



HMC MANAGEMENT

Water System Upgrade Recent Developments Updated as of February 24, 2010

Two avenues of action to upgrade the Herron Island Water System have been discussed recently:

1. **Retention of Ownership and Funding of Upgrade with USDA Community Facilities Loan Funds.**
2. **Transfer of Ownership of the System to a Cooperative (such as Peninsula Light) or other Investor Owned Enterprise (Washington Water).**

In the last six months, the Board and Water Project Committee have become aware that loan terms for USDA funding have become much more favorable, but funds must be obligated *no later than September 2010*. This has accelerated the schedule, and we have set out to gather information for members on both options. Information on the estimated cost to each member from either option will be assembled by the Board and the Water Project Committee and presented in the March Beachcomber.

The Board is currently planning to present information to members in the March Beachcomber on the major options, and send out a mail ballot on ***Retention of Ownership vs. Transfer of Ownership*** in mid-April. Ballots will be received and counted at the end of April, in order to provide direction on moving forward with this critically important project.

Here is a quick overview of the issues:

Why is an upgrade of our water distribution system necessary?

- ✚ System 50 years old;
- ✚ Fragility of aging pipe;
- ✚ High frequency of leaks requiring repair;
- ✚ High frequency of leaks leads to excess pumping;
- ✚ Fear of contamination due to frequent leaks;
- ✚ Lack of fire flow in hydrants, and too few hydrants on island;
- ✚ Impact on property values – buyers don't want to buy in to a big water problem.

What does upgrade mean?

- ✚ Improved fire flow and fire protection for members (fire is Island's biggest hazard)
- ✚ Maximum authorized number of connections = 540
- ✚ Metered water to members, with rate structure that reflects fixed service costs and/or usage (currently required by law to be implemented January 2017);
- ✚ Opportunity to conserve water;
- ✚ Improvements to well house

- ✚ Possible undergrounding of dry utilities in collaboration with CenturyTel & Peninsula Light.

What are the benefits of upgrade?

- ✚ Avoidance of catastrophic failure.
- ✚ Conservation, less use of water supply.
- ✚ Reduction in leaks; less exposure to contamination and water outages.
- ✚ Improved fire protection/fire flow.
- ✚ Maintenance or enhancement of property values because of upgrade.

The following Questions & Answers have been assembled to respond to member inquiries. If you have additional questions, please contact HMCmanager@herronisland.org to have your question (and answer) added to this list.

Option 1: Retention of Ownership/
Project Funded by USDA Federal Stimulus Funds

Option 2: Transfer of Water System Ownership/
Financing by Transferee