



Belfair Wastewater and Water Reclamation Facilities Project



Mason County Commissioners Meeting
November 30, 2010





Tonight's Topics

- Project progress and construction update
- Side sewers: conversion / connection fees
- Side sewers: monthly rates
- Looking ahead
- Questions & answers



Work is On Schedule

- Conveyance lines in public right of way are 90% complete
- Wastewater Reclamation Facility is 50% complete
- Pump stations are 10-15% complete





Governor's Tour





Construction Update

- Major work on SR 3 is now complete!
 - Main line installed
 - Side sewer stubs installed
 - Roadway patched and resurfaced
- Current work
 - Pump stations and WRF
- Looking ahead
 - Side sewer connections
 - Final design and construction, irrigation pond and system



Side Sewers: Connection and Conversions



Side Sewer Connections

- **Landlocked properties:** If your property is not adjacent to the roadway, you will need to coordinate with your neighbors for easements and construction of your side sewer.
- **Urban Growth Area (UGA) boundary:** if any part of the UGA boundary crosses your property line, and you are within 500 feet of the sewer, you will be required to connect to the system.
- **Side sewer contractors:** opportunity for contractors to be advertised by the County for private contracting, we will be hosting mandatory contractors' orientation on **January 12, 2011, from 10 a.m. – 12 p.m. at Theler Center.**



Calculating Connection and Conversion Fees

Unit Cost Basis – Total project cost divided by total ERUs served = **\$33,685** per ERU (2012 basis)

Reducing Property Owner Costs:

- Grants reduce cost basis
- Separate charges for existing and new development – CONVERSION charge applies to existing development, CONNECTION charge applies to new development.
- Grants applied first to mitigate costs borne by existing development – CONVERSION charge of **\$3,000 per ERU**.
- Remaining balance applied to new development resulting in a net CONNECTION charge of **\$15,000 per ERU**.



Definition: Connection and Conversion Fees

Who does the Conversion Fee (\$3,000) apply to?

- Existing development (within 500 feet of system under construction) that complies with connection requirements.
- Existing, developed parcels that are not required to connect in Phase I; not available for undeveloped/vacant parcels.

Who does the Connection Fee (\$15,000) apply to?

- New development (including vacant parcels within 500 feet of system under construction).
- Existing development that does not satisfy requirements of the conversion/connection program.
- Existing and new development in Phase III and IV.



Conversion Fee Eligibility

Phase I (existing development, within 500 feet of system)

- Connect in compliance with county program:
 - Participate in county hook-up program; **OR**
 - Arrange your own connection and connect within 60 days of notification of sewer availability
- Pay conversion fee on time
 - \$3,000 **OR**
 - \$1,500 and term payments for remaining \$1,500 (10 years at 5%)
- Term payment option for 100% of county hook-up costs and 50% of conversion fee (\$1,500)
 - Commitment and obligation recorded to title



Conversion Fee Eligibility

Phase II

(Existing, developed parcels, not within 500 feet of system under construction)

- Pay the conversion charge (\$3,000) and administrative set-up fee (\$100)
 - Term payment option for 50% of conversion fee (\$1,500)
- Pay monthly capital service charge (roughly \$15 per month)
 - Commitment and obligation recorded to title
- 1 ERU available per developed parcel (limit)
 - Additional ERUs upon future connection at the prevailing capital service charge



Conversion Responsibilities

Mason County Provides	Property Owner Provides
Install side sewer to property line in public right of way “stub”	Build side sewer from building to stub in street
Standard grinder pump for low pressure system	Own facilities located on property once complete
	Pay fees according to established schedule
	Decommission septic system
	<i>Commercial:</i> Larger grinder pump
	<i>Commercial:</i> Lift stations
	<i>Commercial:</i> FOG (fats, oils, grease) related systems
	Mitigate any contaminated soils



Conversion: Approach Under Study

Mason County Provided	Property Owner Provided
Install side sewer to property line in public right of way “stub”	Build side sewer from building to stub in street
Standard grinder pump for low pressure system	Own facilities located on property once complete
	Pay fees according to established schedule
	Decommission septic system
	<i>Commercial:</i> Commercial grinder pump
	<i>Commercial:</i> Lift stations
	<i>Commercial:</i> FOG (fats, oils, grease) related systems
	Mitigate any contaminated soils



Conversion: Approach Under Study

Mason County Provided	Property Owner Provided
Install side sewer to property line in public right of way “stub”	Pay fees according to established schedule <i>(to include construction from stub to building based upon distance, and decommissioning of septic system)</i>
Build side sewer from building to stub in street	
Standard grinder pump for low pressure system	Own facilities located on property once complete
Decommission septic system	<i>Commercial:</i> Commercial grinder pump
	<i>Commercial:</i> Lift stations
	<i>Commercial:</i> FOG (fats, oils, grease) related systems
	Mitigate any contaminated soils



Authority for Hook-Up Program

Constitutional Authority:

- **Article VIII, Section 10** Sewer Service Conservation Assistance

Statutory Authority:

- **RCW 36.94.140** – County authority to operate sewer system/establish rates and charges
- **RCW 35.67.360** – County authority to assist owners of structures to finance materials and equipment for more efficient use of sewer service

Case Authority/AGO:

- **City of Tacoma v. Taxpayers of Tacoma (1998)** – City authority to pay for energy conservation equipment on private property
- **AGO 2009 No. 5** – Sewer district authority to repair and replace privately-owned side sewers at district expense



Additional Authority for Term Payment

RCW 36.94.140

- (1) Full authority to fix, alter, regulate and control rates and charges for service and connection
- (2) Uniform service rates and connection charges for same class of customers

