

BOARD OF MASON COUNTY COMMISSIONERS' BRIEFING MINUTES
Mason County Commission Chambers, 411 North 5th Street, Shelton, WA
Week of April 6, 2015

Monday, April 6, 2015

9:00 A.M.

Belfair Sewer Finance Proposal – Frank Pinter

Commissioners Neatherlin, Jeffreys and Sheldon were in attendance.

- Frank Pinter presented updated information on the Belfair Sewer Financial plan in response to the State Auditor's Finding that the Belfair Sewer is not adequately financed. ERU rate is proposed to remain at \$99.

Incentive for early hookup. Currently fee is \$10,200 and recommendation is set at \$5,000 for 2015, 16 and 17; at \$10,000 in 2018, then increase by \$1,000 annually until 2026 where it remains at \$18,000. Cmmr. Sheldon brought up the fact that those who have not hooked up would get a discounted hook up. Cmmr. Neatherlin pointed out the majority of those hooked up paid a \$3,000 hookup fee. Assumptions are based on Phase 2 being built and that includes Riverhill community.

Cmmr. Sheldon asked if the hookup numbers are too optimistic. There was discussion of the delinquent rate. The analysis includes 125 hook ups in 2017, assuming the customers would take advantage of the reduced hookup rate. Frank mentioned there is an option to prepay the hookup fee on an installment plan so the customer can lock in at the lower hookup rate.

Frank stated another option is to do Phase 2 in 2015 - 2016 and then Phases 3 and/or 4 in 2017 - 2018 depending on available funding and impacts from Highway 3 widening. If and when the Belfair Bypass happens, that would also play a role on the sewer expansion plan.

Internal Fund Bond (IFB) discussed. Several options and could be structured so it's like a "line of credit". Could be paid as balloon payment of 1/2 in 5 years and balance due in 10 years with no prepayment penalties.

Cmmr. Sheldon asked what if you don't get the anticipated customers and a balloon payment is due. Cmmr. Neatherlin stated there is anticipation of three multi family housing units that are not in the assumptions. The assumptions are very conservative.

Cmmr. Sheldon asked what if we waited a year to have more certainty of the commercial hookups. Cmmr. Neatherlin stated we need to respond to SAO Finding and need the financial security for the community so it can grow. Cmmr. Sheldon doesn't believe it's a financial downside for the county right now. Cmmr. Jeffreys stated if we have flexibility to the IFB, that addresses most of her concerns. The treatment plant was built with the assumption that Riverhill would be hooked up so that's not a surprise.

Cmmr. Sheldon asked if property owners have been surveyed to know if they would take advantage of the reduced hookup fee. He also asked if the county is operating the utility as lean as possible.

Discussion of the ERU's. A residence is 1 ERU and commercial are monitored by usage. One ERU is 155 gallons.

Cmmr. Sheldon questioned if the rates can be locked in for 10 years.

Cmmr. Jeffreys stated we have to expand the sewer lines so can build our way out of this and we need commercial customers. She believes the IFB allows for the needed flexibility.

Need to have the moratorium in the UGA lifted.

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Frank stated the Plan has the \$99 rate for a 10 year period with an annual review and then set at \$115 and then it grows at 2.5% annually.

Next steps are to call a meeting with Finance Committee to discuss the IFB. Develop additional delinquency options, including collection proceedings. Move forward with pre-engineering of Phases 2,3 and 4. Discuss with DOE the feasibility of grant funding for Phases 2,3 and 4.

Cmmr. Jeffreys asked what happens if the construction plan doesn't go as planned. Frank responded that there is enough up-front funding to carry the funding lag.

Cmmr. Sheldon asked if this will subsidize large land developers to put in sewer lines. The sewer would go to the property line.

Lee Swoboda brought up length of pipe necessary to get to the sewer line.

Tom Davis commented that delaying Phase 2 was a good political but a lousy financial decision. He asked about the interest rates. Frank responded they are tied to treasury rates or could lock in, would need to be discussed with Finance Committee.

