

BOARD OF MASON COUNTY COMMISSIONERS' BRIEFING MINUTES

Week of August 19, 2013

According to staff notes, the following items were discussed.

Monday, August 19, 2013

- 9:00 A.M. Closed Session – RCW 42.30.140 (4) Labor Discussion
Commissioners Neatherlin, Jeffreys and Sheldon met in Closed Session with Bill Kenny from 9 a.m. to approximately 9:30 a.m.
- 9:30 A.M. Green Diamond – Patti Case
Trust for Public Land – John Hoey
Commissioners Neatherlin, Jeffreys and Sheldon met with Patti Case and John Hoey regarding a letter of support for the Forest Legacy Program funding proposal for the purchase of conservation easements.
- 10:00 A.M. State Auditor Entrance Conference
Commissioners Neatherlin, Jeffreys and Sheldon met with State Auditor staff. The 2012 financial audit started in June. The exit conference will be scheduled in September.
- 10:15 A.M. BREAK
- 10:20 A.M. Public Works - Brian Matthews & Melissa McFadden
Utilities & Waste Management - Brian Matthews & Tom Moore
Commissioners Neatherlin, Sheldon and Jeffreys were in attendance.
The following items were reviewed:
- Request the Board execute a resolution extending the closure of Tahuya River Road for two weeks to reopen at 4:30 pm Thursday, September 12, 2013 to complete the installation of the aluminum pipe arch
 - Follow-up on the Skokomish General Investigation Study
 - DOT SR 3 Widening Project
- 10:30 A.M. Finance Committee
In attendance: Commissioners Randy Neatherlin, Tim Sheldon and Terri Jeffreys; Auditor Karen Herr and Treasurer Lisa Frazier.
Presenters: Alan Dashen and Scott Bauer, A. Dashen & Associates; John Cunningham, Consultant for Public Works
The first order of business was for committee members (Neatherlin, Frazier, & Herr) to approve and sign the updated version of Mason County's Debt Policy and Investment Policy.
- Lisa Frazier then turned the discussion over to Mr. Dashen to continue discussions from last month on financing options for the Belfair Wastewater Treatment Plant. Mr. Dashen distributed a handout with updates on the long-term bond market. Long term interest rates have increased between 0.30% - 0.40% since last meeting on July 9th.
- Discussion ensued on existing debt, restructuring our debt service, current long-term bond rates, and using commercial banks as an option – all which was presented in the handout.
- Mr. Cunningham supplied financial analysis in regards to our current financial status with this project and a summary of his updated rate calculations for the Sewer project. The summary covered five different scenarios for the Commissioner's consideration.
- The Commissioners also discussed other options for financing this project, including using a portion of REET 2 and .09 monies and borrowing from PW on a short term basis.

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Lisa mentioned that there was no good option at this point, however, because of a \$700,000 bond payment due Dec. 1st - "the Commissioners have to do something".

Cmmr. Sheldon spoke of the advantages of acquiring a long-term bond to finance this project.

Cmmr. Neatherlin spoke to the advantages of using options such as using REET 2 and .09 monies and restructuring some of our current debt to finance this project. Terri asked Mr. Dashen his recommendation – his comment was that during the last meeting (July 9) he had recommended acquiring a long-term bond, now that interest rates have increased he was rather on the bubble on that recommendation and if much more time lapsed without a decision from the Commissioners, and interest rates continue to increase, acquiring long-term bonds would no longer be viable.

Cmmr. Neatherlin reiterated that he supported using other options to reduce our debt other than borrowing \$12M in order to save \$122,000 a year (which was a long-term bond option).

No decision was made and Mr. Dashen suggested that he, the Treasurer, and Mr. Cunningham meet to discuss further recommendations and pursue options suggested during this briefing.

Discussion ensued regarding financing options for the Sheriff's Office Projects (control panel replacement, direct supervision unit upgrade, and the jail ecology upgrade). Prior to pursuing financing, the Commissioners must approve of these projects in a public meeting. Cmmr. Neatherlin commented that it may not be a unanimous decision, suggesting that not all Commissioners support going into further debt to finance the Sheriff's Office projects.

Meeting adjourned at 11:47 a.m.

Minutes submitted by Secretary of the Finance Committee – Karen Herr, Auditor

- 11:30 A.M. Public Health & Human Services – Vicki Kirkpatrick
Commissioners Neatherlin, Sheldon and Jeffreys were in attendance.
The following items were reviewed:
- The Director of Mason County Public Health and Human Services updated the Commissioners on two new positions funded with grant and fee funds. One is a .6 FTE Housing Coordinator and the second is a .5 FTE Substance Abuse Prevention Coalition Coordinator. The .5 FTE Substance Abuse Coalition Coordinator grant does have a small match requirement which will be covered by in-kind contribution. No Current Expense funding will be required to fund these positions.
- 11:45 A.M. Commissioner Discussion – as needed
Commissioners Neatherlin, Sheldon and Jeffreys discussed the following item:
- Discussed two land-locked parcels of property that are in the Devereaux Lake area. These two parcels are listed as part of the proposed timber sale. It was recommended that these two parcels be listed as an amendment to the timber sale contract as to not hold up the permitting process so logging of the other parcels can commence as soon as possible.
- NOON BREAK
- 1:30 P.M. Hood Canal Coordinating Council – Patty Michak
In Lieu of Fee Program/WSDOT
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent. Loretta Swanson, Public Works, briefly introduced the Hood Canal Coordinating Council In-Lieu-Fee (ILF) topic, noting that Commissioners have expressed interest in learning more and that County staff recently participated in a meeting with the HCCC and WSDOT to discuss potential use of the ILF Program for the SR 3 Widening project through Belfair. Patty Michak stated that

