

**TOWN OF SOUTH PRAIRIE
REGULAR COUNCIL MEETING/PUBLIC HEARING
TUESDAY, JULY 2, 2013, 7:00 PM
South Prairie Town Hall
121 NW Washington Street**

The following is a condensation of the proceedings and is not a verbatim transcript.

CALL TO ORDER:

Mayor Peggy Levesque called to order and presided over the Regular Council Meeting/Public Hearing of Tuesday, July 2, 2013, at 7:00 PM.

ROLL CALL:

Council Members: Tony Caldwell, Jim Frank, Laura Heideman, Phil Marshall and Stu Terry were present.

Also in attendance: Mart Kask, Town Planner; James Morgan, Town Engineer; Betty Vance, Valley Water District; Jerry Kuranko, Geanellen Kuranko, Gerald Boures, Norma Catchpole, Gerald Stingley, Lois Erath, Gary Erath, Brenda Harter, John Simmons and Arlynn Caldwell, citizens; Larry Harter, Utility Operator; and Marla Nevill, Town Clerk/Treasurer.

FLAG SALUTE:

Mayor Peggy Levesque requested everyone stand for the “Pledge of Allegiance.”

REVIEW AND APPROVAL OF AGENDA FOR JULY 2, 2013:

❖ **Councilor Tony Caldwell** moved to approve the Agenda for July 2, 2013. **Councilor Laura Heideman** seconded the motion. **Mayor Peggy Levesque** requested adding “Appointment of New Mayor Pro-Tempore” under New Business, Item 8. **Councilor Tony Caldwell** moved to amend his motion to approve the Agenda for July 2, 2013 with the correction noted above. **Councilor Laura Heideman** seconded the amended motion. **Motion carried unanimously.**

OPEN PUBLIC HEARING – SIX-YEAR TRANSPORTATION IMPROVEMENT PLAN (STIP):

❖ At 7:03 PM, **Councilor Tony Caldwell** moved to open the Public Hearing for the Six-Year Transportation Improvement Plan (STIP). **Councilor Stu Terry** seconded the motion. **Motion carried unanimously.**

James Morgan presented the Six-Year Transportation Improvement Plan (STIP), (see Exhibit “A” attached). He said he is the on-call engineer for the Town; and he would try to present to you the Six-Year Transportation Plan. Every year the Town has to adopt a Six-Year Transportation Plan and try to plan out what transportation improvements they foresee over the next six years. We adopted a plan last year and none of the improvements were made. We applied for grants; but we did not get the grants for some road preservation funds. So, what we did basically was we slid all the projects forward a year. The TIB (Transportation Improvement Board) is the funding agency; and we’re going to be soliciting applications for funding again this year. So, the Town will submit an application and try to get the money to do some road preservation. There are three projects on the Transportation Plan. The first project is Road Preservation. Road Preservation is chip-seal or overlay to the existing streets to try to help them last a little longer; instead of having them deteriorate and you have to rebuild the whole road. So, what we’ll do is look at what the worse roads are and see how they’ve been rated by TIB; and then those roads could then get included in the application to get the money to chip-seal and/or overlay depending on the level of deterioration. The second project is to construct a sidewalk on South Prairie-Carbon River Road,

on the easterly side of the road; to complete that sidewalk from Third Street all the way to First Street and/or the Trail. It just makes it much easier for people to be able to walk in Town to have that part of the pedestrian facility implemented. So, we put that on there in hopes that there may be a grant application opportunity in the next couple of years we could apply for and get some money to complete that project. The third project listed in the Six-Year Transportation Plan is to extend South Prairie-Carbon River Road all the way out to SR (State Route) 162. That serves two purposes. One is to get the unincorporated portions of Pierce County traffic, instead of having them travel right through the road with more pedestrian areas, to get them out to the highway quicker. It just makes it easier for pedestrians in the core of the town. Then also in an emergency, it allows you to funnel a lot more people; instead of trying to funnel everyone from both sides of town through Emery Avenue onto SR 162. Those are the three projects. And, like I said that's over the next six years depending on when money opportunities show up that the Town could apply for. He asked if there were any questions. **Mayor Peggy Levesque** asked if anyone had any questions. **Jerry Kuranko** asked what roads are being considered. **James Morgan** said for preservation? **Jerry Kuranko** said for chip-sealing. **James Morgan** said that would be classified as Preservation. He said he did not have the list right now. Over the course of the next month-and-a-half, applications will be due in mid-August, I'll get together with the Town officials and we'll look at the streets and determine which streets need improving the most. But, in addition to that, we have to review the grading that TIB has placed on all the roads. The nice thing is either the Department of Transportation (WDOT) or TIB (Transportation Improvement Board) has gone through town and rated all of the roads for the Town. The towns must follow the classifications of about I think it's between 40 and 65 points. If it's lower than 40, then they say it's not a suitable project for Preservation. If it's more than 75 points, then it really doesn't need preservation improvements at this time. So, we'll have to balance what they have rated them at versus what is out there. It may have changed since they rated it too. So, what may happen is we may say they've rated it here, but we see that there has been some additional deterioration. We might try to add an extra segment in there. They like to see it in a range of between \$25,000 - \$50,000 worth of preservation; because then it means you're going to benefit by having a lot of work done in a small area so you get better work out of a contractor. It is a lot easier to get more competitive bids when you have a little bit larger project. If it's too small, it's not cost effective. You're paying a lot more per square foot to try to preserve the roads. **Gerald Boures** said what do they do if it is deemed not acceptable to be fixed? **James Morgan** said then what we have to do is go back and look for money for restoration, which is a lot more expensive. And, generally TIB does not offer those funds. We would have to look for other opportunities; and those are getting harder and harder to find. Occasionally there are some monies out there for small communities to help them on those kinds of projects. **Gary Erath** said they could put it off until it can't be fixed and say it's not our problem. **James Morgan** said it's always the Town's problem to try and solve. When State money from the Transportation Improvement Board is spent, they want to make sure they are getting value for their dollar and it is money well-spent. If the road is too far gone, and you chip-seal or overlay; it's just going to fall apart in a couple years anyway. So, they don't want to spend the money on a project like that; where it's not going to lengthen the life of the road. They would rather spend the money on something where they're going to get ten or fifteen year's additional life out of the road. **Jerry Kuranko** said if it's too far gone then that's it. **James Morgan** said we would have to look and see if there are other opportunities for funding for the project; and sometimes they're out there. **Gary Erath** asked if that proposed sidewalk go across the Trail and out to Highway 162. **James Morgan** said it's designed to come all the way down to First Street; then there would be ramps on either side of First Street. So, people could walk over to the Trail. Then, if you had to extend the Trail a little bit, then they would line up just right. It would include a little bit of money to make minor adjustments. The Trail would serve as the rest of the sidewalk plan. **Mayor Peggy Levesque** asked if there were any further questions. She said hearing none; she would consider a motion to close the Public Hearing.

CLOSE PUBLIC HEARING FOR STIP:

- ❖ At 7:12 PM, **Councilor Stu Terry** moved to close the Public Hearing for the Six-Year Transportation Improvement Plan (STIP). **Councilor Laura Heideman** seconded the motion. **Motion carried unanimously.**

OPEN PUBLIC HEARING – POSSIBLE TRANSFER OF WATER AND SEWER UTILITIES TO VALLEY WATER DISTRICT:

Mayor Peggy Levesque said she was sorry she forgot to mention before that when you make a statement, could you state your name. As part of the Public Hearing, we have to tape record it and it makes it really hard for Marla to do the minutes. Because, she's trying to figure out who is speaking. She said we are a small town; but it's still kind of hard to figure out who's talking. She said she would try to help them remember to do that. She said she would consider a motion to open the Public Hearing.

