

BOARD OF MASON COUNTY COMMISSIONERS' BRIEFING MINUTES
Mason County Commission Chambers, 411 North 5th Street, Shelton, WA
Week of March 9, 2015

Monday, March 9, 2015

8:00 A.M.

Discussion of Belfair Sewer Finance Proposal – Frank Pinter
Commissioners Neatherlin, Jeffreys and Sheldon were in attendance.

- Frank Pinter presented a proposed Belfair Sewer Financial Plan. There is a State Auditor's Office audit finding that the Belfair Sewer program is not generating enough revenues to pay back its debt. Under the current assumptions, the fund is estimated to be short each year by approximately \$500,000 to \$870,000 until debt is paid off in 2032. In addition the county is in a dispute resolution with the contractor for the plant. The Dispute Resolution Board issued an Interim Recommendation, finding Mason County potentially owes the contractor approximately \$1.4M. Funding options include to continue to add .09 and REET 2 funding; implement a ULID or alternative prepayment plan or purchase an internally funded bond @ 1.5% for 25 years. The most economical way is to add hook ups and add Phases 2, 3, and 4 which would need seed funding.

Cmmr. Sheldon pointed out that all scenarios contemplate the sewer system getting bigger. As a Commission, we have to decide if the sewer is going to be bigger. He believes the Belfair UGA is too big for the area. Cmmr. Sheldon stated the first thing is to cut costs to the utility, meaning cut costs to the department. Then look at hook ups and determine what a reasonable amount for the system is. This proposal is asking people, who have sewer systems, to hook up or have them pay \$195 per month for no service. If you want to build in an improving economy, the costs will be more. He is reluctant to make the system bigger at this time. Need to look for opportunities for targeted growth, especially commercial growth.

Cmmr. Neatherlin pointed out the "Current Status" column on the Proposals Spreadsheet is for no additional expansion resulting in almost \$10M negative shortfall, which is why we have the State Auditor Finding. There is also a moratorium in the UGA. If we do nothing, we are in trouble.

Frank Pinter noted that in the analysis without adding .09 or REET funding, the rate would have to go to \$195 per ERU or the growth needs to go to almost 6% in Phase 1 to get to break even.

Cmmr. Sheldon stated that to borrow money when we are losing money is not a good thing.

Discussion of the operational costs and the fact that adding ERU's doesn't automatically increase operational costs.

Frank explained that assuming a 2% growth, increase .09 & REET funding, we would still need to increase the ERU rate to not have negative cash flow for years 2018 - 2032. Need to have an additional \$5M of revenue by either cost reductions (\$100,000 annual cost reduction to department for 25 years would generate \$2.5M) and increasing rates. Proposal has rate increasing 2.5% annually. Could also increase REET & .09 even more than proposed.

Cmmr. Neatherlin pointed out the department has reduced the departmental costs.

Discussion of \$1M from REET & .09 and how to allow development to continue but not expand the sewer.

Cmmr. Sheldon stated the Commission needs to look at the big picture. Growth could happen in Belfair, but needs to be concentrated and it may be that private developers need to pay for the growth.

Cmmr. Neatherlin stated these are good points, but the County has obligations for this system.

Cmmr. Sheldon stated this assumes the County is the deep pocket for financing the development.

Cmmr. Neatherlin questioned the history of the GMA moratorium.

Frank stated we have a debt service of \$12M that is supported by 400 ERU's. Simplest way to get out is to increase the ERU's as high as possible. We can't grow out of it using current growth rates. The system can't grow fast enough. Adding Phases 2, 3, and 4 does incur additional debt and does add ERU's. Question is if development is going to come.

County Code says if you are in the UGA, you hook up to sewer.

Discussion of reducing the UGA and population projections.

SAO finding can impact the County's borrowing ability. Treasurer Lisa Frazier stated the County does need to take steps to address the SAO finding but doubts it can be resolved in one big step. She is reluctant to tie up all of the County's money in a bond.

Cmmr. Jeffreys stated she is more inclined to address the sewer finances in 5 or 10 year plans.

Cmmr. Neatherlin stated the SAO is asking for a plan that pays off the system.

Cmmr. Sheldon commented that the SAO doesn't worry him as much as the citizens taking on additional debt.

Cmmr. Jeffreys stated she is good with continuing the REET funding and suggested not financing the BOSS settlement, but pay from Current Expense.

Cmmr. Sheldon left to attend the legislature at 9:22 am.

Frank will work on various scenarios.

BREAK - 9:30 a.m. to 9:40 a.m.

- 9:30 A.M. WSU Extension Office – Patricia Grover
Noxious Weed Control
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- The Board agreed to move forward Modification NO. 6 participating agreement between USDA Forest Service and the Mason County Noxious Weed Control Board.
- 9:40 A.M. Law Library – Tim Whitehead
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- Annual agreement with WestLaw for law library for 3 users with additional content will be placed on the agenda.
- 9:50 A.M. Public Health & Human Services – Vicki Kirkpatrick
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- Casey Bingham presented Amendment 1 to the Consolidated Contract for amended statement of work. The Board agreed to place on the agenda.
- 10:00 A.M. BREAK
- 10:10 A.M. Closed Session – RCW 42.30.140 (4) Labor Discussion
Cmmr. Neatherlin and Jeffreys met with Bill Kenny and Frank Pinter from 10:10 a.m. to 10:40 a.m. for a Closed Session for a labor discussion.
- 10:40 A.M. Support Services - Bill Kenny
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.

