

# WATER SYSTEM UPGRADE

## Questions & Answers

*Last updated September 29, 2011*

Send your questions to [hmcmanager@herronisland.org](mailto:hmcmanager@herronisland.org)

### **Project Contacts**

*Who is the contractor for the work, and can we contact them directly if we have a question?*

The contractor will be selected via a competitive bid process, after the bid documents have been approved by the USDA and the HMC Board, on the advice of the HMC attorney and others. Bid documents are currently near completion (as of September 26).

Any questions should only be directed to the office, as questions directed to the contractor might distract them from their work and make it more difficult to manage the project. This will also give us the opportunity to share common questions (and answers) with other owners.

*I'm getting some conflicting information. Someone said I'm getting two hookups, but I only need one. How do I make sure I just get the number I need?*

If you want to confirm you are only getting the number of hookups you need, contact the Island Manager at [HMCmanager@herronisland.org](mailto:HMCmanager@herronisland.org).

*Whom do I contact to get some of the soil that will be excavated during the upgrade?*

We'll put you on the "dirt list." Please email the HMC Island Manager at the address above, and if possible, state about how many yards of fill dirt you would like to have. Up to 40 cubic yards may be available to you before requiring that you obtain a county permit to fill.

## **Payment Plans**

*If an Owner elects to go with the 40-year financing payments, what happens if they sell the property? Would the full payment come due at the time of the sale?*

No, full payment would not be due at the time of the sale. The debt “travels” with the property and continues to be paid via the water bill. In Tacoma, for example, you might purchase a property that was subject to a bond issue approved under previous ownership. You would then inherit that debt as part of your property tax payment. The same principle applies here.

## **Meters and Charges**

*Can I move the meter so it can be on my property?*

Service meters may not be moved onto private property, but must stay in the HMC right of way in order for the work to be eligible for USDA funding, and for future ease of meter reading and maintenance. It’s best to leave the meters in place, if possible. Double meters (next to one another) are less expensive to install than single service meters. Each location request will be considered, but the conditions attached to the USDA project and the physical conditions will be the final determinants.

*Where will a metered water connection be installed on undeveloped lots with no prior water service?*

According to Jester Purtteman, for undeveloped lots with no prior water service, the new water connections will be placed at corner locations off those lots and on the HMC right of way. There will be a capped-off connection point on the property owner's side of the metered service. This connection point can stay capped off until the owner is ready to use it; there would be no water usage charges for that connection until that point. However, there will be a base fee and reserve fee charged each month, since those charges are independent of water usage.

*Will there be water charges for water service to undeveloped lots?*

There will be no water usage charge for water service that has not been turned on; however, there will be a base fee and a reserve fee charged each month, since those charges are independent of water usage.

## **Backflow Preventers**

*What is a backflow preventer and how do I know if I need one?*

According to the State Department of Health, "A cross-connection is any actual or potential physical connection between a drinking water system and any other non-potable substance (liquid, solid, or gas). Backflow occurs when water or other substances flow in the opposite direction than intended allowing contaminants to enter the public water system or consumer's plumbing. A backflow incident occurs when biological, chemical, or physical contaminants enter the drinking water supply (under backflow conditions) via unprotected cross-connections. Backflow incidents may cause injury, illness, or death."

Backflow prevention assemblies are mechanical devices installed on water service lines (or at plumbing fixtures) to prevent backflow of contaminants into drinking water through cross-connections. An example would be if you have a pool, hot tub, etc. on your property.

*I see. It looks like I need to install a backflow preventer on my supply line then. Are there any types you recommend?*

There are several approved devices out there, and any of them should work. Bill Bernier, our backflow preventer specialist, likes the Wilkins 950XLT and Wilkins 007, but any approved device should work. He recommends that everyone use the same type, to simplify future replacements and inspections. We will ask our project engineers for a recommendation.

*Can we get a group order for backflow preventers and get a discount?*

That is definitely a possibility. If you need one of those devices, let the office know and we can compile a list. It's possible we may be able to get a better price if we order more than one.

## **Miscellaneous Questions**

*Why aren't we undergrounding power along with the water project?*

We are not planning on doing underground power with this project. Adding power to the trench requires an additional foot of excavation down, and an extra foot in width, which would drive up the project cost significantly. Further, Penlight indicated that they will not be re-coppering the island for a long time, so the conduit would be sitting underground degrading for several years (and probably decades) prior to being used. Given all these factors, we will not be expanding this project to include a "rewiring" of the island.