- ❖ At 7:13 PM, **Councilor Stu Terry** moved to open the Public Hearing for the possible transfer of Water and Sewer Utilities to Valley Water District. **Councilor Laura Heideman** seconded the motion. **Motion carried unanimously.**

James Morgan said I think a lot of you might be here for this issue; the potential transfer of the utilities from the Town of South Prairie to Valley Water District. You're probably wondering what's going on here; and this is the first time you've heard of it. I was approached by the Town late last fall or early winter about this issue; saying you know the State and Federal regulations are getting more stringent and it's getting more difficult for the Town to keep up with all these regulations. Because, they've had to expend staff time and money to make sure that they're up on the regulations. I've worked with the Town of South Prairie off and on over the last approximately fifteen years; and I've worked with Marla and Larry that whole time that I've been here. You've got a dedicated staff that has done amazing things; but sooner or later they're going to want to retire. When that time comes, you've got to bring in new staff and train them; and that takes a lot of time. If Larry or Marla wants to go on vacation, how do you cover those bases? So these were some of the things we looked at. Then the next thing; what really are the alternatives? One alternative is always to do nothing. Continue on and then all of a sudden you find yourself up against the wall; and, then you absolutely have to do something. Another option was to find another entity that might be willing to take on ownership and operation of the utilities; because, these are a couple of elements that are most important to the community here. If you don't have water and you don't have sewer, you're up a creek. So the next thing was we looked at was who potentially there could be. Valley Water District, I know it says Water District but by State Statute they're authorized to operate both water and sewer systems. There are numerous Water and Sewer Districts throughout the state; and that is all they do, they operate water and sewer systems. So they were one that I was familiar with and they're already operating seven water systems in the eastern portion of Pierce County. Their staff drives through town daily if they go from one of their systems down here by Patterson Road to another system up here by Bonney Lake, at 214th. So, they're already out in this area anyway. That's one element. The other potential person that could serve the Town is Pierce County. If the Town were to some reason not be able to fulfill their obligations, Pierce County by default must do something. Because, they're the next level of government; so it's their responsibility to do something. If Pierce County were to take over the operation of the water and sewer, it would be operated out of Tacoma or Lakewood, where their offices are located for operating the water and sewer systems. So, it would be much more difficult. One of the other things about Pierce County is our customers would be one of about 300,000 vs. with Valley Water District you're one of about 3,000. Right now you're one of about 200. So, they're much closer in scale. The other option would be to discuss with the other towns in the area. You've got Wilkeson and Carbonado. They're about the same size; and they're facing some of the same pressures. So, another option would be to create a new water and sewer district to serve those three communities; where they would divide the work load among their staff and continue to operate. That is one possibility. The other option would be to sell the system to a private business. That one was sort of removed from the equation

fairly early on. From my experience, the use of a private business operating a water system they have a tendency to not do a lot of maintenance on it until they are absolutely forced to do it by regulatory agencies. That means you would have to have a lot of complaints. There has to be a threat to public health when they start to really push on a private owner to start meeting the requirements they're supposed to meet. Again, with Valley Water District, they have seven systems they are operating. They acquired those from a business. What happened was there were a lot of people and customers of that private business that got tired of turning on the tap and getting something that sort of looked like syrup coming out of the tap. It was really not suitable drinking water; and the customers formed a water district and then acquired the assets from the private owner and then developed that. Those were the alternatives that were considered; and I tried to give you an overview of what was looked at in the process. The other advantage to having an existing water district is they already have a staff of four to five field crew staff; so if someone is on vacation, nothing gets missed and they don't have to go out and find someone to fill in for vacation hours. There is already someone there. If something is wrong in the middle of the night, they've got a staff member whose covering those calls to ensure that issues are being met., instead of Larry having to be chained to the water system and sewer system 24/7. Then I've got a list of the various assets. The Town has two wells and two treatment systems. They've got a brand new storage tank up on the hill. Now one of the things I'll discuss with you for a bit is about the lower well. The lower well down at the park on Third Street is not being used. This gets back to the State and Federal regulation issue. A few years ago the Federal said you could no longer have fifty parts per billion of arsenic you must have ten or less. That well had like eleven or twelve. But, because it has more than ten it cannot be used until it has adequate treatment to reduce it to that. It's a costly proposition. Some of the components that are treating for the iron and manganese could be used but there are additional things that need to be done. Again, where does the Town find the money to do those types of improvements where the improvements need to be made? The Town has a new water reservoir. The sewer treatment system, were treating 150 connections with a population of almost 500 people. Two years after the treatment plant was constructed there was a moratorium put on the treatment plant. It could no longer serve more customers. Generally when you design a treatment plant like that, you're designing to be able to serve for growth out to the next twenty years. What happened was there was an error by engineer when he designed it. There was an error in calculation; so the treatment plant met its capacity two years after it was constructed. It's not easy to upgrade a treatment plant like that. It requires a careful balance. When it was designed, it was designed with a twenty-year life. It was built in 1992; so by 2012 it's basically hit its design life. What does design-life mean? Sometimes I'll throw out terminology thinking everyone knows the same thing. When you plan for utilities, you look at the short-range needs; but you also have to look out about twenty years. What is the projected growth for twenty years? We know that it's not going to be perfect; but we still need to project for that to make sure that if we build something it's not going to be obsolete shortly after it's built. We want to make sure that it's going to be able to function for ten, fifteen, twenty-year period, depending on what the asset is. A booster pump station may only last for ten or fifteen years. A well you want to make sure it's going to last twenty to twenty-five years. You want to make sure you've got the production in the well that will serve your needs for at least a twenty to twenty-five year period or longer. Often it's going to be much longer than that. You may have to replace a pump but that would be about it. With the sewage treatment plant, you design for that twenty-year life so you can meet all the growth needs in that twenty-year period. By the time the twenty years runs out usually there are new regulations on discharge and treatment requirements. So, you're about ready to upgrade your sewage treatment plant; now, where do you find the money to do that? You've only got 150-200 customers and you have to spend \$250,000 to repair that treatment plant. That's a lot of money to get from that group of people. So, you want to go out in the market and be able to find funds or grants for a portion of it or you can sell low-interest bonds and things like that to keep the costs down. We have to have staff that is familiar with some of those opportunities to help do it. You have a wonderful staff here; they are very dedicated; but it's hard for them to just do the job they have here and then also have to keep up on the other options and opportunities that may be out there to help. A little bit larger entity like Valley Water District has that ability. They've done it in the past. Many of their water systems were in a

