

MINUTES OF THE June 13, 2011
FREELAND WATER & SEWER DISTRICT
COMMISSIONERS MEETING

Meeting Place
FREELAND HALL 1515 Shoreview Drive

In Attendance:

Commissioner – Nolen Knickerbocker
Commissioner – Jim Short

Commissioner – Eric Hansen

Andy Campbell – Certified Operator
Sandy Duncan – Administrative Assistant
Gary Hess-Davido Consulting Group
Chet Ross-Freeland Chamber
Bob Macaulay-Macaulay & Associates, LTD.
Yvonne Alexander-Smith Macaulay & Associates, LTD.

Audience

See attached sign in sheets

CALL TO ORDER: Commissioner Knickerbocker called the meeting to order at 5:50 p.m. followed by the pledge of allegiance.

Commissioner Knickerbocker introduced Robert Macaulay from Macaulay & Associates, Ltd. who prepared the Special Benefit Study.

Bob explained that a Benefit Study estimates the benefit to each property resulting from a project such as the Freeland sewer project. There are 496 properties within the Phase I boundary encompassing 400+ acres. Factors that they considered were zoning changes, density, if the property perks or not, and the value with and without the sewers. They also hired a land use consultant to assist at looking at the properties to help determine what the densities would be on current zoning. This is not an appraisal of individual properties, but a preliminary estimate of how much each property might benefit from implementation of a sewer system.

Commissioner Knickerbocker opened the floor for questions. He suggested that once property owners have had a chance to review the report they can forward their questions to the District.

Macaulay added that part of the process is to obtain property owner input on the analysis, including such factors as wetlands and perk problems on the property. Commissioner Knickerbocker noted that the LID is on hold, but this report will be the foundation for future analyses.

Al Peyser asked if the property had to be subdivided to get the benefit, did you take into consideration the cost to sub-divide. Macaulay confirmed that the cost to subdivide density was taken into consideration.

Commissioner Hansen asked Bob what the term mass appraisal meant. Macaulay explained that a special benefit study is not a written report on each property but a summation of the analyses of all the properties.

Chelle Brunke asked if the age of the homes or septic systems were considered. Macaulay said the sub-consultant did go through the records at Island County Health but data was not available on all properties. This would be something a property owner could submit to the District for consideration.

Bill Lewis asked if the income approach on commercial property was also use. Bob replies that yes, this is also taken into consideration on the value.

The question was asked from a member of the audience if the study was available on the website. Gary Hess reviewed that once the commissioner had an opportunity to review and approved the special benefit report, the study would be available on the website. Hess said the District has also prepared a user guide and map that will be incorporated into the benefit study. We will also make a hard copy available at the District office and the Freeland Library, and if someone wanted a copy we will have it available at Sound Business Center for copying.

APPROVE AGENDA: Upon discussion.

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

PUBLIC COMMENT WATER: Susan Sibbald reported that she has been experiencing problems with her water quality, in that her pre-filters that are suppose to last 3-4 month are plugging up within a week. Andy explained that a filter plant has been ordered for well #3 and will be installed later this summer. We will then flush the entire distribution system for Freeland. Ron Wallick suggested that when we flush we should turn off the water to the individual home. Commissioner Knickerbocker thought that was a very good idea; however it is not very practical. Commissioner Knickerbocker will review with Andy to determine how best to protect the individual owners home when we do flush the system. We will also notify the customers in writing prior to when the flushing will occur. Commissioner Knickerbocker agreed to inspect the filtration system at the Sibbald home and suggested that maybe we bypass the system until the treatment plant is installed.

REVIEW OF MINUTES: Upon review.

ACTION: A motion was made by Commissioner Hansen to approve the minutes of the April 11, 2010 as written. The motion was amended to approve the minutes as corrected. Commissioner Short seconded the motion and the motion passed.

