

Decision Memorandum on Office of Drinking Water Grant Application

June 4, 2022

Proposed Action

The Planning Committee recommends that the Board:

1. Authorize the Planning Committee to submit a grant application to the Washington Department of Drinking Water Consolidation Feasibility Study Program.
2. Authorize the President to sign and submit the attached Letter of Commitment with the application.
3. Authorize the Planning Committee to prepare and sign an interlocal agreement with the Planning Committee of the Sunlight Beach Water Association to prepare the grant application and oversee the grant if we receive funding.
4. Authorized a consulting budget of \$2,000 to assist the Planning Committee in its efforts.

Background

- Our goal is to provide safe, reliable, and affordable water to our service area (currently serving 169 connections).
- Current wells have near-term limitations.
 - Well number 2 is offline and limits system capacity.
 - Water supplies during high-peak periods stress the system and raise saltwater intrusion concerns.
 - System is aging and some components need significant maintenance, and some will need to be replaced.
 - King Water is the only service provider on Whidbey Island and their staff is spread very thin.
- Current wells have long-term risks
 - Risk of additional septic systems over the Well Head Protection Area.
 - Risk of sea level rise, extreme storm surge or dike break could cause salt-water intrusion to our aquifer.
 - Changing climate patterns could increase droughts and affect freshwater resources and recharge.
- Moving the wells and other facilities could address some of these issues and reduce risks.
- The Sunlight Beach Water Association serves 48 members on Sunlight Beach Road. Its well is located next to ours. There are advantages to jointly exploring options.

Analysis

Application: The Office of Drinking Water has opened a grant application process to fund feasibility studies for small water systems. The deadline is June 30, 2022. This is a no cost, and

no obligation grant program. The Planning Committee would seek funding for the following tasks:

1. Assess the current systems.
2. Assess the options for moving wells and other facilities.
3. Assess the costs of the two stand-alone systems compared to a consolidated system.
4. Assess various management structures.

The current draft of the project description is attached. The Planning Committee has been working with representatives of the Sunlight Beach Water Association on a draft application and will continue to refine the material for submission to the Office of Drinking Water.

Letter of Commitment: The attached letter of commitment says that our system will work with the Sunlight Beach Water Association on the feasibility study if we get the grant. The letter and the grant application do not commit either system to an outcome from the studies.

Interlocal Agreement: The Board would delegate this to the Planning Committee. As envisioned, the agreement would include:

- The Sun Vista-Sunlight Beach HOA would have the lead role in managing and administering the grant. The two systems would have equal voice in the grant process.
- Each water system would appoint two board members to work on a Planning Team to prepare the grant application.
- If we receive funding, this Planning Team would oversee the feasibility study and keep both boards informed on the progress.
- The Planning Team members would work with their boards to keep their membership informed on the results of the feasibility study.

Consulting assistance: The Planning Committee is seeking \$2,000 for consulting assistance for the following tasks:

1. Assist in preparing background information for the Committee in assessing current conditions and issues.
2. Review scope of work and draft application to ODW grant program.
3. Review proposals from engineering firms for the feasibility study.
4. Update the map of our system and the other water system.

Next Steps:

1. Submit the application by June 30th, 2022.
2. Office of Drinking Water will notify systems on funding decisions by September 1, 2022.
3. Contracts would be issued in November-December.
4. If we are successful in securing grant funding:
 - a. Schedule a special member meeting to discuss the scope of work, answer questions, and seek comments.
 - b. Finalize a scope of work and Request for Proposals (RFP).
 - c. Select an engineering firm through a competitive process.
 - d. Conduct studies.
 - e. Schedule member meetings to discuss the results of the studies.

Attachment 1: DRAFT Project Description [Note this is a working draft]

The two water systems currently serve a population of over 400 people in overlapping service areas and have an inter-tie for emergencies. The wells for both systems are about 100 feet apart at about 12 feet above sea level in close proximity to Puget Sound. Physical space severely limits treatment capabilities.

Both water systems have co-located wells facing Category 2 contamination: nitrates and microbials from near-term future septic systems (within the 5-year Wellhead Protection Area defined by a Golder Associates report in 2013), existing arsenic contamination, current saltwater intrusion, and contaminants from secondary residential roads within a 100-foot radius of the wells. Initial calculations using the DOH Level 1 Nitrate Balance Model indicate a potential high risk of nitrate contamination within 5 years. Further analysis of this risk is included in the study.

Our two water systems will form a planning team to select an engineering firm and oversee the work. The Consolidation Feasibility Study will assess three governance options in four phases. Each work element assesses the feasibility, benefits, and acquisition, development, and operating costs including contamination and service risks from the following: existing arsenic contamination, saltwater intrusion as recommended in a Sanitary Survey, Nitrates and microbials from upgrade septic systems within the Wellhead Protection Area, and aging infrastructure. The study includes providing a multi-year plan for developing each work element including funding options, rate structures, and required legal processes including water rights and permits. Attachments in this application provide additional information.

Phase A Physical Assessment: Assess both water systems continuing to operate with current assets including estimated likelihood, timeframes, and costs for required future water treatments. Assess the remaining service life of major assets and the costs to upgrade/replace these assets. This analysis will include both O&M and capital costs, plus the managerial costs and volunteer time for the next 20 years and address the specific issues listed in the grant application guidelines.

Phase B Separate Systems with new facilities: Separately assess each of the following options including required land for each water system:

- Drill new wells and build new control/treatment facilities for each water system on a shared location,
- Move the storage tanks for the SV/SB HOA water system, and address aging SBWA water tanks, and
- Evaluate several feasible alternative sites.

Phase C Merged Water System: Assess building new facilities on alternative nearby sites for a merged water system. Provide maps of new facilities.

Phase D Assess acquisition by an investor-owned utility: Assess at least two proposals for acquisition by investor-owned utilities.

Public Outreach (throughout study): The two systems will conduct a comprehensive communication process and member meetings to educate members regarding the results of the study. The engineering firm will provide presentations on the results of the study at member meetings.

Deliverables:

1. Draft reports at the end of each phase.
2. Final report that evaluates the feasibility, costs, and benefits of the options studied in the four phases. The report will provide the boards and membership of the two systems information essential to make informed decisions on the options studied.
3. Presentations at Annual and Special Member Meetings.

Payment:

The water system and its contractor will track and maintain financial records and will submit quarterly invoices for reimbursement by DOH.

Attachment 2: HOA Letter of Commitment as Applicant

**Letter of Commitment
Sun Vista-Sunlight Beach Homeowners Association**

This Letter of Interest documents the good faith support, commitments, and interlocal agreements of the Sun Vista-Sunlight Beach Homeowners Association (SV-SLB HOA) (Water System ID # 85160) regarding an application for a Consolidation Feasibility Grant through the Washington Office of Drinking Water Revolving Fund (DWSRF) program with the Sunlight Beach Water Association (SBWA) (System ID # 85270).

As the President of SV-SLB HOA, this letter is to express the interest and intention of SV-SLB HOA to continue discussions with the board of SBWA regarding the consolidation of our respective water systems.

We will evaluate the water infrastructure improvements needed to consolidate Water System SBWA into our system or for it to remain independent and develop budget level costs for identified improvements for both scenarios.

We commit to sharing all findings and associated reports with SBWA and participate in a community meeting to describe the results of the .

The Board met and agreed with this letter on _____

Richard Townsley, President
Sun Vista-Sunlight Beach Homeowners Association