

**MINUTES OF THE May 9, 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 5:50 p.m. followed by the pledge of allegiance.

APPROVE AGENDA: Upon discussion.

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: None

REVIEW OF MINUTES:

OLD BUSINESS:

1. Skagit Farmers Supply-Developer Extension. Upon Discussion Andy noted that there was one minor change on the plans otherwise everything was acceptable.

MOTION: Commissioner Hansen made a motion to approve the Skagit Farmers Supply Developer Extension and authorized Commissioner Knickerbocker to sign. The motion was seconded by Commissioner Short and passed.

2. Treatment Plant Well #3. Andy reviewed that we have received the approval from the Department of Health. Sandy was authorized to email ATEC to go ahead and order. Quin confirmed that the ATEC plant was between \$44,000 and \$45,000. Andy

suggested that he and Sandy get together to discuss how we get the equipment up the hill to the site. Andy noted that we will need to have ATEC deliver the equipment on Scenic and then we will have it get it to the treatment building. Sandy reviewed that once the order is placed it will be 8 to 10 week to delivery.

NEW BUSINESS:

1. Policy on Public Disclosure requests. Sandy reviewed that the District does not have a reimbursement system for electronic documents that we email. It was agreed that all Public Disclosure requests will be submitted and if electronic version is requested that the fee of \$.25 per page will need to be paid prior to emailing.
2. Increasing the number of Commissioners. Sandy reviewed that this item was discussed at the workshop on April 25th. Commissioner Knickerbocker noted that the consensus of forming a citizen's advisory committee was that to increase the number of commissioners at this time was somewhat premature. He added that we have already agreed to increase the number of commissioners upon annexation of the Holmes Harbor area for water service.
3. Myers Developer Extension. Quin noted that he will need a little more time to complete the by pass meter drawing for the Myers building in Freeland. Andy suggested that there should be more than one drawing: one if they are using the fire main for their domestic service and one if they have a separate line for the fire main line. He added that we have set a policy that all new buildings that require a fire suppression system need to have a bypass meter to monitor for leaks. It was agreed that the district would not charge for the second meter when an existing meter is already in use for a fire line only meter.

ACTION: A motion was made by Commissioner Short to accept the Developer Extension Agreement. The motion was seconded by Commissioner Hansen and passed.

Andy noted that he has requested that Quin draw up specifications for fire lines bypass meters to be incorporated into the existing rules and regulation. Quin noted that he is working on this. Upon completion he will have them reviewed by Andy for final approval prior to submitting them to the District.

4. Location of District meetings. Sandy reviewed with the Library is available the 2nd Monday of each month for the District meeting. She noted that the Library is checking on the availability of the 4th Monday for the workshops and she will follow up on this for the next meeting.

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

Al Peyser stated that he did a quick calculation on the 22 million and that still comes out to \$46,709 average per parcel based on 471 parcels so it is a very significant number. Commissioner Knickerbocker thought that the 22 million is by square footage, not by parcel, however we will have to wait and see what the benefit analysis says.

John Chaffins stated that there are NMUGA's that have a mixture of sewers and septic so does Freeland, does that mean that we are in compliance? Commissioner Knickerbocker clarified that both Holmes Harbor and Main Street are separate sewer district and are not included in the Freeland Water and Sewer district boundaries. Yes we are all part of the NMUGA, but the sewer district is defined the same as our water District boundaries excluding Main Street.

Commissioner Hansen add that we have a sewer proposal based on a given set of assumption that has come under a lot of criticism and one of the purposes of having an advisory committee is to revisit those assumptions. He added that he does not disagree with Rocky only that maybe we should re-look at phasing.

John Chaffins also asked the questions about what is the Advisory Committee item on the agenda and what is the motion. Commissioner Knickerbocker explained that this will be to form or not to form an Advisory committee.

John Chaffins state that he was not sure if the advisory committee draft by Ric Delmonte was received by the District Commissioners and Gary, if not they have a number of refinements to the initial draft on the CAC. Commissioner Knickerbocker state that the Commissioners did receive it and a revised CAC outline was passed out.

Lou Malzone stated he thought it was normal to finance 70-80% of the special benefit, so we have a larger budget gap. What is the budget gab between the \$40 million budget that we have and the benefits?