state of disrepair and they've had to upgrade it. They've sold bonds and they've been very fortunate when they've sold bonds when the market was at its lowest. They've got great people that they've worked with and help them find the bonds. And, when you're paying 1.5% to 2% on a bond, it's a lot cheaper to be able to then fund a project; and it doesn't cost the customers quite so much. I talked about the moratorium on the treatment plant. If you go to the last page on the memo; I've sort of listed a few deficiencies in the existing facility. Then I've also listed a few of the reasons why Valley Water District was more or less selected as the best choice of the alternatives that were available. Again, one of the things I talked about was they are a municipal entity. They are another government entity with open public meetings and they cannot do anything behind closed doors. They operate basically the same way as the Town Council operates. Their offices are in Puyallup and fairly close by; and like I said they're not over in Tacoma. They have three commissioners. One new commissioner is elected every two years. The commissioner's term is for six years. So, you've got some continuity; so things can continue to move on. You've got some memories of what has been happening; so, you don't all of a sudden have a whole change on the Board all at once and no one knows what is going on except for the staff. You've got people that are making the decisions. One of the things that would happen is if Valley Water District were to receive the assets and start running this, then the towns' people would want to petition to annex into the water district. That gives you two things; you get to vote for new commissioners and you have the opportunity to run as a commissioner to serve on that board to make those decisions. The close proximity as I said, Valley Water District . . . I keep pointing to Betty, Betty is the manager of Valley Water District. I've worked with Betty. I was a commissioner for Valley Water District from 1995 – 2000. To get a little more background on who I am and my knowledge of the systems; as I said, they have seven systems and for fifteen years they've had to take these systems and turn them around from where they were. I talked about the one system where you turned on the tap and it looked like syrup coming out. They actually had to truck water up to those people for several weeks while they were rehabilitating that system, to just get water them that they could use. Unfortunately, that system also had some arsenic. They were at eleven instead of ten; so, they had to add over a million dollars in improvements to cover that cost. Well, their customers said okay that system needs the improvements; so, they should pay the bulk of the share of those improvements but we could distribute some of that cost around to the rest of our customer base. So, it could increase the cost to the rest of the customers by about \$1.00 per month, which provided quite a bit of funding to help offset some of the cost; and, the customers in that system paid about \$13.00 per month. He asked Betty Vance if those numbers were right. He said they were all in it together for all the improvements for one system; but everybody contributed a little bit to the cause. Because, they realize we all need to work on this together; and we all benefit from this. Somewhere down the road the shoe is going to be on the other foot; and we may need a major improvement and we'd like a have dollar from them for the \$13.00 we're paying. It's worked out very well for them. Like I said, they've been able to rehabilitate several projects. They had a second system that also had arsenic in the system. And again, it was just barely over the threshold; but because of the requirements, they had to put in a system for arsenic treatment. So, they are familiar with that. So, if and when the time comes, they would be prepared to be able to make that improvement here at South Prairie as well. The economies of scale when you have 3,000 customers, you can distribute the cost of an office worker over a much you know. . . You have one office worker here and the cost is distributed over 220 customers vs. when you've got 3,000 customers you can distribute that cost over much more. So it becomes a lot more cost per customer. Then the same thing happens with some of your operations costs. Some of your routine operations costs are distributed over a much wider range. Then I also talked about the fact that you've got staff that need to go on vacation or sometimes they're sick and they're out. How do you scramble to get someone to cover for them? When Larry is sick or Marla is sick it's difficult. With Valley Water District, generally the whole staff is not going to be sick at one time; so if one person is out, you still have staff to cover to make sure things continue to operate. They have regular hours of 7:00 a.m. to 4:00 p.m., five days a week; so they're available. They have regular meetings twice a month; so if you've got a concern, you can take it to the governing board, the three commissioners. That's basically what I have. I hope I've answered most of the questions about this issue; but I'm sure there

might be some that slipped through the cracks. So, I'll open it up for questions. **Mayor Peggy Levesque** said she would like to thank Betty Vance for coming to the meeting. We've had a number of meetings with her; and I just really appreciate level of expertise and knowledge about sewers. I know this much after eight years as Mayor and eight years on Council; but she really has it. She knows the water systems and she'll get to know the sewer systems. It's possible that she'll be able to help with some of these questions also. She had a meeting tonight; but she came to our meeting. So, I appreciate that. So, Gerald do you have a question? **Gerald Boures** said you mentioned the other alternative is Pierce County but you didn't mention that don't they do all of the same stuff. **James Morgan** said Pierce County, my recollection, is they operate a couple of small water systems over on the Gig Harbor Peninsula. They do operate a couple of very large sewage treatment plants. They have two in Tacoma. I say Tacoma . . . They may only have one treatment plant. They do have an investment in the sewage treatment plant that's in the city of Sumner. Because, originally when Bonney Lake was connected to the sewer system, Pierce County helped to facilitate a lot of that to get the Bonney Lake wastewater down into Sumner, to be treated there. So, Pierce County does have a sewer utility. I believe they have small water utility; but it's operating out of Gig Harbor and you have a problem over here, that's a long distance for them to come. If you had concerns and you wanted to go to the governing board, you would go to the Pierce County Council. And, again it gets to that issue that you're one of 300,000 people with the County; and it becomes more of a nuisance to them than anything else. They would probably try not to want to take it over. Because, these are very small systems; and Pierce County has a tendency to say "we're going to do it this way and that's it. If it costs more it costs more, we don't care. It needs to be done. Therefore it's going to be done." **Gerald Boures** said doesn't the cost get spread among millions of people instead of fourteen. **James Morgan** said here's where the cost needs to be done and here's where we're going to do it. Here's where the expense is; and here's where we're going to collect the revenue from. This water system is going to pay for itself. They operate a little bit differently. Yes, they are a much larger entity; and their managers, I'm sure, get paid quite a bit more. They have more layers of bureaucracy as well. The total staff at Valley Water District is eight FTEs (full-time equivalent) employees. **Gerald Boures** asked how long have they been in business. **James Morgan** said fifteen years. **Gerald Boures** asked where the business location is. **James Morgan** said throughout eastern Pierce County. **Gerald Boures** said the Buttes, right. **James Morgan** said they just acquired the Buttes. **Gerald Boures** said okay, where are the other ones. **James Morgan** said on the opposite side of the valley, they have the Country Eldorado Estates. If you go down South Hill way back towards Puyallup, they have Alderwood Estates. The Valley System between the Puyallup River and the Puyallup River adjacent to SR 162. That whole area, the Spooners and the various berry farms and McAlder Elementary. That whole valley there is their largest system. **Gerald Boures** said the thing is those housing tracks are bigger than the Town of South Prairie. **James Morgan** said they are. In fact, they own a small portion of. . . I shouldn't say own. There's a portion of property that's in the city of Puyallup that is also Valley Water District service area. Up on the hill just above the valley, it's called the Puyallup Highlands; there are 300 homes. It started about five years ago and the economy tanked; so nothing got built. Now they're building all those houses. But 300 homes are going in there; and those will all be customers of Valley Water District. They are in their corporate boundaries; and it just so happened there was this overlap in boundaries. They're a water district and they had priority to serve them water as long as they could. **Gerald Boures** said are all these other places on wells also. **James Morgan** said every system is on a well. Several of the systems do have interties with either the City of Tacoma or the City of Bonney Lake. If there were an emergency or some reason that well goes out, they know they have a backup source to provide water. That is one of the things that would have to be looked at in the long range; whether to push to develop an intertie with the City of Tacoma or find a way to upgrade the well here at the park so it is a backup source for the system here, since you're on a single source right now. Another one of the systems is up here in Bonney Lake at the western edge of the 214th and eastern edge of about 229th. It runs from SR 162 down to South Prairie Road. It's kind of a trapezoid shaped piece of property in there that they serve; and there are around 250 customers in that area. **Gerald Boures** asked who owns the equipment. **James Morgan** said they own all of the equipment. **Gerald Boures** said no, like the wells. . . **James Morgan** said right now

