

**MINUTES OF THE February 21, 2011
FREELAND WATER and SEWER DISTRICT
COMMISSIONERS MEETING**

Meeting Place
5495 South Harbor Avenue
Freeland, WA

In Attendance:

Commissioner – Nolen Knickerbocker
Commissioner – Jim Short

Commissioner – Eric Hansen

Andy Campbell – Certified Operator
Sandy Duncan – Administrative Assistant
Gary Hess-Davido Consulting Group
Quin Clements-Davido Consulting Group
Chet Ross-Freeland Chamber
Mitch Streicher
Carol Hanna
Meg Wingard
J. Olson
Harry Foster

The Public hearing on the Water System Comprehensive Plan was called to order at 5:45 p.m. followed by the pledge of Allegiance.

Quin Clements of Davido Consulting Group reviewed the purpose of the Water System Comprehensive Plan.

There were no public comments.

The Public Hearing was closed at 6:02 with no public comment.

CALL TO ORDER: Commissioner Knickerbocker called the regular meeting to order at 6:02 p.m.

APPROVE AGENDA: Sandy reviewed the changes to the agenda indicating where a motion would be required.

A motion was made by Commissioner Hansen to approve the agenda as amended. The motion was seconded by Commissioner Short and passed.

APPROVE MINUTES: Commissioner Short commented on a few small changes to the minutes to the January 10th minutes and the December 13, 2010 minutes. A motion was made by Commissioner Short to approve the minutes of the December 13, 2010, January 10, 2011 and

November 2010 meeting minutes as corrected. The motion was seconded by Commissioner Hansen and passed.

OLD BUSINESS:

1. Water Rights-Phase II Cost Reimbursement Contract with Department of Ecology (DOE). Gary Hess noted that these water rights have been in process since 1994. Upon discussion.

ACTION: A motion was made by Commissioner Hansen to accept and sign the Cost Reimbursement Agreement with DOE. The motion was seconded by Commissioner Short and passed.

2. Treatment Plant Schedule. Quin Clements reviewed that the plan has been submitted to the Department of Health (DOH) and we have received acknowledgement from DOH that it was received. Andy reviewed that well #3 is providing approximately 15% of the water supply to the system at this time. Andy reviewed that the dirty water created recently was due to Nichols Brother flow testing the hydrant for fire suppression.

NEW BUSINESS:

1. Resolution 11-02 Freeland Water System Comprehensive Plan.

ACTION: A motion was made by Commissioner Short to approve Resolution 11-02. Commissioner Hansen requested that document title cited in the resolution be consistent with that on the title page of the Comprehensive Water System plan update. The motion was seconded with changes by Commissioner Hansen and passed.

2. Freeland Water Connection Fees. Commissioner Hansen suggested that we review this with Katy at the next workshop; the commissioners would like a better understanding as to applying interest or not to the future projects. Gary agreed to contact Katy.
3. Harbor Hills Comprehensive Plan. Sandy reviewed that the Harbor Hills Comprehensive Plan has expired. Both Andy and Commissioner Knickerbocker thought that until the district annexes Harbor Hills or there is a major capital project that the Comp Plan does not need to be updated. Andy reported that Erica Lindsey from the Department of Health will be out here next week to do a sanitary survey and Andy will verify with her if we need to update Harbor Hills Comp Plan.
4. Low income rate request to reconsider establishing a program. Sandy reviewed that the one customer who earlier requested this would like the District to reconsider her request for a low income program. Sandy reviewed that she has done a litter research on determining how we would verify income. She suggested that we cannot use

Island County criteria for reduced Real Estate taxes in that the customer could have IRA's and such that they are not drawing from and still qualify. The other idea is that if they can prove that they are on DSHS then they would qualify. Upon discussion it was agreed to table investigating until a later date. Commissioner Knickerbocker suggested the maybe we see if Good Cheer could handle and work with them. This low income consideration will also need to be considered for the sewer project.

5. Letter of consideration from Saran regarding 2011 ERU Calculation. Sandy reviewed that Mr. Saran had submitted an email regarding his rental property but the request was not clear and she will follow up with him on this item.
6. Fish Forest (Silver Fin). Sandy reviewed that the Fish Forest project is completed and approved by Andy and that we have received all the appropriate paperwork.