Cmmr. Sheldon asked if the .09 fund and REET 2 fund are growing and if more was dedicated from those funds for a year, could the IFB be avoided. Frank responded that we do not have the money in those funds today to do that. They could grow to that. The .09 Fund has maybe \$450K available and there are commitments from that fund. Cmmr. Jeffreys suggested setting a parameter that if .09 and REET 2 reach a certain level, then pay more towards the sewer. Cmmr. Sheldon stated he is opposed to setting the rate for 10 years.

Steve Bloomfield asked if there is expansion available in Riverhill. Cmmr. Neatherlin stated most of that is built out.

Bob Harris appreciates Cmmr. Sheldon's conservative approach, however he supports building the way out of this. Rate payers need to pay the way out of this but rate needs to be reasonable. Possibility that widening of SR 3 could grow the area. He is not counting on the Belfair Bypass. He believes the proposed financial plan is reasonable.

Cmmr. Jeffreys stated it was a financial decision to not add Phase 2 and feels it was a good decision at the time because adding more debt wouldn't have been a good idea.

Cmmr. Neatherlin stated this is an opportunity to have a better plan.

The Board took a break from 10:10 a.m. -10:20 a.m.

10:00 A.M.

Public Works - Brian Matthews & Melissa McFadden
Utilities & Waste Management - Brian Matthews/Erika Schwender
Commissioners Neatherlin, Jeffreys and Sheldon were in attendance.

- Board approved Public Works to submit a National Estuary Program (NEP) Watershed Grant in partnership with Wild Fish Conservancy.
- Approval to set a public hearing for a private line occupancy permit with Bill Matheson on Channel Point Road in order for Mr. Matheson to drill a private well and withdraw from a public water system. Discussion of the ability to withdraw from Group B systems.
- Approval to use the MRSC Consultant Roster for a consultant to conduct stormwater modeling and prepare the Belfair stormwater basin plan.
- Melissa talked about the status of several county bridges. The federal highway administration provided a timeline to complete load ratings and a consultant has completed the first draft of their inspections. They will now tweak their findings based on actual usage. Mason County needs to post the Rossmeir Bridge in Matlock to avoid over weights and they are looking more closely at Decker Creek Bridge. Plans to get in touch with Green Diamond about using their roads if

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bridge needs to be posted for no overweight. Public Works will provide notification to the trucking community.

- Two spray fields at North Bay need brush clearing. Would like to proceed with a DOC contract to use inmates to clean up spray fields. They have money in the budget and will provide the actual cost. Cmmr. Sheldon noted that all areas need to be looked at for growing brush/trees blocking signs.
- Melissa provided information on wrapping up last years overlay projects and will soon be doing Pickering Road.
- Approval for letter of support and authorization for Budget Manager to sign the Statement of Financial Capability for Skokomish GI Geotechnical Investigation. Loretta assured the Board this does not legally bind the county to fund final design and construction, it's an intent to proceed. Concern was expressed on county obligations for this project. Rich Geiger provided information on the project. Loretta will rework the letter of support.

11:05 A.M. Cmmr. Sheldon left to attend the legislature.

10:30 A.M. Public Health & Human Services – Vicki Kirkpatrick
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.

- Wilson Recycling has been scheduled to go before hearings examiner for a special use permit. had been operating as an exempt operation. Vicki will check with staff on the status and provide an update to the Commissioners.
- Have four applicants to the Mental Health & Substance Abuse Advisory Committee. Vicki will place on agenda.

10:45 A.M. Support Services - Bill Kenny
Commissioners Neatherlin and Jeffreys were in attendance. Commissioner Sheldon was absent.

- Resolutions amending the use of REET 1 & REET 2 to allow for operations & maintenance
- Volunteer Recognition Day Proclamation will be placed on the agenda.

11:00 A.M. Closed Session – RCW 42.30.140 (4) Labor Discussion
Commissioners Neatherlin and Jeffreys met with Bill Kenny and Frank Pinter from 11:30 to 1:00 p.m. in Closed Session for labor discussion. Cmmr. Sheldon was absent.

Respectfully submitted,

Diane Zoren, Administrative Services Manager

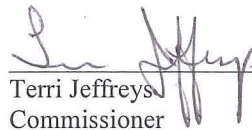
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