the Town of South Prairie owns all of the equipment. What would happen is all that equipment would be transferred over to Valley Water District to own, operate and maintain from here on out. They would then bill for all the utilities. Their staff would do the billings for the utilities. **Mayor Peggy Levesque** asked if there were any other questions; and she asked Betty if she would like to say something. **Betty Vance** said some of the smaller systems we have now they went to Pierce County first. They went to other entities to try to have them take over their system. And, Pierce County or the cities wanted to deal with that because of the liability and they were smaller. They just didn't want to do it; so their only other option was to form a District. That is to try to answer that part about Pierce County. They may not want to take it over. **James Morgan** said one other thing I'll add about that as well is it's a transition process. The Valley System was sort of the "crown jewel" of these five original systems. In that it was the biggest and they had the largest customer base. It was right adjacent to the city of Puyallup. The City of Puyallup said we might be able to take over that one system; however we're going to have to upgrade everything to our standards and the customers will pay for it. Because what happens is in the system here over 50% of the pipes in the ground are more than fifty years old or they're close to fifty years old. They're asbestos-concrete pipe. That is not necessarily bad. That was the standard back then for water systems to use asbestos-concrete pipe. People always think asbestos as being. . . They think about all the lawsuits related to asbestos. It's really a different type of asbestos. It was the asbestos insulation that caused those problems not asbestos pipes. What happens with time is if the pipe to subject to getting wet, getting dry, getting wet, getting dry it does become more brittle and weakens the pipe. So then you have more main breaks and more repair costs and then you start looking at replacing the pipes. There has not been a significant amount of breaks in the system here. **Gerald Boures** said we had two last year. I thought it was significant; it was in my yard. **John Simmons** said I would like to see a little more specifics on what condition these other water systems and septic systems are in. Are we going to be buying into a "bad egg" and we have to fix their stuff. . . **Betty Vance** said when the District was formed they had to pay the private owners for the systems. It was court-ordered. They all went to court; and it was court-ordered; because there were other entities wanted to take them over. So, the District was forced to pay them . . . \$1,500,000. Also there were capital improvements budgets set out that each system had so many things that had to have. . . Some had to have new wells, etc.; to the tune of about \$12,000,000 - \$14,000,000. That has all been done. Monies have been got through the Public Works Trust Fund monies, Bonds, etc.; and all those improvements have been done. All of our systems are now up to date with all of the capital improvements that they needed. There are still and always will be continual little portions of things that have to be done, different small things. . . We had to add a treatment plant for our Chinook system; but those scrolled in nicely and it wasn't a real hardship. Like our Chinook system which has 185 customers, that's not many customers to pay \$1,500,000. But, because of the share that Jim talked about, their charge to pay for the treatment plant is an additional \$13.00 a month for twenty years. . . **John Simmons** asked if any of these other systems going to need anything within the next six, ten or twelve years. **James Morgan** said he could address that. I am finalizing the preparation of their Water System Plan. Every six years the water system must develop a Water System Plan. In which you go through and review all the assets of the various systems. What are any significant improvements that need to be made in the system? They are all up to speed on their water treatment facilities; so there are no water treatment plant systems that we know of. . . I say it that way because if a regulation changes, we can't know today if all of a sudden next year they change a regulation on us. Now you must treat for this. That is something we face regardless. So, the treatment systems are up to speed. The storage facilities of every one of these systems are adequate with the exception of Valley. Valley needs to add an additional storage there; and they are working on that right now. We have Public Works Trust Funds for that or. . . **Betty Vance** said the Public Works Trust Fund and also they are paying for that in the new connections, with 300 connections. They are actually paying for them. **James Morgan** said the new connections we're talking about are the Puyallup Highlands. They collect money for those new connections; and in addition, they have the Public Works Trust Fund. So, that system is paying for its improvements itself. The interest on the Public Works Trust Fund loan would be paid for by the rates of those customers in that system. So, the storage they all have wells that are fine. There's

no known reason. . . Unfortunately with wells you sometimes don't know if there is a problem until it happens. It's been producing and we haven't seen any drop-off in production; so we have to assume that it's doing okay. If it's just a matter of a pump replacement, those costs are just considered part of the operation and maintenance. There is always a little bit of money set aside to be able to make a minor repair like that. The only other significant thing is a main replacement; and those are done on an as-needed basis. There's no reason to go in and replace a main until you start having significant breakage issues. Because, then what you're doing is you want to balance the cost of staff time and repair costs vs. the cost to replace the main and be done with the problem associated with it. There are a couple of main projects on different systems because we want to improve fire flow. . . There are no significant improvements that need to be made on any one of these systems, with the exception of the water reservoir in the Valley system, which is in the works right now. **John Simmons** said how much money would be saved once this is handed over to Valley Water District. Definitely Larry wouldn't be needed as much and the secretaries wouldn't be needed as much; so how much money are we going to save? **Mayor Peggy Levesque** said there is a percentage that we've been working on. I don't have it on the top of my head right now; but when we budget things, there is a certain percentage for water and a certain percentage for sewer. The sewer pays for itself and water pays for itself; so there would be a reduction in hours. Larry probably would go over to Valley Water District; and there would be less work here in the office for Judy and Marla. As for what that would be negotiated with the Union; and we'll be looking at that too. But, we don't have any set numbers at this point. **John Simmons** asked if there would be another meeting to tell us what these things are going to be or what the costs are going to be. **Mayor Peggy Levesque** said we can keep you informed. She said she was wondering if his question got totally answered. I know you were concerned about if the something went wrong with the other seven systems, would we be paying the "lions' share" to repair. If they did pitch in, how much would the cost be for another ratepayer from another system. **Betty Vance** said it would be \$1.00 a month. **Mayor Peggy Levesque** said we would either get that \$1.00 a month if we needed help with ours; or we would help and pay \$1.00 a month for another system. It's not a significant amount. Does that answer your question? **John Simmons** said yes. **Gerald Boures** asked if they would get the water and sewer fund money in our funds. Don't we have quite a bit of money sitting in there? **Mayor Peggy Levesque** said there's not a lot since we built our new water tank. **Gerald Boures** said I thought we had enough to pay for it. . . And, then we went out for a grant or something to build it. **Mayor Peggy Levesque** said we ended up using our own funds for the water tank. We weren't able to get any grants. We were trying to get a SEPA grant. . . **Gerald Boures** said we saved money over a lot of years. . . **Mayor Peggy Levesque** said we did, we saved up a lot of money for a long time. . . It's really hard to keep the costs down; and I think we came in way under, like half of what the FEMA bid would have been. I think we did a really good job; and Tony helped out a lot with that. We're very happy to have that new tank. It was a concern. The old tanks were so thin. **Lois Erath** said I was wondering what kind of a plan you have to address the sewer system, since it is maxed out. Will there be improvements made to it? **James Morgan** said there won't. There's no plan to jump right into making extended improvements. As long as the sewage treatment facility are operating within the permits and the standards required by the Department of Ecology, it's best to let it continue to run that way. There aren't people beating down the door trying to connect to the system. If you have a large plot of land where someone says I'd love to come out there and build this facility but I need a sewage treatment plant, then at that time it would be discussed. Bonds could potentially be sold. You're going to pay for your share; but we could upgrade and have a little bit of extra capacity so if someone else comes in a year or two down the road, the capacity is available. You design that to project it out for twenty years. You want to make sure that we don't get into the situation that happened last time where they built it in 1992 and in 1994 they had no more capacity left. If you were to do a significant improvement to that treatment plant, you want to make sure that you've planned out that twenty years for any potential customers that may be coming down the road. **Gerald Boures** asked if this is a precursor to eliminating the Town. **James Morgan** said he could not answer that question. **Mayor Peggy Levesque** no, it's a separate issue. If the town wanted to disincorporate, that would come from the citizens. This is just a way to safeguard our water and sewer facilities. **Jerry Kuranko** asked if Valley

