

**MINUTES OF THE March 14, 2011
FREELAND WATER & SEWER DISTRICT
COMMISSIONERS MEETING**

Meeting Place
5494 Harbor Avenue
Freeland, WA
(Freeland Library)

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

Audience

See attached sign in sheets

CALL TO ORDER: Commissioner Knickerbocker called the meeting to order at 5:45 p.m. followed by the pledge of allegiance.

APPROVE AGENDA: Upon discussion.

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

PUBLIC COMMENT WATER: None

REVIEW OF MINUTES: None

OLD BUSINESS:

1. Freeland Water Connection fees. Upon discussion it was agreed to raise the connection fee in Freeland in two steps as outlined by Katy memo dated March 7, 2011.

MOTION: A motion was made by Commissioner Hansen to adopt a new connection fee of \$7140.00 as the basic connection fee for single family unit with a 3/4" meter with increased based on ERU calculation. The motion was seconded by Commissioner Short

Upon discussion it was agreed to amend the motion:

A motion was made by Commissioner Hansen to adopt a new connection fee in two steps: the first increase will go into effect May 1, 2011 at a rate of \$5,850.00 per ¾ inch residential connection and another increase effective November 1, 2011 to \$7,140.00; in both cases, costs would increase with meter size in accordance with the charts on page 4 of Katy's memo dated March 7, 2011. All commercial connections will be based on meter size and a calculated ERU's. The motion was seconded by Commissioner Short and passed.

2. Sunny View Farm income versus expenses. Sandy prepared a cost summary that was included in the commissioner packages and email to the commissioners. Andy reviewed that he does not believe that there will be any additional repairs in the short term. Upon discussion it was agreed to table this item to the April 11, 2011 meeting.
3. Harbor Hills Comprehensive Plan confirmation on submittal requirements. Andy agreed to verify this with Erica Lindsey from DOH when she is here to do the sanitary surveys for both districts next month.
4. Fish Forest-Developer Extension Conveyance and Acceptance. The commissioners would like to review the cost and assessment in the memo from Quin dated January 26, 2010. Quin reviewed that the system is ready but will not start working until there is water to the system. Commissioner Hansen requested that at the next meeting that Quin explained how the costs are broken down and how they will be covered whether there is 1 house or 5. Upon discussion it was agreed to table this item for discussion at the April 11, 2011 meeting.

NEW BUSINESS:

1. Letter of Consideration – 2011 ERU increase – Thomson. Sandy reviewed the consumption chart that she had prepared for the Thomson property. Ann Thomson reviewed that they had replaced the entire pipe in October 2010 so the consumption for November 2010– February 2011 should be the average. She explained there are 3 units (a house, a cabin and the barn building); they live in the barn and they have one commercial customer who does not use any water. Commissioner Hansen requested that Sandy further breakdown the ERU's per billing for discussion at the next meeting.
2. Skagit Farmers Supply Developer Extension. Upon Discussion it was agreed to table this to the next meeting. Andy needs to review and correct the plans before signing.
3. Harbor Hills Water Rights No. GI-27219P Construction Completion Extension. Andy reviewed that he has requested an extension of the water rights period for another 10 years to keep our water right current. This will continue until we have met maximum build out. Sandy has also set a letter to DOE and DOH requesting that all notification go to the District office not to Andy's Address.

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

1. Commissioner Knickerbocker requested that in the future we do not do all the Hydrant exercising at one time, in order to spread the costs.

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

1. Sandy reviewed that we have been receiving a lot of request for information. She reminded the audience that all requests must be requested on the Public Disclosure Request for Information form that is available in the office and on the website.

PUBLIC COMMENT – SEWERS-Commissioner Knickerbocker reviewed the procedures, limiting comments to 5 minutes, if time allows we will have a questions and answer prior at the end of the meeting and please be courteous and to not interrupt. District will take notes on the comments and will respond at a later date.