The pump station was discussed and Quin agreed to provide the additional information requested on how the rate was determined for maintenance and operation of the pump station. Andy reviewed that the pump station will only support the lots in this plat and therefore those customer will be charged an additional fee. He noted that when we did the original analysis to determine the fee, maintenance, operation, propane, and site inspection along with the life cycle replacement were all taken into consideration.

Sandy noted that we had agreed to approximately \$33.00 per lot per month upon acceptance of the plan. Quin will research and forward this information to the commissioners for reference. Meg Wingard stated that Holmes Harbor tried to do something similar and lost in court. Commissioner Knickerbocker noted that this is not a late comer or ready to serve charge. This development of 13-15 lots is required to have a pump station that only benefits those lots, so in turn those lot owners will be charged a separate fee to cover those costs.

Upon discussion it was agreed to table this item to the next meeting

7. Water Lines Newsletter-Triangle. Sandy reviewed that we had discussed sending out another newsletter with the upcoming billing. She is awaiting the draft from Barbara. Once received she will forward to the commissioners for comment prior to mailing.

OTHER REPORTS:

1. Maintenance report. Andy reviewed his report. A copy is attached. [if covered in Andy's report, delete from here]
 - a. Andy reviewed that the hydrant on Scenic was not repairable and was removed. He noted that we can always add a hydrant further up the hill off the new reservoir. He also noted that the hydrant is not re-usable for inventory and there is another hydrant within 600 feet.
 - b. The number 2 booster pump had to be repaired; the shaft in the pump broke.

- c. Commissioner Hansen asked if we have any idea of the income from Sunnyview Farms in covering the costs. Sandy was asked to research and report at the next meeting.
 - d. A copy of the Lead and copper testing for both systems is attached.
 - e. Andy reviewed that we had received a request to extend the water right permit for Harbor Hills. Upon discussion it was agreed that Andy will complete the paperwork and submit to the State for a ten year extension. Upon discussion it was agreed that Sandy will notify the DOE and DOH to correct the mailing address from Andy to the District office.
 - f. Andy reported that the Cenex property is starting to clear the property and he is awaiting plans and specification for his review. Upon discussion it was agreed that Andy would present the plan in order to determine if the district would charge Cenex to run the water line towards Senior Thrift.
 - g. Andy reported that Erica Lindsey of the DOH needs to re-schedule the sanitary survey for both districts. Hopefully sometime next month.
 - h. Andy reported that the 2 pumps in the Bercot pump stations had to be replaced.
2. Administrative report. A copy is attached.

SEWERS

1. Grant budget review. Sandy reviewed that a copy of the summary of grant expenditures is attached along with the breakdown on each contract. She reported that she will be submitting a copy of the breakdown monthly in hard copy and electronically.
2. Grant & Loan submittal update. Gary reported that we scored high enough to be #5 on the 2012 Water Quality Funding list for design. The good news is that we are now on the list with DOE for grants and loans for construction. We should receive the offer in July. Gary reviewed that this would be a 20-year loan and it will be subject to the formation of the LID.
3. Macaulay Contract and Schedule. Sandy reviewed the revised scope of work to include Saratoga Environmental and Land Services to do soils analysis in conjunction with the benefit analysis and to extend the agreement to June 30, 2011 with completion of the assessment study by March 22, 2011. Gary explained that the reason for the additional soil study is the difficulty in getting good information from

Island County Health and Assessor offices on the parcels; the benefit to an individual parcel depends on the quality of the soils and potential for septic systems.

Gary reviewed for Mitch that the benefit letter mailing date has not changed and they will be mailed April 14, 2011.

ACTION: A motion was made by Commissioner Short to approve amendment #1 to the Macaulay contract. The motion was seconded by Commissioner Hansen and passed.

4. Al Peyser statement January 10, 2011. Commissioner Hansen stated that he did not feel that the statement had to be read into the record, we can just attach a copy. Commissioner Hansen thought that Al has some valid points that we need to seriously think about.

Commissioner Short reported that he did have a meeting with Al Peyser and Al decided that he was not going to get Erl involved. Commissioner Short noted that Al is confused and so is he on how the assessments will be calculated.