OLD BUSINESS:

1. Treatment Plant Well #3. Gary reported that Jeff Tasso has been hounding ATEX for the final quote on the Atec system. Gary noted that it would probably be the end of the summer before it is up and running. He suggests that we wait to put it on line until after the heavy watering season in order to flush the lines
2. Water Rights Update. Gary reviewed that ECOLOGY is working on the water right application and they have completed the sea water intrusion modeling; there is no major impact for our proposed withdrawal rate. Noel Phillips from Ecology said that part of their sewer plan review will be a water rights impairment analysis to determine how diverting water from septic systems to a wastewater treatment plant will impact wells in the area. Noel suggested that since we are working on the modeling for the water rights that they also do the seawater intrusion modeling for septic return flow at the same time. Gary explained that this was something we would have to do at a later date anyway, so we should go ahead and

complete now. Upon discussion the commissioners agreed to proceed. Gary will work with Ecology to prepare an amendment to our existing agreement to add approximately \$3,200.

NEW BUSINESS:

1. Resolution 11-04 Service Installation (hook up fees). Upon discussion Sandy noted that we had a motion to approve the change but we needed a motion to approve the resolution.

Action: A motion was made by Commissioner Hansen to approve Resolution 11-establishing revised hook-up fees. The motion was seconded by Commissioner Short and passed.

2. Resolution 11-05 Acceptance of the Silver Fin LLC. Upon Discussion, Commissioner Hansen had some minor revisions. Sandy will correct and put this item on the July agenda.
3. Resolution 11-06 Sunnyview Farm Rates. Upon Discussion.

Action: A motion was made by Commissioner Short to approve Resolution 11-06 as revised. The motion was seconded by Commissioner Hansen and passed.

4. Resolution 11-07 Update District Specification-Fire sprinkler bypass meters.

Action: A motion was made by Commissioner Short to approve Resolution 11-07 as written. The motion was seconded by Commissioner Hansen and passed.

MAINTENANCE REPORT- Andy Campbell. Andy reviewed his report. A copy is attached.

ADMINISTRATIVE REPORT- Sandy Duncan. Copies of Sandy's reports are attached.

PUBLIC COMMENT – SEWERS

Mitch Streicher asked how many voucher were included on the sewers. Sandy explained that there were 5 vouchers and reviewed the vouchers and the amounts.

Chelle Brunke stated that she does not understand the assessment verses the benefit. Bob Macaulay had explained that it was usually 50-75% of the benefit analysis so is the assessment going to be less that what the numbers in the special benefit analysis are? Commissioner Hansen explained that the Macaulay report defines how much the area benefits from the waste water treatment system. That does not have anything to do with the actual cost of the treatment system. It just says how much more valuable is your property as a result of having a sewer system. It turns out that when you do an LID you don't try to get bonds for the entire value that the special benefit study comes up with. So if we were to proceed we would try to finance perhaps 75 percent of the \$22 million. The proposal that is currently on the table for \$30 plus million and we hope to get grant money to bring that down. But the assessment you would have is a fractional share of the cost of the system, and your fractional share is what is defined by Macaulay's study. It will not be any more than what it is in the Macaulay study, but perhaps about 75% of that. We hope it will be lower than that by getting more grant money.

SEWERS

1. Benefit Analysis – How to proceed. Commissioner Short stated that he liked the idea of a notice to all the property owners identifying the special benefit for their parcel

He believes that would be better than sending the whole report out. Commissioner Hansen agrees with Commissioner Short that we need to have a mailing to the property owners that it's on the website and that copies are available for those who would like a copy. However, he is concerned that although everyone in the audience knows what the issues are and understands them, he is not sure all the rate payers would understand what they were receiving in the mail. It was agreed to discuss how to distribute this information to the property owners at the June 27th workshop.

2. Form Advisory Committee. Upon discussion.

ACTON: A motion was made by Commissioner Hansen to create a Citizens Advisory Committee based on the draft scope of work dated May 15, 2011 to address a waste water treatment system for Freeland. The motion was seconded by Commissioner Short and passed.

Lou Malzone noted the committee will incur some costs, and that they want to affect how the \$3.5 million grant will be spent. Commissioner Hansen suggested that this and the scope can be discussed at the June 27th workshop.

3. Appointment of Advisory Committee. Upon review.

ACTION: A motion was made by Commissioner Short to appoint, Al Peyser, John Chaffins, John Brunke, Lou Malzone Mitch Streicher and Jerry Stonebridge to the Citizens Advisory Committee. The motion was seconded by Commissioner Short and passed.