1. Al Peyser stated that he has 4 requests/motions that he would like to have the District consider, however he agreed to only read one into the record. A copy of Al's requests are attached.
2. G.M Deleon-Asked about the sign at the park, the contamination sign as to who put it up. Commissioner Knickerbocker responded that it was The Shellfish Protection District. How did they come about putting up the sign, how many samples do they take, do you know when the tests were taken, if it was raining, what are the results? Commissioner Knickerbocker responded that the sign has been up for two years. Gary Hess responded by referring her to the Island County Health Department website then to Holmes Harbor Shell Fish Protection District or call Island County Health and request information.
3. Mike Gregory-yielded his time at this point.
4. William & Gillian Lewis-William wanted to know the status of an opt out letter that he submitted months ago. Commissioner Knickerbocker explained that the opt out letters will be reviewed after the 10 day protest deadline from the Public Hearing. The ten days is in accordance with the Revised Code of Washington (RCW's). Regarding the letters that were already submitted, there have been no policy decisions on this matter. Gary reviewed that in order to change the boundary map; the board has to conduct a public notice and resolution process. In order to formally accept any opt in/out letters for consideration the district would need to have a new resolution of intent to form the LID, which is a future action. Gary explained that there will be two separate steps, 1)the District will review all the requests and then act on the benefit analysis report and then determine how to proceed on the opt in/out letters by May 25th.
5. Mitch Streicher-Asked if the draft special assessment report was received. Sandy reviewed that we did an amendment to the Contract and extended the due date to March 22, 2011. He asked if we are still going to have an April 14th mailing of the LID notice. Yes, the District is scheduled to approve the report on April 11, 2011 with mailing the notices on March 14th. Mitch stated that he attended a meeting last Sunday of about 40 people who were vary agitated about this process but there were no Commissioners. He said these people are going to get together next Sunday, and will be given lists of people

to go door to door and get letters to opt out. Of the 40 people, if they only get five signatures apiece will have enough signatures to kill the sewer project.

6. Meg Wingard-Has no comment.
7. John Chaffins-1) If the property owner thinks that the planned sewer assessment is erroneous, what is the procedure for resolving errors? Gary explained that after the notices of the estimated assessment have been mailed, from the time you receive the letter and the formation hearing on May 24th you can go to the district office and look at the map, look at the data and the report, and submit a request for an adjustment based on something that might not have been considered. This would be submitted to the appraiser for consideration. For example, if half your property was a wetland and he missed that that would be a valid concern. 2) Where physically will the information be available? In the District's office. 3) If phase I costs \$39.9 million, what does phase II cost? Commissioner Knickerbocker stated that this has not been considered at this time. 4) If phase I property owners authorize the sewer LID, are the phase II property owners on the Hook for connection to sewers? Commissioner Knickerbocker responded, No. 5) If phase I property owners successfully protest formation of the LID what happens to phase II? Commissioner Knickerbocker stated that phase II will not be affected in that it was never part of the LID formation. If people in phase II decide to form an LID they will be paying their fair share. Gary Hess stated that phase II will have to buy capacity in order to connect. John stated that phase I will be building the processing plant, Phase II are just hooking up some pipes. Gary Hess noted that for phase II to connect they must considerably expand the plant, depending upon the size of phase II that wants to connect, and then they have to expand the plant to increase the capacity. In addition what has to be decided is what their fair share will be, similar to water connection fees. 6) Does Island County Health have a list of leaking septic systems? Can't they close them down and make them fix it? Commissioner Hansen stated that we have been working with Island County Health but Keith Higgman implied the County does not have the money do to that. 7) Is there a future plan for handling surface run off? Commissioner Knickerbocker state that, that is storm water which is handled by the County. Gary Hess noted that there is no connection between the storm water and the sewers. 7) The RCW implies that a person could write an LID protest letter any time now and does not have to wait for the assessment letter to come out.

Commissioner Short asked the audience if they have additional questions that might not have been asked tonight to send them to the website and Sandy will forward them to the Commissioners for follow up.

8. Bill Messener-As he understands the system, only liquids will go to a sewer and you still have to have your septic tank. He is having a hard time seeing what the benefit will be to his property. Granted it may correct for some people that have bad septic systems, but where is his benefit, he still will have to have the septic tank pumped and inspected. He sees a lot of negatives, he has to pay a monthly fee, has to spend a lot of money to put it in.

Commissioner Knickerbocker explained that the district would own the septic tank and the District would be responsible for the pumps, pumping of the septic tanks and

inspections. This would be an ongoing maintenance expense as part of the sewer system. Besides not have to worry about those items, the sewer would free up the property used for drain fields. What is the planned monthly cost? Commissioner Knickerbocker replies \$64.00 per month for maintenance, operation, inspections etc.