WSDOT is required to consider using the ILF program under federal permit requirements. Loretta noted that this project is a good "trial" for all to learn from.

The following items were covered during the briefing:

- HCCC ILF communication and project approval process
- Benefits of ILF compared to permittee responsible mitigation
- Challenges associated with wetland banking programs
- Identification of potential mitigation sites in Mason County
- Recognition that mitigation may not always occur within the impacted jurisdiction

Commissioners agreed that the SR 3 Widening project through Belfair appears to be a good fit with the HCCC ILF Program. They are pleased with current communications and work to locate candidate sites within Mason County. They wish to continue work on the roster and improving project approval processes.

Communications and project approval process

Commissioner Neatherlin stated that he wanted to be sure that County staff were well-informed and in the loop for ILF project proposals. He has had recent conversations with both Patty Michak (HCCC) and Jeff Sawyer, (WSDOT Olympic Region Environmental & Hydraulic Manager) regarding the SR 3 Widening project through Belfair. Commissioner Jeffreys stated that she has had conversations with Patty and Loretta regarding the project. Commissioner Neatherlin invited staff to share their thoughts regarding the ILF program.

Commissioners asked Patty a series of questions about the ILF "approval" process and the roles of the HCCC Board, Interagency Review Team (IRT), project proponents, County Commissioners and staff. Patty stated that we are all learning from the WSDOT project, and she is making notes that can be incorporated into an Operations Plan for HCCC Board consideration.

ILF Program Benefits

County Engineer, Melissa McFadden stated that an ILF program would be beneficial for our county road construction projects. It would save the county time and money in the long run. Jeremy Graham (responsible for securing environmental permits for county projects) described our current "permittee responsible" mitigation process. He must find mitigation sites, oversee mitigation construction and perform long-term monitoring and prepare reports. WSDOT has expressed preference for an ILF Program rather than permittee responsible mitigation. Alan Borden stated that private landowners may not find the ILF program as beneficial unless their projects were of a larger scale.

Wetland banking

Commissioners inquired about the differences between ILF and wetland banking. Patty provided a handout to Commissioner Jeffreys published by EPA on Wetland Compensatory Mitigation and described the wetland banking process. She noted that a number of wetland banking efforts have been unsuccessful and described the reasons. Alan, Jeremy and Loretta described how it would be time-consuming and costly to develop a local wetland banking program.

Mason County Mitigation sites

Patty described recent field work in Belfair to locate potential mitigation sites and acknowledged the helpful information received from Ken VanBuskirk. She is encouraged by the availability of potential sites. Patty, Jeremy and Alan described the preference to locate mitigation sites within the basin, watershed or shoreline "drift cell" but acknowledged that this is not always possible.

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Under the ILF Program, an impact within Mason County might be mitigated in Jefferson, for example, or vice versa.

It is important to note, however, that mitigation will take place within Mason County for those projects which fall under County regulatory authority.

Tuesday, August 20, 2013

10:30 A.M. Public Works – Brian Matthews/Melissa McFadden/Cindy Ticknor
Commissioners Neatherlin, Jeffreys and Sheldon were in attendance.

- The 2014 ER&R rates were discussed. The vehicle side of the ER&R fund is in better shape than the phones/computers. Roads, Utilities and Health have been paying their ER&R rates and for the vehicle side and that makes up 75% of the ER&R budget. Current Expense paid no ER&R rates in 2013 and the rates have been reduced for the last few years. Part of the problem is that when the ER&R rates were reduced, the expenditures were not reduced.

Cindy has been working on separating the ER&R fund for each category – vehicles, phones, and computers.

The 2014 budget instructions to departments is to budget 100% of the ER&R rates and absorb 50% of those rates in their June 2013 budget number.

The goal is to create rates for computers and phones using a similar method that has been done for vehicles.

For 2013, they are anticipating a \$300,000 budget shortfall. After discussion, the Commissioners recommended they consider reducing staff and also determine if the shortfall can be made up starting in 2015.

There was also discussion of bring the Sheriff's computer support into ER&R and reassigning the Emergency Management extra computers to other departments that have older equipment.

Respectfully submitted,

Diane Zoren, Assistant to the Commissioners

BOARD OF MASON COUNTY COMMISSIONERS

Randy Neatherlin
Chair

Tim Sheldon
Commissioner

Terri Jeffreys
Commissioner