Both Commissioner Hansen and Commissioner Knickerbocker suggested that we have a workshop to discuss the points that both Al Peyser and Terry Otey have raised on the sewer project. It was agreed to add this to a workshop on February 28th.

5. Al Peyser letter of February 12, 2011. Tabled to workshop on the February to discuss.
6. Liability concerns in Lou Malzone's letter. Sandy reviewed that Al Hendricks has reviewed Lou Malzone's letter and does not feel that there is a liability issue. A copy of Al Hendricks email is attached.
7. Davido Contract Amendment. A motion was made by Commissioner Short to accept the amendment No. 2 to Work Order No. WO#10FWD01 with the Davido Consulting Group, Inc. The motion was seconded by Commissioner Hansen.

Commissioner Hansen explained that the contract is a time and material contract only with renewals every 3-4 months based on status of the project. The motion passed.

8. Discussion of how to handle Opt in/out letters. Sandy reviewed that we have received letters from property owners wanting to be excluded from the phase I and also to be included into phase I and wanted to know how the District would like to respond. Sandy reviewed that if any parcel is to be included or excluded we will have to have an amendment to the LID prior to change the boundary.

Upon discussion it was agreed to not include any additional parcels other than the Holly Farm and the Stonebridge property on February 28, 2011. The customers who

wish to opt out will have their opportunity during the 10 day protest period to submit their request.

Gary reviewed the process; once we form the LID, the District will create Rules and Regulations just like those for the water system as to how we will handle late comers. It will probably be the cost of the pipe across their property, installing the step system and paying for capacity to the treatment plant. This will be a big bill as opposed to if you are in the LID, where your assessment will be payable over the finance period of 15-20 years.

9. Tech Team Meeting Thursday February 24, 2011. Gary reviewed that the Infrastructure Assistance Coordination Council (IACC) tech team meeting is a follow-up from our meeting last October, in which he is expecting approximately 24 people to be in attendance.
10. Gary reviewed the trip to Olympia on February 14, 2011 where he, Chet and Commissioner Short meet with Norma Smith, Barbara Bailey, and Mary Margaret Haugen and also with Alisha Durbin of the Governor Capital budget office. They are hoping to be back to normal in 2013 for capital grants and our chances at getting grants through the capital budget program will be better. At the request of Mary Margaret, a letter was delivered to her office and she would be taking it directly to the capital budget committee. This letter requested a 3.5 million dollar grant request from the capital budget for design and permitting. If we do in fact get the grant we can turn down the loan from Ecology.
11. Sub Area Plan meeting put on by Island County. Gary was asked to explain a statement attributed to him about not having enough water for the sewer build out scenario. Gary reviewed that we have sufficient water till 2038, which is $\frac{3}{4}$ of the full build out of the NMUGA as it is projected by the County. Gary also reviewed that we do have plenty of time to investigate new sources and develop capital for additional water supply.


EXECUTIVE SESSION-None

VOUCHERS: A motion was made by Commissioner Short to approve the sewer vouchers # 117-127 in the amount of \$117,382.22 and the water vouchers #7324-7348 in the amount of \$37,941.90. The motion was seconded by Commissioner Knickerbocker and passed.

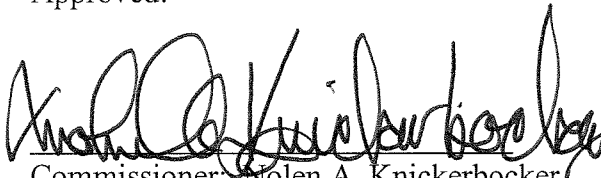
MEETING was recessed to February 28, 2011 at 5:45 to discuss financing of the sewers and determine how the district will handle opt in requests:

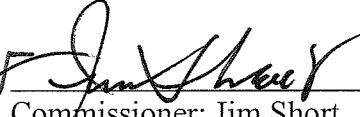
The meeting was recessed at 7:45 p.m.

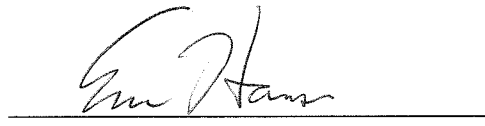
Respectively Submitted


Sandra J. Duncan

Approved:


Commissioner: Nolen A. Knickerbocker


Commissioner: Jim Short


Commissioner: Eric Hansen