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- March 31 agenda items for Belfair meeting – WSDOT road widening project; Belfair Water District.
- Cmmr. Jeffreys drafted a letter to the Shelton High School District members regarding the Shelton High School Pool. Cmmr. Neatherlin was ok with placing the letter on the agenda but is not sure if creating a Metropolitan Park District is the answer. He would prefer a criminal justice tax, if the County were to go out for a tax.

The Board took a 5 minute recess

- 11:00 A.M. Facilities, Parks & Trails – John Keates
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- Part-time help from Pacific Mountain Workforce Development council for part-time staffing assistance with Facilities & Parks. There is no cost to the County.
 - Property offer for Shorecrest property that is listed at \$5500, offer is \$1,000. Commissioners agreed to counter offer.
 - Price reduction sheets for real estate. Discussion of counter offers on several pieces of property.
 - John will arrange a tour of the jail.

The Board took a 10 minute recess

- 11:15 A.M. Shelton Chamber of Commerce – Heidi McCutcheon
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- Heidi McCutcheon presented the 4th Quarter Tourism Report for 2014 for lodging tax. The Chambers provided three visitor information centers services and joint tourism services in 2014. The number of visitors increased 3.9% from 2013 to 2014. Cmmr. Jeffreys brought up a concierge service and asked if Heidi thought that would be a role of VIC's. Heidi responded that could be difficult because volunteers man the VIC's. Cmmr. Jeffreys sees this as using VIC's as an opportunity for small businesses. Heidi stated she could explore how it could work but doesn't want to complicate the process. The Chamber currently does provide some of this service. Cmmr. Jeffreys asked Heidi to think about if there is another role that VIC's can play.

Commissioner Discussion – there was no discussion.

BREAK – NOON

- 2:00 P.M. Public Works - Brian Matthews & Melissa McFadden
Utilities & Waste Management - Brian Matthews
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.
- Submittals for County Road Administration Board – 2014 Annual Certification & Certification of Expenditures for Traffic Law Endorsement.
 - 2014 Certification of Expenditures for Fish Passage Barrier Removal.
 - Revising Resolution 61-14, County Road Project 1996, Shelton Matlock Road improvement project to extend the project from MP 3.08 to MP 7.20 to MP 3.08 to 7.70 and adding the vicinity of MP 16.70.
 - Agreement with WSDOT to use Shelton Matlock Road as a detour route while WSDOT closes SR 3 at M.P 1.06 for upcoming culvert maintenance work. Construction is anticipated to start sometime in April 2015.
 - Approval of the delegation of its signatory authority related to the County's Wastewater Treatment Plants (WWTPs) discharge permits and biosolids general permit.
 - Belfair Pond Construction Project Formal Acceptance.
 - Loretta Swanson talked about the draft scope and schedule for the transportation element of the Draft Comprehensive Plan Update. Cmmr. Jeffreys brought up population projections. She doesn't want level of service to hamper growth. Loretta asked the Board to review the

information and let staff know if they have other information they want to include. Staff is working with the City of Shelton and Mason Transit on the transportation element. Barbara Adkins is working on a public participation plan and will have to amend the grant.

- UGA boundary changes discussed. Need to analyze the impacts to the other UGA's. Cmmr. Jeffreys stated if the boundaries are going to be changed, that discussion needs to happen now.
- Cmmr. Jeffreys stated she wants to be certain policies are included, even if not in detail, so it's anticipated.
- Discussion of staff time, scheduling community meetings and Commissioner participation. Cmmr. Jeffreys stated she believes the Comp Plan update is one of the most important things the Commissioners does.
- Process for a Commissioner to make a change to sub area plan was discussed.
- Melissa McFadden talked about the Transportation Improvement Program (TIP) and the request to add the Belfair Bypass and Shelton Matlock Road Intersection Improvement projects. Melissa provided history of how the TIP was put together. She understands the Commissioners wanted to include these projects to show support and be sure we are in a position for any grant funding. Melissa referred to the WAC and suggested letters of support.
- Steve Goins spoke to the Shelton Matlock Road Intersection project and step 1 is develop the scope of work and it's not on the City's TIP.
- Mike from Transit understands their concern is to make sure the Transit is on the county's and city's long-range plans. Transit works on the STIP.
- Melissa pointed out the TIP is for projects in the next 6 years and Loretta stated the Comp Plan transportation element has 10 and 20 year transportation needs. The goal is to tie this together.
- Cmmr. Neatherlin asked that they look at arterials in the UGA's for future road network.

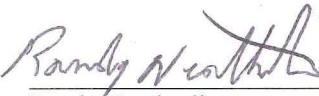
Commissioner Discussion – no discussion.

The briefings adjourned at 3:05 pm.


Respectfully submitted,

Diane Zoren, Administrative Services Manager

BOARD OF MASON COUNTY COMMISSIONERS



Randy Neatherlin
Chair



Tim Sheldon
Commissioner



Terri Jeffreys
Commissioner