Each committee member was introduced and gave a brief statement of qualifications. Commissioner Knickerbocker gave a brief bio on Jerry Stonebridge in his absence. Commissioner Short wanted to make sure that the audience was aware that Jerry Stonebridge has requested to be included in phase I.

4. Community Meeting. Not discussed

5. Monthly update from Chet on status of Grants. Chet reported that we do not have any news at this time, but should have some at the next meeting regarding the \$3.5 million. He explained that this is not a Ecology grant, that it is a Legislative appropriation that will be administered through Ecology.

6. Request by FAIRS to discontinue Hydrogeology work. Marilyn Abrahamson explained that FAIRS means Freeland's Actively Involved in Responsible Solutions. Commissioner Knickerbocker stated that he is in favor of continuing the hydrogeology work because we have a study that is almost completed and to stop it now would be a waste. Commissioner Hansen added that this study has been going on since last fall and is a very necessary study. Commissioner Short stated that he is not familiar enough with this item to have input but suggested that the FAIRS should provide documentation as to why this should to be stopped and we could discuss at the next meeting.

Marilyn Abrahamson questioned why we are doing the studies after the purchase instead of before we bought it. Commissioner Hansen state that the site has been in the plans for a long time, it became available at a great price and we bought it. The water re-use site is valuable whether we use the existing plant site or we connect to Holmes Harbor Sewer system. The treated water has to go somewhere because the commissioners decided that we are not going to put it in Puget Sound. Commissioner Knickerbocker added that the 80-acre site with the gravel pit there was the best site available at the time. Gary Hess reviewed the history which goes back to the Sub Area committee selecting the site in 2004. The County had the option to purchase the

property originally and turned it down. The property was then sold to Dogwood Whidbey Developers; when we were negotiating acquisition, we had asked permission to access the property to do the study but they would not allow us to do so. The property went into foreclosure and we immediately starting working with the bank; we got the property for \$6,000 per acre. The purchase happened very quickly and we did not have the luxury of time to do the studies before the purchase, so we are doing it now.

Ric Delmonte asked why we would not send the treated water back to Holmes Harbor or Puget Sound? He stated that the brand new treatment plant in the Seattle area called Bright Water it doing that. Gary explained the Metro has very deep pockets. Ric added that the reclaimed water is going to flow into the swamp and on into Puget Sound so you are not preventing the water from getting into Puget Sound. Gary stated that part of this study is to look at the entire drainage basin; we have been measuring and modeling the storm water thru the entire drainage basin to see what the effect will be at the beach at Mutiny Bay. This is because the property owners at Mutiny Bay condo's brought the drainage issue to our attention and we have been monitoring throughout the winter and spring. The storm water for this drainage basin flows through a culvert under Bush Point Road. Gary said when we first starting talking about this project back in 2003 we did investigate the possibilities with Ecology and this was taken back to the sub Area Planning Committee and it was unanimous that they would not put the outfall in Puget Sound or Holmes Harbor.

Commissioner Knickerbocker appreciates that the audience respects the fact that we have started a committee to address a lot of these issues. He suggests that you submit the questions to the Committee to address in lieu of at the meetings. The committee should be the ones responding in that we know the history of the project and a lot of your questions are addressed in the Sewer Comp Plan and the Preliminary Engineering Report which is what the committee will be reviewing.

VOUCHERS:

Account #702 Operations - Voucher # 7413 to 7433 in the amount of \$30,241.67 were reviewed, approved and signed.

Account #742-Sewer - Voucher #165 to #1694 in the amount of \$70,724.69 were reviewed, approved and signed.

ADJOURNMENT:


The meeting was adjourned at 7:35 p.m.

Respectively Submitted

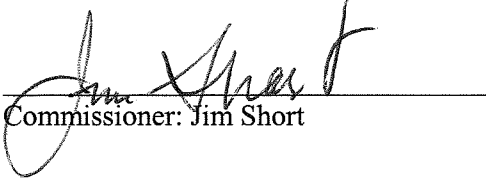


Sandra J. Duncan

Approved:



Commissioner: Nolen A. Knickerbocker



Commissioner: Jim Short



Commissioner: Eric Hansen