# *HMC Management*

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September 10, 2011

Dear HMC Member:

The Herron Island Water System replacement and upgrade (the “Water Project”) is the biggest infrastructure project ever undertaken by HMC, and we want to do our very best to get it right and keep costs down. Part of that commitment includes sharing information with you about how the system will serve your property and what you can expect during the construction process.

## *What Has Happened So Far?*

HMC Members determined that we needed to replace the system, and then voted to replace the system. HMC Members were given an option to retain ownership of the system or to transfer ownership of the system to a third party; HMC Members voted to retain ownership of the system and to obtain a loan for the replacement and upgrade. Based on a vote of the HMC Membership, we applied for a low-interest loan program through the USDA. HMC engaged professional engineers for the preliminary engineering and for development of bid documents for construction of the Water Project.

## *What’s Happening Now?*

Our engineers at Northwest Water Systems are working hard on the bid documents, which will be scrutinized by the USDA as a part of the loan application process. We have already obtained a revised system design that has been approved by the State Department of Health. Other required documents are in the works through the island attorney and other parties. We hope to put the Water Project out for bid in late September/early October. As soon as a Contractor is selected and approved by the USDA, we expect that the system will be constructed during the upcoming winter months. That should minimize disruption for most Members, who are not fulltime residents.

Over the next several months, we expect that the USDA and federal agencies with which it works will make periodic visits to Herron Island to review progress on the Water Project.

On the administrative side, we are forming the Herron Island Water Utility. To be tax exempt, the IRS requires that this be formed as a non-profit entity separate from HMC Management. Creation of the Herron Island Water Utility will essentially create two “memberships” for HMC Members, who will be Members in both HMC Management and in the Herron Island Water Utility. The Herron Island Water Utility will have its own Articles of Incorporation and Bylaws, and is expected to be governed by the same Board as HMC Management. Because the creation of the Herron Island Water Utility needs to be approved by the Members, this will go out for a vote of the Membership at a special meeting to be called in November.

## *What’s Being Replaced?*

Pumps, hydrants, pipes, and valves are all being replaced, we are not replacing the actual wells. Hydrants will be installed every 700 feet and, in many areas, perhaps a little closer. This will provide far better access to water for fire flow. Our pumps will be replaced and upgraded to

provide greater reliability and pressure, and service meters will be installed for every water connection.

#### *How Much Will I Pay for My Water?*

For the first year, beginning October 1, 2011, Members will all pay a flat rate of \$20 per month for water, according to the most recently approved annual budget. After the system is completed and has been accepted by USDA, we will be able to monitor meters and operating costs, know the final installation costs and should be able to set rates for future years based on actual data we obtain.

Future water charges will be comprised of three elements: 1) a basic charge to support overall operations and maintenance, 2) a charge based on individual consumption, and 3) for some Members, a charge for repayment of the USDA loan (discussed below). Delinquencies in paying the water bill will be treated the same as other HMC delinquencies.

#### *How Will I Be Billed For My Water?*

During the 2011-2012 budget year, water will be billed quarterly, at the flat rate of \$20 per month, or \$60 per quarter. This flat rate includes basic operation costs, an allowance for reserves and water consumption.

#### *How Do I Pay For My Part of the Water Project?*

Once the total costs of the Water Project are known, we can then tell you what the cost will be for each connection. At that point, Members will be given two options to pay for their part of the Water Project. A Member may either 1) pay their individual portion of the construction costs up front (i.e., "prepay"), or 2) have their obligations included in the balance of the USDA loan to be repaid over 40 years.

Members who choose to prepay in full, and not participate in the USDA loan, will have a relatively brief window of time (expected to be roughly 30 days) during which they may make that prepayment. In any event, these Members must make their payment in full to HMC before HMC begins to repay the USDA loan. If a Member prepays, this will reduce the amount that HMC has to borrow under the USDA loan, benefitting the HMC Membership as a whole.

If a Member does not prepay in full, their portion of the cost of the Water Project will automatically be included in the amount that HMC borrows under the USDA loan. In essence, each of these Members will be financing their portion over a period of 40 years, with no further meaningful opportunity for prepayment. These Members will be required to make recurring payments to HMC as a part of financing the Water Project.