9. Lou Malzone by Mitch Streicher-Inquiring regarding a letter he set in for response. Sandy explained that Gary was out of town when we received the letter and Gay is working on the response which should be out this week.

SEWERS

1. Discuss Community meeting held on Sunday-March 6, 2011. Commissioner Hansen attended the meeting which was hosted by John Chaffin and Mike Gregory. It was well organized, and there were a lot of people opposed to the sewers. There were a lot of misperceptions, which he feels is an issue for the District; rather than fielding questions in this forum, he thinks that we need to have a broader meeting prior to the LID meetings. We may not change anyone's mind but at least the facts will be given. Upon discussion it was agreed to schedule a meeting. Gary will follow up with the consultants to see what there availability is. Gary also suggested a series of community meeting for people who want to set one up in a smaller setting that we are willing to do. Gary experience is that you have a big public meeting and very few people actually show up. Commissioner Hansen proposed that we have a public meeting in April similar to the ones last summer. Mike Gregory invited all the Commissioners to attend their Sunday meetings. Gary reminded the public that if more than one commissioner attends such a meeting, the meeting must be advertised as a special meeting in accordance with State law.

Rufus asked if a simple majority was required to form an LID. Commissioner Knickerbocker said if owners of 40% of the land area submit letter of protest the LID cannot be formed. Is the sewer system being driven by the Freeland Water and Sewer District as your idea or is it something that you feel in any way was imposed on you by Island County? Commissioner Knickerbocker explained that it is actually comes from Olympia that they issued a Growth Management Act and they told Island County that they need to provide space to meet the population expectation, so the Freeland Sub-Area Planning committee was formed around 2000. Through the process there were many public meeting and many other meeting. The District prepared for and paid for the sewer plan, which in turn was approved by Island County, Ecology and Health. Rufus asked why the District does not make an incremental improvement to the two existing sewer systems. What happens to the private wells and private septic systems? If the LID is approved, what sort of process will be going through for phase II? And how do you make it equitable for those who buy in on phase I? Do you have sufficient water right to build out, and if not what process involved and do the people who are lending the money aware of the water rights situation? He added that he goes to the County Commissioner frequently and Helen Price Johnson said that she had a meeting with the commissioners tomorrow. He is wondering if that is a public meeting or closed and where it will be and what the agenda is? It is his understand standing that we already bought 80 acres and that is not enough and that we are negotiating for an additional hundred acres of the trillium property and that there may not be adequate land for the re-use water.

Commissioner Knickerbocker stated that a lot of his questions are on the website under frequently asked questions. He added that we will update as new questions arise.

Rufus also wanted to know if it will be mandatory for everyone to connect. He is under the understanding that the District will own the septic tanks and since his daughter is in phase II will she have to abandoned her well? Are you going to require input meters to know how much waste will be going into the septic tanks?

Commissioner Knickerbocker asked that if there are any more questions to please wait until after the meeting and the commissioners will meet with you to try and answer some of the questions.

2. Monthly budget review on sewers/spreadsheet. Sandy reviewed that she has updated the grant summary reports to include the voucher that will be approved tonight. This was emailed and a copy if also available in tonight's package. You will receive an update each month.
3. Emails handling/discuss public involvement program. Sandy reviewed that we are receiving more and more emails, which she will forward to Gary to coordinate responses. If the emails are addressed to the commissioners a copy will also be forwarded to you. She noted that first response is to refer them to the website and if they still have questions to submit them.

Commissioner Short noted that the FAQ on the website is a great place to go. Is it our intentions then to go ahead and answer these questions, plus all the email questions that we get in one place and would that be updated. Sandy stated that we do have plans on doing another mailing that will include a majority of the questions and they will also be posted on the website, including a notice on the possible meeting in April and letting people know that if they do not have access to the web, that the information is available at the District office. Gary noted that we can also include additional questions as they come in to add to the website.