Water District prepared to take over our system as it is now without any contingencies. **Betty Vance** asked what he meant by contingencies. **Jerry Kuranko** said that's what I'm asking. What would the contingencies be, if any? **Betty Vance** said just to give you an idea there are no immediate plans to put in a new sewer system. But, as far as Valley is concerned, that will happen sooner or later. Like Jim said the life cycle of the system has run its course; and sooner or later you are going to be forced to do something else. We don't know what that would be right now. There would be a study done and then a design; and during that whole process we would determine the best approach; build a new system, do a transmission line, pull together with other cities. It would be a study to see what best benefits for South Prairie. But, we feel that is going to happen sometime in the near future. We're not going to run into it immediately; but we don't want to come in say we're not going to be doing any of that, when we know that it has to be done. **Mayor Peggy Levesque** said that would have to be done whether we went with Valley or it stayed with the Town. And, the level of expertise that they have to handle that kind of situation is far greater than what we have here. **Jerry Kuranko** asked if the Town would be expected to satisfy. . . **Betty Vance** said not at this time. We are reviewing this issue with the commissioners. We have talked to the Department of Ecology, talked with Jim and another engineering firm that is going to do short study just so Valley's Board knows exactly what improvements are needed. Even just the maintenance needed to continue. No, we wouldn't say that you have to do anything for us to take it over. That is what we're looking into to make sure that everything runs smoothly on both sides. **James Morgan** said somewhat related to that; any kind of significant improvement to the sewage treatment facility is going to take five years. It's going to take a year or two to study and evaluate what the alternatives are and what the costs are. It's going to take at least another year to get it designed and another year of agency review and approval, and then a year of construction. You would be looking at various funding options through that interim, bonds, grants, loans, etc. And, a lot of time repayments of those don't start to kick in until after construction is completed. **Gerald Boures** asked if that would include stormwater. **James Morgan** said no, that's associated with the transportation network. He said there are increasing regulations on stormwater. **Arlynn Caldwell** asked about the per month cost to the customer. Is it going to be pretty close to what we are paying now or are we going to pay a lot more right off the bat? **Betty Vance** said no I ran the budget on your water and sewer and the rates you're paying right now are sufficient to maintain and operate the system. It's my understanding that there's a running 10% yearly increase; but the District has in place every year they do a 3% increase on the rates. And, that is the inflation rate. We look at it every year when we do the budget; and every year we redo the rate study. Discussion followed. **Norma Catchpole** asked for the number of people on the system now; and would it stay the same or would there be more available later on for which others would pay the cost. **James Morgan** asked which system, just the South Prairie system. **Norma Catchpole** said yes. **James Morgan** said there are approximately 220 customers on the water system and a fewer number on the sewer system, about 200 residential equivalent units. There are really only about 150 connections; but what happens is you've got the RV Park and basically for every two RVs it counts as the equivalent of one residential house. **Jerry Kuranko** asked how that is equated. **James Morgan** said the RV Park right now is equivalent to about 45-50 single family residences. You have some commercial businesses here. The restaurant obviously puts out a lot more than any single family home would put out; so it's rated probably around 7-10 units. And some of the other businesses are between 1-3 units. The gas station might be a little bit more since they have food service in there and get a few more customers going through there especially during the summer. . . Did that answer your question? **Norma Catchpole** said yes. **James Morgan** said the water system has capacity to serve more. Right now the wastewater system doesn't because Ecology won't let it. There have been some studies done to try to increase what could be done out there; but Ecology really has not granted permission to add a lot of new customers. And, that is not going to happen until a full study is done and there is a plan to improve that facility. It may happen if someone were to say well I own 50 acres here and if you'll work with me I could build a hundred homes and expand your treatment plant. Then they would pay a large share of any expansion. But, until that comes along or Ecology says you must do something, the number of sewer customers is not going to change. **Norma Catchpole** said okay, thank you. **Gerald Boures** said the outflow is in South Prairie

Creek. If we have another flood and a bunch of silt, I understand they are not going to let us dig it out again. **James Morgan** said that is possible. Discussion followed. **James Morgan** said an alternative would have to be evaluated on how to deal with that. There are alternatives. I'm sure that this is not the only place that has had a flood and had their outfall messed up. If that were to happen again, there are solutions to that. I've worked with other firms that do outfalls for treatment plants in some very interesting places. Nowadays they have a tendency not to do a lot digging in rivers. They can take and they can drill a pipe and pop it up in the river. A lot of times that is more acceptable; because you're not disturbing a bunch of the riverbed. So, there are options there. **Gerald Boures** said the creek has an endangered species in it. **James Morgan** said they have that there's TMDLs (Total Maximum Daily Load) limits on some things. That's one thing that the Town has. They have, I believe, an ammonia level that's greater than what they're using. So, there's actually an asset there that could potentially be traded with another community that may discharge into the Puyallup River, to trade some of that ammonia loading. **Gerald Boures** said he didn't have a clue what you just said; but it sounds good. **James Morgan** said and I'm not a sewage treatment person. I know enough about it but I don't design it. **Councilor Stu Terry** said during the discussions we've had with Valley Water, it was brought up by me actually, about what the billing actually looks like for this community vs. what it would look like here. So, I would like you to expand on that a little bit. Specifically, there are some people that probably think the Town should probably end up making money on this deal or the Town is going to be paid for the assets. I would like you to explain a reason why they wouldn't be. **James Morgan** asked Betty Vance if she would like to explain that or do you want me to address that. **Betty Vance** said go ahead and I'll add to it. **James Morgan** said if Valley Water District has to purchase the assets of the water system and the sewer system, where would they get that money from? They will turn around and put it right on the bill and charge you for purchasing facilities that you've already paid to construct. And, that is one of the reasons why selling this to a private business was eliminated right away. Because, that is the first thing they're going to do. They're going to say I have to make money on this somehow; so I've got to be able to pay back what I paid for the system and make a profit. So, I'm going to charge the customers to pay back what you've already purchased. That's what happens on the private utility side. If I own a private water system and I run it and, I really don't take very good care of it. I've gotten some money over the years. Okay, I've depreciated it as much as I can for tax purposes; and I'm going to sell it to someone else. I'll get a \$1,000,000 for that water system. They purchased it for \$1,000,000; and they want to get that money back. Who are they going to bill? They're going to bill the customers. So, the rates have to go up to pay him for his share; and they would do this, three or four times. The customers have purchased their system over and over again from one private owner to the next private owner and to the next private owner. By transferring it to another public entity, it's operating on the same constraints. You're not going to be paying for this system again except for whatever improvements your system needs to continue to comply with regulations. **Councilor Tony Caldwell** asked where that \$1,000,000 go if you purchased it. **James Morgan** said that's the other question. What do they do with that money? Do they hand it out to everybody that lives in town? How would they distribute that? Are they going to base it on the number of connections you have? Discussion followed. **James Morgan** said the problem is it would be a gift of public funds. Once it goes into the Town treasury, it is considered public money. There is really no methodology for redistributing it to the customer. **Mayor Peggy Levesque** said this would just be a transfer. . . Discussion followed. **Betty Vance** said it would just transfer from one public utility to another public utility. So, it's not that you have ownership of the system but it is your system. You have a right to have questions and have input on how it's run, because it is yours basically. So, it is just a transfer from one public entity to another. **Jerry Kuranko** had a question pertaining to easements. **Betty Vance** said that would be part of the transfer. She said we usually have fifteen foot easements for water lines and it would be the same for the sewer lines. **James Morgan** said on the sewer side, it depends on what you're referring to. If you're referring to the small lines that go out to the common main, that's a little bit different. We would want that fifteen foot easement for trunk lines, because we have to get in and repair it. You want to make sure you have accessibility to it; and you want to make sure the person that owns property knows they cannot build in that area. Discussion followed. **Betty**

