this boundary.

The anticipated schedule for this design work goes through December of 2020, with submittals for approvals by the Department of Ecology happening in January of 2021. Completion of the plans and specifications will place the project in a better position as the search for construction funds continues. It will also bring further refinement to the cost estimates used in the financing models which property owners will use to determine whether they want to proceed with the sewer project and how much they are willing to pay to have sewer service.

### **Treatment Facilities**

Central to the treatment facility will be a pre-manufactured modular treatment unit (membrane bioreactor or MBR) that is delivered ready to operate from the manufacturer. An important first step in this process will be selecting the treatment equipment supplier for the project. The engineers are currently developing a Request for Proposals (RFP) that will be advertised by the County in the near future for this equipment. Selecting the best equipment for the project is a significant step with long-term implications so it is important to get right. Factors including cost, ability to meet regulatory standards, operational and maintenance costs, longevity, proven reliability and track record, ability to expand, equipment support, etc. will all be considerations in the RFP process. This RFP process will take several months. Once the equipment is selected, the project engineers will be able to work with the company to design the rest of the treatment facilities around it.

## **Collection System**

The collection system is the piping in the public roads that brings wastewater to the treatment plant. To keep initial costs as low as possible, a pressurized system was chosen which means the sewer pipes only need to be 3 to 4 feet deep, do not need to slope for gravity flow, and can be located in the road shoulder to reduce road restoration costs.

Tetra Tech has subcontracted the surveying needed to develop the project plans for the collection system to Van Aller Surveying, a local company based in Carlsborg. You may have already seen the surveyors working in the area.

## **On-Site Hookups**

The scope of work includes developing plans and costs required to connect existing structures with septic systems to the sewer lines in the streets. The design engineers are compiling all of the as-built septic plans on file with the County, which show where building wastewater drains are located. The information on these as-built plans, combined with aerial photos, can be used to estimate the cost of connecting to the sewer and abandoning septic systems. The on-site hookup cost estimates developed by looking at each property's current septic location in relation to the planned sewer will help each property owner understand in detail what their costs are likely to be. Property owners can use this information to evaluate whether they support bringing in sewer service or not.