Chet responded we have \$34 million to finance and if we use 80% of \$22 million that would be 17,600,000 so the different is roughly 50% of the 34,400,000. He added that not all of that has to be in grant. For example, a 10 million grant also reduces the interest by 2.7 million so it has a 12.7 million effect on the gap. Chet added that we would need approximately 13 million in grants to bring the financed portion down to the 80% mark. He said the commissioners asked him to not stop looking for grants even when the project is underway.

Ric Delmonte asked if the effort to secure grant money is just for phase one or the entire NMUGA; he said Helen Price Johnson said the RCW's require us to look at the entire NMUGA and he does not see that happening. Commissioner Knickerbocker stated he understands the plan we have now is still approved by the County, indicating to him as long as the full build was in the master plan, it could be done in phases. Because Holmes Harbor and Main Street are separate sewer districts, we did not have to include them in our design.

Commissioner Hansen added that one of his thoughts about the citizens committee is that they would re-evaluate exactly what the requirements were for the District. Hansen said the District commissioners feel a responsibility to implement the comprehensive plan for the sewer system. In the interest of obtaining grant money, we included residential areas early in the process and became a bigger project in the 1st phase than had earlier been anticipated. It turned out to be a \$40 million project and a \$22 million benefit; the funding isn't there, there was a lot of citizen concerned about the scale of the project, and from his prospective we are re-grouping right now. We can come through this re-assessment with the same project that was proposed months ago or it we may take a different direction. It is important to research exactly what the District is really required to do and that means re-looking at the requirements on population, phasing of sewers, what the GMA requires, how much needs to be sewerred, and how much need to be done in any one phase. Commissioner Knickerbocker believes that with the CAC committees support we are hopeful to get these questions answered.

Mitch Streicher stated that the GMA hearing board holds hearings to address questions regarding Growth Management, so that is one path the District could take. He also asked why funds from the \$2.5 million from the County continue to be spent? Commissioner Knickerbocker stated that the project is not shelved, but in the process of being re-evaluated, we are still working on the Hydro-geologist report.

Kim Kelser asked if the \$40 million project still going or are we re-assessing?

Commissioner Hansen responded that each commissioner has his own opinion. His prospective is that the \$40 million project is still on the table, but we have heard good arguments for coordinating with the Holmes Harbor District, and Al Peyser has been pitching a connection to the Main Street system for a long time . We as commissioners have agreed to re-assess and that is the purpose of forming the citizen's advisory committee. He believes the District is still committed to develop a sewer system, but it might look different from the one originally presented.

Commissioner Knickerbocker stated that we are still going forward on a sewer project and re-assess to determine what the project will be based on the community's concerns.

Kim wanted to make sure that we are not spending money on a current sewer project.

Commissioner Hansen explained that no matter what project we end up with we will still need hydro-geology studies that are currently underway.

Ric Delmonte suggested that we stop calling this a \$40 million dollar project and no matter what type of project we end up with will have a price tag. Commissioner Knickerbocker agreed.

Commissioner Short stated that he believes the project is off the table because he believes that there is too much wrong with our assumption going into the project and that we need to re-group and re-assess and take a look at it from the top down including the population.

Ron Wallick asked if two commissioners agreed on a project they could determine what it would be? Commissioner Knickerbocker confirmed that it only will that a vote of 2 of the 3 commissioners to pass any decisions.

SEWERS

1. Al Peyser letter of April 13, 2011 requesting recognition of his right to inquire possible sewer service by MMSD. Gary Hess reported that if the other sewer system has an approved comp plan then there would be a process to go through, however Main Street Sewer system does not have an approved comp plan at this time.

Al Peyser stated that he just wants verification that he is not doing anything illegal about inquiring about possible connection to Main Street.

Sandy was asked to have Al Hendricks review the request before we respond.

2. Benefit Analysis. Sandy reviewed that we have received a memo from the consulting team with recommendations for presenting the results to the community. Commissioner Short believed that the memo was right on and that this is an area where we need to be very careful not to confuse the customers about what the numbers mean. He would like to discuss having a briefing by Macaulay for the commissioners.

The commissioner discussed and agreed that they wanted to see the Macaulay report prior to presenting to the public for comment. Gary reported that it should be done by the end of the week. Sandy noted that this will be in draft form only for comment prior to issuing to the public. Gary noted that what we receive will not be the assessment; it will only indicate a ceiling and what the value of the property with and without sewers will be.