Vance said it would all go with the transfer. If there weren't existing easements, easements would be created. They would all be recorded through the transfer. **Gerald Boures** said they go down the alley now. **James Morgan** said the alley is a public right-of-way and there would be a franchise agreement that gives the water district the right to work within that right-of-way. Valley Water District has franchise agreements with Bonney Lake, City of Puyallup, Pierce County, and with the Department of Transportation. There are rules and regulations they have to follow with those easements. Discussion followed. **Larry Harter** said I believe all main-line sewers have easements. Discussion followed. **James Morgan** asked if there were any more questions. Well, I want to thank you all for coming out and asking these questions; because that's how the best information gets out. Instead of people making assumptions that are not necessarily true. I hope the information has been helpful and has been clear. If down the road you have more questions, just bring them to the Town Hall and we'll try to get them answered. **Mayor Peggy Levesque** said I feel really strongly that this might be a good way to go and would safeguard our system. We've really looked into it a lot; and the level of expertise that you have at Valley Water District compared to a Mayor and Council. We know a lot and we've learned a lot and we try really hard; but it's a big, big job to maintain the sewer and the water system and keep them going according to all the rules and regulations. You could do one little slip up and you've got a big problem. **Jerry Stingley** said what are the chances you would be taking over the systems? **Betty Vance** said I am the manager; but ultimately it is the Board's decision. They have gotten a lot of information. That information . . . At first they were a little hesitant, but the information they've received has satisfied a lot of their questions... I am just the manager. So, I give them reservations and I give them as much information that I can; but they ultimately make the decision. **Jerry Stingley** said you are the person that's fighting for us to get us on the system, right. **Betty Vance** said yes. **Gerald Boures** said you think they could turn us down. **Betty Vance** said yes, they don't have to do it. **Gerald Boures** said no. **James Morgan** said right now they could. The water side they're not too concerned about, because they've been in the water business. The sewer side is new to them. One of the things I have experienced that I addressed to the Board of Commissioners is the fact that you've got two other towns out here that may be in the same situation in the not too distant future, because it is getting harder. If they start with South Prairie and two to ten years down the other towns come in, it would be much easier to transition them in, because we'll already be handling wastewater. **Jerry Kuranko** said did you say you are State regulated. **Betty Vance** said we are State, Federal and County regulated. Everybody tells us what to do. **Jerry Kuranko** asked if the Town been under research long, as far as anything negative. **Mayor Peggy Levesque** said we haven't seen anything negative. They've got really good marks from what we've seen. They've got a very good reputation. **Betty Vance** said we have not had a Finding since I've been there... **John Simmons** asked if we would be their only sewer system. **Betty Vance** said you would be the first sewer system that we take on... We have employees that know what they're doing. Just because we haven't operated a sewer system, does not mean that we're not capable. **John Simmons** said you pointed to Larry. Are you saying he works for you right now? **Betty Vance** said he doesn't work for us right now. But, if we transfer the water and sewer over, we would make him an offer to come to work for us because he knows the system. And, he is the one who has all the experience and history on the system. This would be very beneficial for us and we would make him an offer. **Mayor Peggy Levesque** asked if there were any other questions. **Lois Erath** said I was wondering when and how this would come to fruition. Is there going to be a vote or does the Council make a decision? Do we have to wait for you to make an offer to us? **Betty Vance** said it doesn't have to be a vote of the people. What it is right now is that the Town of South Prairie has approached the District. It's our Commissioners right now that are making up their minds. They just want to see that everything is together. That's a good Board. It's not like a Board that says okay well we're going to do this without any consideration. That would not be a good Board. It takes a lot of thought and a lot of processing. Where it is right now is with Valley Board. **Lois Erath** said then it would ultimately be the Council's decision and the citizens wouldn't have to vote. **Betty Vance** said yes. **James Morgan** said once the assets are transferred over to the Water District, then the citizens have a choice to petition for annexation into the utility district. Why you would do that is so you have the right to vote for commissioners and to run as a commissioner. **Jerry Kuranko** said once

the assets are transferred. **James Morgan** said yes. **Jerry Kuranko** said well that's a no-brainer. Where would we go from here if you've got all the assets...? **James Morgan** said you would still have to annex into the District; because technically they own and operate... Discussion followed. **Jerry Kuranko** said we give you all of our assets and then you decide whether... **James Morgan** said no, you decide. Once you petition and say we want to become part of Valley Water District, it goes to the Boundary Review Board at Pierce County. **Betty Vance** said no, you just have to get a petition... You would say okay we want to be within your District boundaries so we have all these rights. So, you would get a petition and 50% of the residents would need to sign that petition. I would send it to Pierce County and they would put it on the election and then 50% of the people registered to vote... No, it's just a simple majority. So, as long as a simple majority voted for it then it would pass and you'd be in our District boundaries. **Jerry Kuranko** said then we do have a vote after the assets are transferred. **Betty Vance** said yes. **James Morgan** said yes, but that vote is to say whether or not you want to have the ability to vote for commissioners and potentially be a commissioner. They would still already own the assets and operate the assets. **Jerry Kuranko** said then we'd vote no. **James Morgan** said then what would happen is you would have no representation. You would not be able to vote for the commissioners that operate the system or make the decisions for the system and you would not be able to run as a commissioner. **Jerry Kuranko** said but what about our assets. **James Morgan** said they would already be transferred. **Jerry Kuranko** said well then; give them back to us. **Betty Vance** said no, no, no. Discussion followed. **Betty Vance** said the District would own the system. **Mayor Peggy Levesque** said I know it's odd, but that's the way it would work. **Betty Vance** said the District would own the system. It's a public utility and you would still have the right to come to the public meetings, you have a right to voice your opinion and it's still a public system for you. The only difference is because of the laws and the RCWs, you would not be able to be on the Board and you would not be able to vote for the commissioners elected. Discussion followed. **Mayor Peggy Levesque** said it's kind of similar to what we have with the Fire Department. The Fire Department is here and they service our area; however we contract with them. They're our Fire Department and we contract with them and we pay them the money, we pay the same as everybody else, but because we contract with them you could not be a commissioner and there are certain voting rights you don't have. We could merge and we could have those rights; but we don't have them right now. **Betty Vance** said yes, it's kind of the same. **James Morgan** said the Town has about half a dozen water customers that do not live in town. They're not within the corporate boundaries. They do not get to vote for this Council. They get a bill from the Town; but they don't get a say in this, because they have not chosen to try and annex in to the Town. If they petition the Town to annex into the Town, then they could vote for the Council members. But, because they have not chosen to try to annex into the Town, they do not have that option. It's the same type of situation. **Jerry Kuranko** said once again, we transfer all of our assets the water and sewer and the whole "shebang," right. **James Morgan** said correct. **Jerry Kuranko** said then we vote, and we vote no. We still have our assets and none of us agree that we want you to have those assets or anything else. **Betty Vance** said no, no, no. That's not what you would be voting on. **Jerry Kuranko** said then what are we voting on. **Betty Vance** said you're only voting on to become, like citizens outside the Town would vote to become part of the Town. You would be voting to become part of the District. It's the same thing. It's just that you're not voting on whether you want us to run it, because we're already running it. And, that's going to happen, but you get to say if you want to be part of the District. It was like Jim was explaining about people that are not in the corporate boundaries of the Town. **Jerry Kuranko** said so we say we do not want to be part of the District, now what? **Betty Vance** said that means that it would still a public utility and it's still your system... **Jerry Kuranko** said it still has assets. **James Morgan** said you'll still get water service and you'll still get sewer service. Discussion followed. **James Morgan** said you'll be able to go to the Commissioners' meetings and say I don't like the way doing this and you need to do something different. They will listen to you because you are a customer. However you will not be able to say I don't like that commissioner and I'm going to vote him out of office or I'm going to run against him and make sure he's not on that Board, because, you've chosen not to be part of the District. **Jerry Kuranko** said okay. **Larry Harter** said the elected Council they have the power to turn the assets over. **Jerry Kuranko** said I know that. I am fully aware of that. If