For illustration, let's say the cost per connection for the Water Project is \$6,500. If you did not prepay, but elected to finance this \$6,500 (over 40 years at 3.375%), you would be making payments amounting to \$24.70 per month. Over the next 40 years, then, your payments would total \$11,853.81 - of this, \$5,353.81 would be for interest. Even if you chose in the future to pay this off early, you would still be required to pay the same amount as if you had continued to make the payments for the 40 year life of the USDA loan.

#### *How Will I Know When I Can Prepay the Loan?*

HMC will attempt to communicate with you through the Beachcomber, letters, HMC website, and e-mail notices. If you have not added your name to the e-mail notification list and wish to do so,

please email the HMC Office Manager at [office@herronisland.org](mailto:office@herronisland.org). Currently only one in three Members has signed up. The list will be used only for business purposes, and will also be a means to notify you about service outages, road closures, and any other water system replacement schedule issues, as well as other island emergencies.

*Where Will the Water Line Be Installed?*

The water lines will typically go in on one side or the other of HMC roadways. Members need to be aware of their actual property lines. HMC roadways are actually much wider than the graded road surface; most roadways are 50 feet wide, but this width can vary between 40 and 60 feet. Roadways will be surveyed and edges marked prior to construction. If Members have landscaping or other improvements encroaching on the HMC roadway, these may have to be removed prior to construction.

*Where Will My Service Meter Be Located? \*\**

We plan to have the Contractor install service meters near the edge of each property serviced, in the same location as the current water service. You may, however, wish to have your service meter in a different place. In that case, you must notify HMC in writing of the location where you want your service meter placed. If you choose to have your service meter moved more than a few feet from its current location, it will be your responsibility to install a new water line from the water meter/valve location to your home. The Contractor will only be required to hookup to your existing water line or to make a small adjustment, at your request – let us know before September 30, 2011.

If you have contiguous lots, and want more than one service meter, you must notify HMC no later than September 30, 2011. Change orders during construction will result in additional cost and any such additional costs will be passed on to the requesting Member.

*Is There Anything I Need to Do Prior to Connecting the New Water System to My Property? \*\**

Yes. For most Members, the water will be supplied for regular plumbing uses (sinks, faucets, toilets). However, if your water line will be connected to anything other than “regular plumbing,” you will likely need to install a backflow preventer on those systems. Examples of where backflow preventers will be required include landscape irrigation, hot tubs or spas, and pools – essentially any system where a chance exists that water could flow back into the island water system from your property. Prior to receiving water from the new water system, Members will be required to sign a certification that they either 1) do not have any such systems, or 2) that they have backflow preventers installed for those systems.

*How Long Will My Water Service Be Disrupted During Construction?*

We will be giving instructions to the Contractor to manage the water “outages” that can be expected. Any planned disruption will depend on the day of week and the weather. We hope to limit disruption of water service to any individual property to periods of no more than 24 hours at a time.

*What Will Happen to All That Dirt? \*\**

There will be many yards of fill dirt to be disposed of, and if you would like to have some dirt dumped on your property (and are not a designated wetland), please let the HMC Office know. You

are allowed to dump up to 40 cubic yards without a County permit. Add your name to the list of those who would like to take some of the excavated soil.

*Will My Homeowner's Insurance Rates Go Down?*

This is possible, depending on where your rates have been set. When the system is complete, the insurance rating for the island should improve, perhaps dramatically, due in part to the improved access to fire hydrants. You might want to contact your insurance agent to see if you get a break on your premium.

*Will There Be An Impact on Ferry Operations?*

The ferry will maintain its regular schedule to serve HMC Members and guests. The Contractor may use the ferry to transport employees and materials, but the scheduling and number of trips will be subject to contract negotiation. It is possible that the Contractor will prefer to barge in materials rather than use the ferry. We do want to do our best to make it possible for them to complete the project quickly.

*How Can I Help?*

Please respond to the asterisked items above, with an email to the HMC Office at [office@herronisland.org](mailto:office@herronisland.org) or [hmcmanager@herronisland.org](mailto:hmcmanager@herronisland.org).

Members will continue to have input into this Project throughout its duration. This can be done through correspondence with the Board, the Island Manager, and/or the Water Project Committee, as well as by attending Board meetings and/or meetings of the WPC. You can also expect to receive periodic letters containing more information about the Project as we move forward.

More questions? Contact us at [hmcmanager@herronisland.org](mailto:hmcmanager@herronisland.org) or 253-884-9350. We'll also try to keep you updated on the web page, under "Island Water System Upgrade."

Sincerely,

Claudia Ellsworth  
Island Manager