

## **Illahee/Oyehut Sewer Collection System Engineering Report Preliminary Project Summary - April 22, 2013**

Grays Harbor County (County) has completed a draft Engineering Report to provide guidance for implementing a centralized wastewater collection and treatment services for properties north of the City of Ocean Shores (City) referred to as the Illahee/Oyehut area. The following is a summary of the preliminary finding in the draft report and projected schedules for further activities associated with the project:

### **Project Need**

In general, a centralized sewer system in the Illahee/Oyehut area is needed to: Protect public health related to shellfish protection and environmental exposure; protect the environment from the effects of inadequately treated sewage; and provide current property owners the means to beneficially use and develop their property. The Illahee/Oyehut planning area is best described as the area between the City and State Park that does not currently have permanent City sewer service. The planning area is comprised of three distinct areas.

Many of the septic systems in the Illahee/Oyehut planning area were installed decades ago when there was little or no regulatory oversight addressing their design, installation and maintenance. An assessment was conducted by Grays Harbor County Environmental Health in response to concerns regarding immediate health impacts from poor sewage disposal practices. Eighty water quality samples were collected as a part of the survey. The results of the assessment indicate that the majority of septic systems in the study area are considered to be “old” with some or all components inundated during the winter months and/or after moderate to heavy rainfall events. The high groundwater and sandy soil conditions create very challenging conditions for installation of new on-site sewage systems or repair of existing systems.

### **Evaluation of Alternatives**

The 2008 City Facility Plan indicates that the Ocean Shores Blvd gravity sewer main has capacity to serve the Illahee/Oyehut area. The two feasible sewer collection system alternatives evaluated in the report to convey Illahee/Oyehut area sewer to the City are “vacuum” and “low pressure” collection systems. A vacuum sewer collection system generally consists of a central vacuum/pump station, vacuum collection mains and automated vacuum valves at the customer’s property to maintain a vacuum on the collection system. The low pressure sewer collection system generally consists of individual or shared grinder pumps at the customer’s property and low pressure sewer collection mains within the right of ways. The preliminary estimated total cost for the vacuum alternative is \$3.98 Million and the estimated cost for the low pressure alternative is \$2.67 Million. For comparison, in 2010 the City estimated that the cost for a similar vacuum sewer system for the Illahee/Oyehut planning area would be \$3.05 Million for the collection system and 0.59 Million for direct costs (total cost of \$3.64 Million).

The City has indicated that they would not own or operate a low pressure sewer collection system. Similarly, the County has indicated that the City would likely be best suited to operate a vacuum sewer system if a vacuum system is selected as the most feasible for the Illahee/Oyehut area. Based on these operational criteria, projected monthly user rates are \$60 for vacuum and \$54 for low pressure. The anticipated residential rate for either alternative is at the higher end of outside City rates for other communities in the area. Rates may also be impacted by funding program

requirements. The applicable funding programs may require a debt service reserve equal to 10% of the annual loan payment through the term of the loan. This debt service reserve, if required, will increase rates by about \$10 per month for both sewer collection alternatives. One other significant aspect indentified in the evaluation of the budget process is that the project is not likely feasible unless all of the existing development within the planning area connects to the new system. Without all of the existing development connected to the system, there would be insufficient revenue to operate the collection system.

The basic principles of “net present worth” are utilized in the report for selection of an alternative. The net present worth analysis indicates that the low pressure collection system alternative is significantly more cost effective than the vacuum sewer collection alternative. The low pressure sewer collection alternative has the lowest capital cost, similar annual operating cost and highest net present value.

### Assessment Costs and Financing

The following table identifies preliminary projected assessment costs for different property types within the Illahee and Oyehut sub-areas. The direct cost includes estimated connection fees and estimated average costs for improvements on private property.

<b>Estimated Property Assessments</b>			
<b>Property Type</b>	<b>Collection System Cost</b>	<b>Direct Cost</b>	<b>Total</b>
<b>Average Oyehut Space</b>	\$6,403	\$8,826	\$15,229
<b>Illahee Lot, 10,000 SF with Service</b>	\$4,616	\$8,826	\$13,442
<b>Illahee Lot, 10,000 SF without Service</b>	\$4,616	\$0	\$4,616
<b>Illahee Lot, 20,000 SF with Service</b>	\$9,231	\$8,826	\$18,057
<b>Illahee Lot, 20,000 SF without Service</b>	\$9,231	\$0	\$9,231

The County will likely simplify the assessments based on a mathematical formula and check a few strategic parcels with a limited appraisal for the Utility Local Improvement District (ULID) formation process. In January 2010 at a Town Hall Meeting, the former City Public Works Director reported that the estimated special benefits were \$15,000 for smaller lot sizes and Oyehut spaces. If that is still the case, the special benefits may exceed the assessment cost. However, if special benefits are determined to be lower, grant funding or a revenue bond will be needed to make up the difference.

The County will likely submit funding applications to Washington State Department of Ecology (Ecology) Centennial Fund Program. The Centennial fund provides aid to communities where sewer improvements would impose a financial hardship upon low and moderate income rate payers. A financial hardship is defined by Ecology to exist if the monthly sewer rate is proposed to be at, or above 2 percent of the median household income (MHI). Depending upon the degree of financial burden, Ecology may offer grants for 50%, 75% or even 100% of the project cost up to five million dollars. Grant funds are only available for construction and not for facilities planning, sewer development charges or design. The application period for grant and loan funding through the Combined Funding Process opens each year on September 1, and closes on the first Friday in November. Funding application, review and approval process can optimistically take 1 year. The process begins with submittal of the application and ends with *Agreement Development* and funds dispersion by September to October of the following year. Projected residential rates for the low pressure collection system alternative are approximately 2.5 percent of the median household

income and greater than the Ecology funding hardship level of 2% percent of the MHI. This may enable most of the construction cost to be funded by grants. However, simply exceeding the hardship level does not automatically qualify the project for grant funding. The project must qualify for the funding and compete well with other funding applications. Funding is very competitive and receiving grants for projects is the exception and not the norm.

The County may also pursue a grant from the Community Development Block Grant (CDBG) program. However, CDBG funding has a very high administration cost, can have a high application cost and is very competitive. Consideration will be made to at least evaluate the potential for using CDBG funding for direct side sewer costs on low income properties.

**Project Tasks and Milestones**

Successful project implementation is contingent upon stakeholder participation and securing project funding. A summary of anticipated timelines for the more significant project tasks and milestones is provided in following table.

<b>Anticipated Project Tasks and Milestones</b>	
<b>Task/Milestone</b>	<b>Implementation Dates</b>
Review by Illahee/Oyehut Residents	April/May 2013
Meeting with Illahee/Oyehut Residents	May 2013
Submit Revised Engineering Report to Ecology	June 2013
Issue Applicable SEPA Document	July 2013
Conduct NEPA Assessments	July 2013
Submit Funding Applications	October 2013
Begin LID Process	April 2014
Begin Design	October 2014
Construction	Summer 2015

The City is currently reviewing the draft report and has indicated that they will provide comments to the County within the next week. After City comments are received and evaluated, the County will prepare the “Public Draft” of the report for review and comment by Illahee/Oyehut stakeholders.