I had a right to the assets, I think I'd want my share now. Discussion followed. **Mayor Peggy Levesque** asked if anybody else had any questions. **Gerald Boures** said so we're going to get a bill from them for the water and sewer, right. **Mayor Peggy Levesque** said right. **Gerald Boures** said and we're going to get a bill from the Town or a bill from the garbage company. **Mayor Peggy Levesque** said the garbage company would probably have to go back to the garbage company. **Gerald Boures** said okay. Right now it's all on one bill. **Mayor Peggy Levesque** said right, and Valley Water District does not bill for garbage. So, we would have to send that back to Murrey's. **Gerald Boures** said or we keep burning it in the back yard. **Mayor Peggy Levesque** said well the Fire Department does not approve of that nor does Ecology. There are a lot of rules that deal with that. She said I'm just glad you came and I'm glad we got this information out there. I'm kind of curious how you all feel about it. So, maybe we can hear from you or whatever. But, I think it's a really good idea. I think it would really safeguard our system and give us a level of expertise. When this time happens when we do have to do these repairs, I think we will. It's going to come whether we're here or whether they're doing it. I just feel like it would be in safer hands. **Jerry Kuranko** said when would we know the Council's decision. **Mayor Peggy Levesque** said we don't even know whether Valley Water District will even take us yet. So, once Valley decides if they'll take us, then we'll keep you posted... Discussion followed. **Betty Vance** said I am trying to push it to get an answer. And, I'm hoping that in the next month or so we would have a definite answer. But, it doesn't mean it would be coming right away. It's still going to take time to go through the process of meeting the transferring of those assets. **Mayor Peggy Levesque** said there are a lot of steps... **Councilor Jim Frank** said I know it's a public hearing and the objective of that is for the Council to listen. But, I do want to weigh in a little bit. Speaking of assets, in the big picture we really only have one asset and that is the new tank. The rest of our system, that's a twenty-five year old system, the sewer; and it's designed for twenty years. That's really not an asset, it's a potential liability. And, all of the underground lines, the water lines, asbestos lines, they're not really an asset. They are more of a liability, because of the age. So, there's a lot of future maintenance and repairs that we're looking at which brings this conversation to the table originally, because of the cost of repairs. We're such a small town, we're only a couple of hundred people, and how do we pay if all of a sudden we start breaking water lines. How do we pay for \$500,000 here and \$400,000 here and this have to happen right now? You have to have water and you have to have sewer. So, if these things all start failing on us, where would all this money come from? It comes out of the Town's pocket; and right now it's projected that by 2017 that water, sewer and garbage is going to be like \$190 a month. It's really going to start climbing on us. So, this brings up the opportunity of what are we going to do for the Town, when we can't pay. Here's a water company that's going to take our assets, so to speak, run them for us and transfer it and not sell it to them. They would assume the liabilities or assets per say. So, there's a big picture to look at and our objective is to listen to the towns' people and get feedback from them and their opinions about how they feel about it; so we can make an intelligent decision. **Jerry Stingley** asked Betty if she would be our representative or what to get us into Valley Water District. **Betty Vance** said am I what. **Jerry Stingley** said being our representative or what. **Betty Vance** said do you mean with the Board of Commissioners. **Jerry Stingley** said to get us in. **Betty Vance** said yes, we are giving them as much information as possible. And, to be honest, one of the Commissioners' big concerns is the residents of South Prairie. They don't want to be the bad guys. They don't want to take it over and then a lot of things start happening and then they're the ones that are going to have to say this has to happen and this has to happen. They don't want to be the bad guys. So, they want to make sure the residents understand what shape that you're systems are in and repairs, improvements or replacements that are going to have to be done no matter if Valley has it or the Town has it. The County would just come in and replace it. But, no matter who has it; those things have to be done. And, that's one of our Boards' biggest concerns. They don't want the residents upset and they want them to understand that going in to it. **Councilor Jim Frank** said another part of this is they have more buying power and resources to deal with these problems. So, all the seven systems they have now are all in pretty good shape; even though the other six systems would chip in like a \$1.00 toward their needs. Like system number one, they've made the majority of their repairs. So, even if something were to happen to us, we would pay the majority and

might go up another \$5.00 a month to start replacing some lines; but we would get help from these other six districts a \$1.00 a month from each one of those to help us out. So, the chances of us needing help before they do, the chances are pretty doggone given. So, we're looking at this whole picture and what you want us to do. The part about annexing into the District, if they were to accept us, then we would vote to move into the District. Now, it's up to the town on whether we want to have a say in what goes on over there. Up comes the vote to annex in or not annex in; and that simply gives us the right to down there and sit in on their meetings and say I don't like that guy so I'm going to vote for this guy to be on the Commission or I want to be the Commissioner. **James Morgan** said I'll bring up this annexation issue. You've got people that live outside the town. They pay a little more for their water, because they're not in town. Often what happens, when you have a water district, they sometimes serve outside the district. But, if you're outside the District, they end up paying a little bit higher rates because they're not in the District. The reason why you want to annex into the District... I worked with McKenna Water District down by Yelm. And they have this large area they were serving and they wanted them to annex into the District, for a couple of reasons. They wanted that larger pool of people to be able to run as commissioners; because they had such a small group to run for commissioners. They wanted a larger pool to bring people in that might run. But, they just wanted them to be involved in the operations of the system. They chose not to annex in; but they were willing to pay \$2.00 more a month and not annex in. If they had annexed in, they would have been treated as part of the system. Sometimes people do things that you don't quite understand why. There was no downside to annexing into the District. There was only an upside. Discussion followed. **Betty Vance** said she would also like to add that all of our Commissioners have been on the Board for a total of almost fifteen years. That just shows the continuity and shows there is not a lot of fighting or feuding going on there. Discussion followed. **James Morgan** said the customers must believe the system is being run well and they have confidence in their Commissioners. You've got elections here every two years and you could have three new Council members and they could make a decision that would jeopardize the bulk of the customers. Whereas, once it's under the operation of the Water District, you've got potentially a much more stable environment; and it's a lot more difficult for things to get out of whack. **Mayor Peggy Levesque** asked if Lois Erath had a question. **Lois Erath** said I don't think so, but thank you. **Councilor Jim Frank** said I think the lady in blue might have a question. **Norma Catchpole** said me. No, I don't have a question, but thank you. Discussion followed. **Mayor Peggy Levesque** asked for the feelings of those citizens in attendance. There were numerous citizens that stated they thought this was a great idea. **Jerry Stingley** said I feel we're going to have to be paying out a bundle here in the next ten years... He said with Valley Water District, it would help us by not having to pay so much in the near future. **Mayor Peggy Levesque** said it sounds like the consensus is fairly positive. Several citizens stated their agreement. Discussion followed. **Gerald Boures** said there are resources to fix it right now. **Mayor Peggy Levesque** said what. **Gerald Boures** said they have the resources to fix it right now and bill us monthly. If they don't do it and we do it, we have to put up the money to fix it right now and we don't have it. **Mayor Peggy Levesque** said we would have to find the grants or low-interest loans. She said they do that stuff all the time. Discussion followed. **Gary Erath** asked if District had ever been approached by the national outfits to actually invest in your company. **Betty Vance** said we are a public entity, no investing. Discussion followed. **Gary Erath** asked if any of the other six entities you have had ever approached you about handling their sewer. **Betty Vance** said there are eight. She said they're all septic. **Gary Erath** said if he has a piece of land here and decided I wanted to connect services to the property. Since there is no sewer capacity available, would there be any problem with me going to the County and getting an engineered system put in? **Betty Vance** said she could not answer that question right now. **James Morgan** said typically what happens is the utility division or in this case the Water District would say yes, you can put the septic system in; but at such time they have capacity you would have probably about twelve months to connect to their system. Discussion followed. **Mayor Peggy Levesque** said one of the Council members asked for a quick show of hands, if you're positive and think we should keep looking into this, keep moving forward. All of those who think we should keep moving forward raise your hands. She said we've got a pretty good consensus to keep moving forward. Discussion followed. **John Simmons** asked if they were

looking into hiring anyone other than Larry. **Betty Vance** said no, as far as taking on South Prairie, we wouldn't be hiring anyone additional, other than making an offer to Larry at this time. As far as Valley Water District goes, we are in the process of advertising for an entry level utility worker. We may be hiring for water and sewer both. Discussion followed.

CLOSE PUBLIC HEARING:

❖ At 8:40 PM, **Councilor Stu Terry** moved to close the Public Hearing for the Possible Transfer of Water and Sewer Utilities to Valley Water District. **Councilor Phil Marshall** seconded the motion. **Motion carried unanimously.**

Brief Recess: **Mayor Peggy Levesque** called for a brief recess from 8:40 to 8:45 PM.