RCW 36.94.910

Chapter 36.94 complete authority to establish, construct, operate and maintain a sewer system, to be liberally construed to achieve its purpose



Side Sewers: Monthly Rates



Factors in Setting Rates

Project Construction Cost

- Total cost
- Debt service
- Ongoing grants

Customer Base

- Total ERUs
- System expansion
- Growth

System Operations and Maintenance Cost

- Collection and treatment
- Customer service
- Finance and administration

Monthly Rates

- \$ per ERU
- Rate structure

Project Funding

Capital Costs

Project Costs	\$ 44,400,000
County Hook-Up Program	816,000
Interfund Loan Repayment at Project Closure	<u>1,260,000</u>
Total to be Funded/Financed	\$ 46,476,000

Funding Resources

Grants	\$ 27,834,850
Forgiven Principal	6,916,829
Ecology Loan 2.8% 20 years	3,118,464
Ecology Loan 1.5%, 20 years	337,413
SRF Loan 3.1%, 20 years	3,033,500
Interfund County Loan 5%	1,200,000
County Hook-Up Program 5%, 10 years	816,000
Revenue Bond Borrowing 5%, 25 years	<u>3,218,944</u>
Total Funding/Financing	\$ 46,476,000

Resulting Debt Service (2012)

Revenue Bond	\$ 251,341
Other Loans	<u>636,665</u>
Total Debt Service	\$ 888,006

Annual Operating Costs

	<u>(partial) 2012</u>	<u>2013</u>
Operations and Maintenance	\$ 288,524	\$ 396,240
General and Administrative (20% of O&M)	57,705	79,248
O&M Contingency (30% on O&M + G&A)	103,869	142,646
Taxes	<u>46,565</u>	<u>41,047</u>
Total Operating Costs	\$ 496,663	\$ 659,181

Customer Base

Current Customer Base Estimate:

Limited customer base census indicates approximately 600 Equivalent Residential Units (ERUs) of existing development in 2010.

- Based on industry standard flow estimates for varying non-residential customer-types – potentially overstates flows due to current economic conditions.
- Actual water use data would improve ERU benchmark and estimates.

Rate Forecast Customer Base:

- 546 ERUs starting 2010, 602 ERUs starting 2012 (*first year of operation*)
- 5% annual growth rate

Phased Expansion:	Year
Phase I: Belfair Core	2012
Phase II: Old Belfair Highway	2017
Phase III: Newkirk Road	2020
Phase IV: Southern Connection	2025

Customer Costs: 2012 - 2017

	<u>Upfront Full Cost</u>	<u>Customer Costs</u>
	<u>Customer Payment</u>	<u>Partially Financed</u>
		<u>through County</u>
Phase I - Existing Development		
Upfront Cost:		
Conversion Charge	\$ 3,000	\$ 1,500
Local Facilities Cost [EXAMPLE]	4,000	-
Total Upfront Cost	\$ 7,000	\$ 1,500
Monthly Cost:		
Sewer Rate	\$96.00	\$96.00
Financed CFC	\$0.00	\$16.19
Financed Local Facilities	<u>\$0.00</u>	<u>\$43.17</u>
Total Monthly Charges	\$96.00	\$155.36
Phase II - Existing Development		
Upfront Cost:		
Conversion Charge	\$ 3,000	\$ 1,500
Total Upfront Cost	\$ 3,000	\$ 1,500
Monthly Cost:		
Capital Service Charge	\$15.00	\$15.00
Financed CFC	<u>\$0.00</u>	<u>\$16.19</u>
Total Monthly Charges	\$15.00	\$31.19

Rate Structure

Sample Residential Sewer Rates

Monthly Rate

Single Family Residential

\$96.00 *per residence*

Multi-Family Residential

\$76.80 *per unit*

Non-Residential Sewer Rates:

Fixed charge structure based on estimated sewage volume and strength*:

- historical water use
- fixtures
- other property characteristics
- industry standards
- Strength of sewage
- combination of the above

*Potential for appeal based on acceptable forms of documentation



Calculating ERUs

How will I know my ERU?

- ERU estimates will be finalized by Jan. 2011
- Estimates are based on water usage
If you don't have public water, your ERU will be based upon other standardized factors, such as restaurant seating capacity, number of hotel rooms in hotel, washers in laundromat, wash tunnels of car wash, etc.
- Single family homes are typically one ERU
- Multi-family, commercial and businesses will likely be multiple ERUs
- You will be notified of your ERU in a mailing with other side sewer information early next year



**Looking Ahead:
*preparing for Spring
2011 and beyond!***



Next Steps

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<p>Winter 2010/2011</p>	<ul style="list-style-type: none"> • Complete customer base census for updated ERU data. • Distribute hookup packets to property owners, with permit information. • Potential county-managed hookup program offered.
<p>Spring/Summer 2011</p>	<ul style="list-style-type: none"> • Deadline for county-managed hookup program. • Details of potential county-managed hookup program continue. • Update cost and rate forecast. • County adopts Utility Management and Development policies.
<p>Ongoing: Summer - Fall – Winter 2011</p>	<ul style="list-style-type: none"> • Private side sewers installed (by property owner and/or potential hookup program). • Permit applications ongoing. • Inspections of private side sewers.
<p>Fall 2011</p>	<ul style="list-style-type: none"> • County adopts budget and initial rates and charges.
<p>Ongoing: Fall 2011 – Winter 2011/2012</p>	<ul style="list-style-type: none"> • County conducts system start-up and testing.
<p>Winter 2011/2012</p>	<ul style="list-style-type: none"> • System online -- operation commences! • Completed private property conversions, connections and septic decommissioning. • Rate collection begins.



Questions?



Contact Us

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