3. Sewer Treatment Plant Tour. Commissioner Knickerbocker thanked Meg Wingard of Holmes Harbor Sewer District for the opportunity to tour their facilities; the commissioners received a lot of good information but need to investigate this option further. Commissioner Knickerbocker noted that Holmes Harbor has made changes from when we first researched the possibility of connecting. Gary added that when Holmes Harbor was first investigated other factors were involved, like the additional pump stations and cost to expand the plant.

Commissioner Hansen stated that he does not want to undo 10 years worth of planning and engineering, however he does want to take another look at the basis for population projections and what exactly the Growth Management Act requires. That information will decide the scale of the sewer system for Freeland and will be good to know before we spend money on a new feasibility study to connect to the Holmes Harbor treatment plant.

Upon discussion it was agreed that we need to study the fundamentals first before we proceed.

Meg Wingard suggested that no matter what we decide you need to consider and include operating cost. They have experienced a continual increase in operating cost and specifically the use of man power. Gary noted that operation cost are included in the sewer plan.

4. Holmes Harbor Sewer – Discuss looking into feasibility of using processing plant. See above.
5. Advisory Committee. Mitch Streicher stated “that if you people were going to stick to the framework of the draft advisory committee prepared by Gary Hess you are barking up the wrong tree. The whole purpose of the committee is for the community to have input. If you tell them how to run things they are not going to have freedom. It is your discharge to give them task and it is their job to determine how to do the task. The fact is do not make this another Freeland Water and Sewer District effort make it a community effort that is the whole purpose of it.”

Mitch added that at the meeting (FAIRS) he attended yesterday several people stated that if the present draft CAC goes through they will withdraw their willingness to participate.

John Brunke thought that the people who form the committee will form their own framework at that time.

Commissioner Hansen note that he feels that the District Commissioners should work with Gary on the outline, the scope of work of the tasks and the issues that need to be addressed. He volunteered to work with Gary directly on a revised draft with respect to the emails and comments that we have received. He believes that we know what the issues are and we want to see them resolved and we want to see a broader base of support for a sewer system.

Gary reviewed that the current volunteers are, Lou Malzone, Lew Randall, John Brunke, Al Peyser and Ric Delmonte.

Commissioner Knickerbocker state that the initial draft for the CAC was drafted with the best of intentions as an initial draft Upon discussion it was agreed to put this item on the agenda for the next workshop.

6. Value Engineering Study. Upon discussion it was agreed that this item is premature at this time.
7. Budget Review-Grant funds. A copy is attached.
8. Schedule Community Meeting – June 7th. Upon discussion it was agreed to keep the date or move it if necessary for possible review of the special benefit analysis. Sandy reviewed that the managers of the Hall have been very flexible with our schedule.

Upon discussion it was agreed that the two topics for discussion at the next work shop would be the special benefit analysis and how it should be presented and the Citizens Advisory Committee (CAC). At that time we could discuss the possible use of the Hall.

9. DNA testing- Oregon State. Gary reviewed that he attended the community (FAIRS) meeting where Keith Higman from Island County Health discussed water quality issues. A DNA study would identify a percentage of each type of DNA (human, deer, dog, etc.) but it will not specifically point you to a source. The Island County Department of

Health is doing more inspection of septic systems in Freeland with dye testing and looking for optical brighteners; this would identify pollution originating from leaking septic systems. Gary's understanding from the meeting was that the County is stepping up the program for the Shellfish Protection District in Freeland and we need to defer to the County.

Kim Kelsner state that the County is now testing about 18-20 properties with the dye testing and they will be testing over the next 60-day period.

10. Commissioner Knickerbocker responded to the questions that have been raise regarding minutes of the workshops. It is not our policy to take minutes at workshops. This is a time to discuss issues only.

VOUCHERS:

Account #702 Operations - Voucher # 7390 to 7412 in the amount of \$51,957.77 were reviewed, approved and signed.

Account #742-Sewer - Voucher #158 to #164 in the amount of \$51,890.76 were reviewed, approved and signed.

ADJOURNMENT:

The meeting was adjourned at 7:55 p.m.

Respectively Submitted



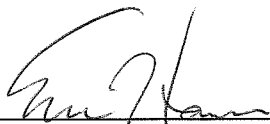
Sandra J. Duncan

Approved:



Commissioner: Nolan A. Knickerbocker

Commissioner: Jim Short



Commissioner: Eric Hansen