ENGINEERING REPORTS:

James Morgan – Town Engineer – On-Call Services:

James Morgan said not much going on in June. The TIB money is available; and he would see if we could get some money for the roads. He said he put together the Six-Year Transportation Improvement (STIP) Plan. Someday they might give out money for sidewalk projects. We might try to make a case that they need to be fixed. **Marla Nevill** thanked James Morgan for his assistance with the STIP. Discussion followed.

PLANNER REPORT:

Mart Kask said in the near future we should be receiving an application from the RV Park to move some RVs. They had an optimistic schedule and thought they would have a public hearing tonight. But, they would have had to get the materials to the Town in early June. They didn't get their paperwork submitted; so we'll wait until we receive the package of material from his engineer and advisors. The State requires the Town Planner to make a Statement of Completeness. Once that is done, they can come back and request that you set the public hearing. When we have the information and do the Statement of Completeness, then you can schedule the public hearing. **Councilor Stu Terry** asked if he had indicated where these would be located. **Mart Kask** said they're using a concept plan and they have to go one step beyond that and show water, sewer, roads, and storm collection and discharge. **Councilor Stu Terry** asked about sewer treatment at the RV Park. **Mart Kask** said they would not be increasing the sewer flow just relocating RVs. **James Morgan** said they do not have an approved on-site sewer system. **Mart Kask** said there is a field at the east end of the property; and he's talked about installing a drain field there. **Mart Kask** said Surface Water Management declares all gravel surfaces be considered impervious surface. Discussion followed. **Mart Kask** said the RV Park owner's intention was not to show the Trail on the site plan. **Mart** said he plans on going to Pierce County and find out the Trail location through the RV Park. Discussion followed.

Mart Kask presented the report regarding Global Equipment Services, (see Exhibit "C" attached). He said they have three lots now. They have not completed the Landscape Plan for the primary business location. He said the second issue is they have moved in without a site plan. So they have to come to the Council and be in concurrence with the Code. He said there is evidence of siltation in the wetland. The property adjacent to the property has been graveled. The third issue is that lot is zoned Residential and cannot be used as a commercial parking lot. We need to make sure the Code is properly enforced. Discussion followed. It was the consensus of the Council for **Mart** to notify Global Equipment Services of the Code violations. **Mart Kask** also discussed the complaint we received from the Department of Ecology. He said WDOE wanted to come back and inspect; but we're not initiating anything further. Discussion followed.

Mart Kask said the Council approved the site plan for Exterior Metals; and the site plan will expire in one year after approval unless they've taken out a building permit. He said he thought the time was fast

approaching when the site plan would expire. Discussion followed. **Mayor Peggy Levesque** requested that Mart send Exterior Metals a letter to let them know the site plan expiration is approaching.

Mart Kask said we've been waiting for the State to allocate funds to update the Comp Plan. He heard they held a small amount of money for small communities. He said he'd follow up on this issue. Discussion followed.

Mart Kask said we still do not have an approved Shoreline Master Plan (SMP) from the Department of Ecology (WDOE). He suggested we send a letter to WDOE requesting the status of the SMP. Discussion followed. It was the consensus of the Council to send a letter to WDOE.

APPROVAL OF REGULAR COUNCIL MEETING MINUTES OF JUNE 4, 2013:

❖ **Councilor Jim Frank** moved to approve the Regular Council Meeting Minutes of June 4, 2013. **Councilor Stu Terry** seconded the motion. **Motion carried unanimously.**

APPROVAL OF BILLS FOR JUNE 2013, IN THE AMOUNT OF \$80,040.82:

❖ **Councilor Laura Heideman** moved to approve the bills for June 2013, in the amount of \$80,040.82 (eighty thousand forty dollars and eighty-two cents). **Councilor Jim Frank** seconded the motion. **Motion carried unanimously.**

UNFINISHED BUSINESS:

None

NEW BUSINESS:

- 1) **Ordinance No. 532 – Adopting New Provisions for the Town Related to Animal Control:
Tabled until the August 6, 2013 Council Meeting**
- 2) **Ordinance No. 533 – Adopting New Provisions Related to Utility Connections, Rates and Charges:**
 - ❖ **Councilor Jim Frank** moved to approve Ordinance No. 533 – Adopting New Provisions Related to Utility Connections, Rates and Charges. **Councilor Laura Heideman** seconded the motion. Discussion followed. **Motion carried unanimously.**
- 3) **Ordinance No. 537 – Adopting New Provisions Related to Vehicle and Traffic:
Tabled until the August 6, 2013 Council Meeting**
- 4) **Resolution No. 324 – Setting Fees for Various Services and Permits and Repealing Resolutions 184, 185 and 201 and Prior Fees:**
 - ❖ **Councilor Tony Caldwell** moved to approve Resolution No. 324 – Setting Fees for Various Services and Permits and Repealing Resolutions 184, 185 and 201 and Prior Fees. **Councilor Laura Heideman** seconded the motion. Discussion followed. **Motion carried unanimously.**
- 5) **Animal Control Services Agreement with Pierce County:
Tabled until the August 6, 2013 Council Meeting**
- 6) **Update from Mayor for Utility Department volunteer and on-call coverage for every other weekend:**
- 7) **Resolution No. 325 – Six-Year Transportation Improvement Plan:**

❖ **Councilor Tony Caldwell** moved to approve Resolution No. 325 – Six-Year Transportation Plan (STIP). **Councilor Stu Terry** seconded the motion. Discussion followed. **Motion carried unanimously.**

8) Appoint New Mayor Pro-Tempore for August 2013 – January 2014:

❖ **Councilor Stu Terry** moved to appoint Laura Heideman as Mayor Pro-Tempore for August 2013 – January 2014. **Councilor Phil Marshall** seconded the motion. Discussion followed. **Motion carried unanimously.**

CITIZENS' COMMENTS:

Marla Nevill said we received a request to install speed bumps on NW Washington Street. Discussion followed. It was the consensus of the Council for Mart to check into the legality of installing speed bumps on NW Washington Street.

MAYOR'S REPORT:

Mayor Peggy Levesque said the Hazard Mitigation Plan meeting was cancelled. Discussion followed.

Mayor Peggy Levesque said she had a meeting scheduled with Dave Seabrook but she would have to cancel that meeting. Discussion followed.

PUBLIC WORKS' REPORT:

Larry Harter said he contacted the Department of Transportation about mowing along Highway 162. They said they told him it was up to the Town to mow and maintain the highway right-of-way. Discussion followed.

Larry Harter said the Third Street Park car damage is still not repaired. **Councilor Tony Caldwell** said the person who caused the damage told the officer he would repair the damage. Discussion followed. **Mayor Peggy Levesque** asked Tony to follow up on the park damage. **Councilor Jim Frank** asked if Larry could follow up on locating logs or rock to place over at the park. Discussion followed.

CLERK'S REPORT:

None

COUNCIL MEMBERS REPORT:

Councilor Stu Terry requested a sign be posted on Carriage Road for “No Off-road Vehicles.” Discussion followed.

Councilor Stu Terry said grass clippings are still being dumped in the drainage ditch by Carriage Road. **Marla Nevill** said it has been posted several times on the utility bills. **Councilor Tony Caldwell** said people don't look at the bill. He said the drainage ditch might not be located on Town right-of-way. **Councilor Stu Terry** said if it's on private property, then we need to remove the sign. Discussion followed.

ADJOURNMENT:

❖ At 9:58 PM, Councilor **Tony Caldwell** moved to adjourn the Council Meeting/Public Hearing of July 2, 2013. **Councilor Stu Terry** seconded the motion. **Motion carried unanimously.**

Date Approved: August 6, 2013