4. Discuss how handle opt in/out letters. Commissioner Knickerbocker asked that we verify how the process will work and what the requirements are. Commissioner Hansen asked that in the FAQ's responses do we have a response that addressed opting in and out. It was agreed to add this to the FAQ's.
5. Schedule workshop to tour sewer treatment facilities. Commissioner Hansen suggested that the commissioners tour a couple different treatment plants i.e. Holmes Harbor, Langley and Coupeville. Upon discussion, Gary agreed to coordinate a tour of Arlington when Commissioner Knickerbocker is back in town. Gary also offered to will make arrangements with any other plants that you would like to tour.

Meg Wingard stated that Holmes Harbor has indicated their willingness to host a tour of their plant knowing that there membrane system is different. The basic concept is similar. She would also like to point out that they are willing to discuss the possibility of Freeland using their plant on a temporary basis. Homes Harbor is licensed for 700 ERUS and they are currently using about 250. Commissioner Knickerbocker noted that the

District did look into this and that is something that we might want to entertain again, which is also one of Al Peysers points.

Gary stated that in 2003 and 2004 as part of the original sewer comprehensive plan, they looked in detail at using the Holmes Harbor wastewater plant for Freeland. They went all the way through cost analysis, life cycle analysis and discussions with the plant operators and the board and at that time it was decided not to expand the Holmes Harbor wastewater plant. The primary problem was the cost of pumping from Freeland up 250 feet to the waste water plant. Pump stations are expensive; they are expensive in life cycle costs and initial costs. The other concern was that the Holmes Harbor Treatment Plant excess capacity is reserved for the build out of the Holmes Harbor development. The third consideration was disposition of the reclaimed water. Holmes Harbor uses the golf course for the re-claimed water so we would have to find an off-site place to use the re-claimed water. All these things factored into the decision and in the sewer comp plan there are tables that break down the various approaches that the District looked at. The first one was the Freeland only plant with effluent going to the Sikma site, the second was Freeland only going to the tree farm, the last one was using Holmes Harbor and going to the tree farm property. Gary noted that this could be looked at again to see if the analysis is still valid if the commissioners so desire, Gary does not think that the costs will change that much. Commissioner Knickerbocker asked if Gary would have Tetra Tech look at the cost analysis again and work with the Holmes Harbor Board to see what their feelings are and what the possibilities are.

Commissioner Knickerbocker reiterated that it was the Growth Management Act that initiated the Sub-Area plan and the District received money from the County to do the sewer comp plan. But it was the Freeland Chamber of Commerce that came to the District and asked the district to be the entity that would be running the project.

Chet Ross reviewed that the Sub-Area Planning committee submitted their plan to Island County Planning Commissioner in 2005, which was then passed on to the County Commissioners. The County Commissioners felt at that time that they had satisfied the lawsuit that had been filed by the State against the County to move forward on the urban Growth planning for Freeland. At that time, the commercial property owners felt that sewers were needed for Freeland to continue to be a vibrant community. Chet Ross stated if you do not have a good downtown core then the rest of the community ultimately suffers. The business district put up approximately \$48,000 as seed money to start the process. One of the things that we ran into was that State and Federal agencies that do lend for infrastructure loans and grants would not entertain supporting the commercial core only; they said if we wanted to proceed we would need to include residential. In 2009, USDA indicated we had a pretty good program and implied they could provide grant money from ERRA and a low interest loan all with one lender. We proceeded and prepared everything USDA asked for, but USDA came back and said that they had run out of money. To this day, USDA thinks we have a good project and they continue to work with us on the project. We currently have 5.5 million in grants and are looking for an additional \$10 to 11.5 million in grants. If we receive the additional grants the costs will drop substantially.

VOUCHERS:

Account #702 Operations - Voucher # 7349 to 7369 in the amount of \$26,316.88 were reviewed, approved and signed.

Account #742-Sewer - Voucher # 128 to 140 in the amount of \$134,593.40 were reviewed, approved and signed.


ADJOURNMENT:

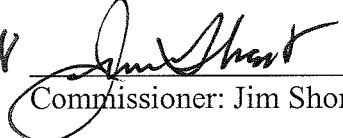
The meeting was adjourned at 8:06 p.m.


Respectively Submitted


Sandra J. Duncan

Approved:


Commissioner: Nolen A. Knickerbocker


Commissioner: Jim Short


Commissioner: Eric Hansen