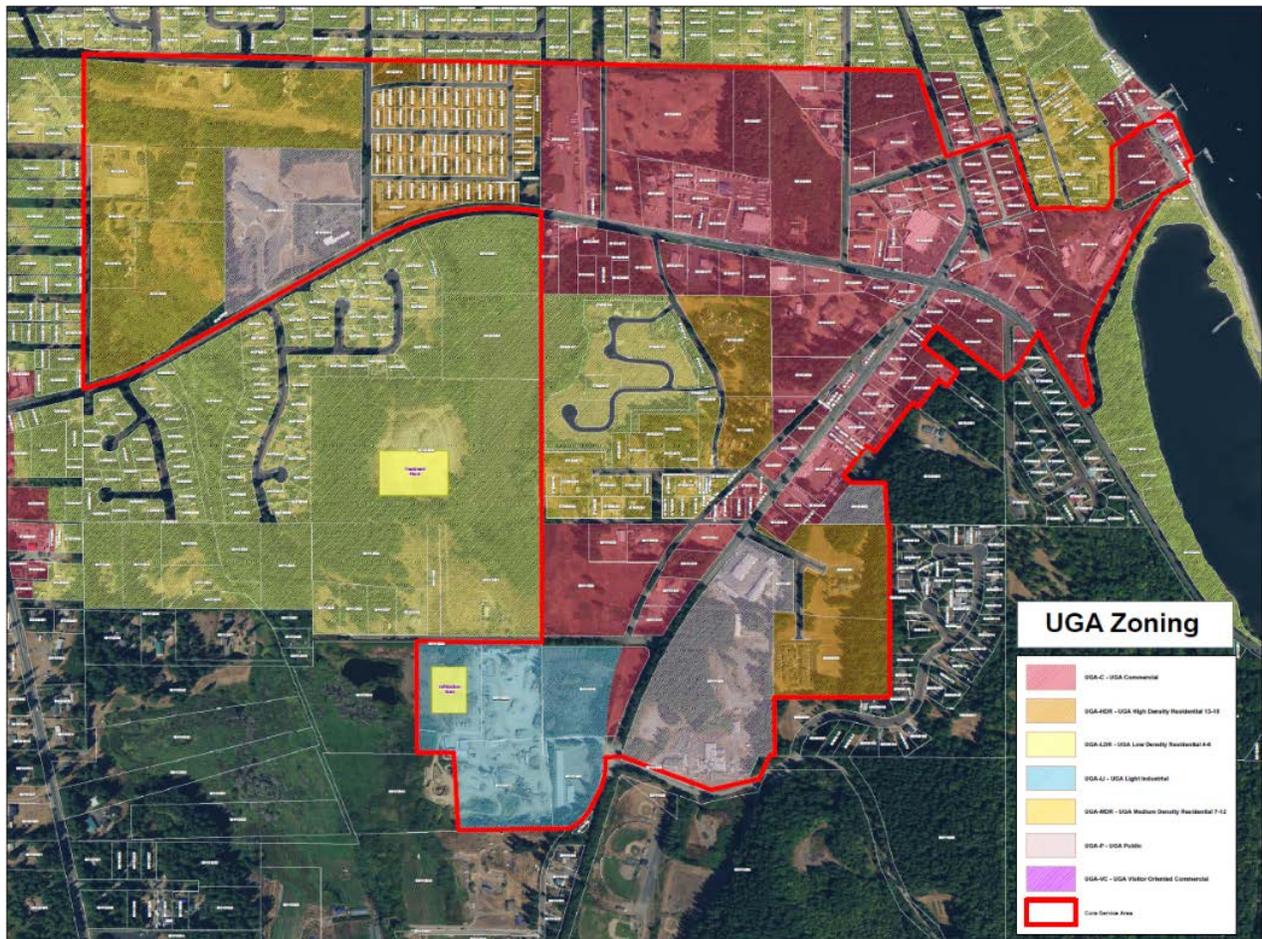
## **Construction Funding**

County staff and Commissioner Kate Dean continue to follow up on leads for potential funding sources for the construction of the system currently under design. Discussions with the federal Economic Development Administration (EDA) and other agencies are ongoing. Each grant program has unique criteria and priorities, but most are interested in knowing how the sewer will help the community develop its economic base, create job growth, and/or create housing opportunities. To some extent, the County's Comprehensive Plan and UGA zoning can be used to demonstrate potential. When it comes to these grants, however, the most powerful statements come directly from property owners attesting to the types of business expansion that would be possible, jobs that could be created, and housing that could be developed on their properties. Or conversely, the limitations that having only septic systems has created. It will be important to collect these real-world examples and statements to support future grant applications which require "metrics" to measure the outcome of the project they are being asked to fund.

While it would be nice if State and Federal grants would cover the entire cost of construction, this is a highly unlikely scenario. Most sewer and water infrastructure projects include significant contributions from the utility customers to pay back construction loans or bonds to match grants. In addition, the costs of daily operations and maintenance of utilities are paid entirely by the customers. The current work to advance the final design within the Phase I boundary will provide detailed information to property owners that they can use to refine the final boundary and determine how much they are willing to pay for sewer service. With final plans and specifications developed and an understanding of which properties will be included in the final boundary and what their share of the costs will be, it will be possible to determine how many different grants will be required to make up the balance of the financing for this project.

## **Sewer Working Group**

There are ongoing discussions with the Sewer Working Group, made up of property owners in the Phase I area, related to policy recommendations about who should have to hook up and when. Most sewer projects require everyone within a new service area to connect immediately if they are currently on septic or when vacant property is developed. This is to ensure that the project has adequate financing to make construction viable and enough revenue to support the ongoing costs of operating and maintaining a sewer treatment plant. Even if a State or Federal agency pays for 100% of the project costs, which is unlikely, it is necessary to have a certain number of guaranteed initial hookups to get the project off the ground and ensure its viability. The Sewer Working Group continues to explore whether policies to provide deferrals for property owners who have made recent investments in septic systems would be possible. These policies will likely be dictated by the final financing plan and to some degree by grant agency requirements.



Port Hadlock Sewer – Phase I Area (Preliminary)

This map shows the preliminary boundary of the Phase I sewer area from the 2008 Sewer Facility Plan. Note that while this shows the approximate areas that are planning for sewer under Phase I, modifications to this boundary are ongoing based on discussions with property owners. This boundary could be expanded slightly in some areas if desired by property owners. It may also contract in other areas where property owners determine there is less benefit to having sewer.

Many of the property owners within this preliminary boundary submitted a petition to the County in 2018 asking the County to pursue this project further. There will be ongoing opportunities for property owners to review the plans and costs, currently under development, and determine whether they are interested in being included in the final boundary and what cost they are willing to pay for sewer service.

This map does not represent a final boundary. No determination of the final boundary has been made. Formation of a Local Improvement District (LID), which is a financing tool that assesses property owners for some of the costs of utility projects, is a public process.

A slightly larger map without the zoning is included on the next page.

