

**MACKAYE HARBOR WATER DISTRICT
BOARD OF COMMISSIONERS
SPECIAL MEETING MINUTES
July 8th, 2022**

CALL TO ORDER

The Board of Commissioners for MacKaye Harbor Water District met on July 8th 2022 at the residence of San Olson. Chairman Olson called the meeting to order at 5:30 p.m. Present were commissioners San Olson, KC Jennings, and Walt Krumbholz; manager Wayne Haefele; clerk Alice Haefele, and guest Linda Noreen.

A. EPA Funding Memo – Next steps for obtaining EPA Grant Funds

The EPA Funding Memo was received as of Wednesday July 6th. Krumbholz clarified several items: our contact thus far has been the Region 10 manager, however the memo says there will be an assigned regional contact yet to be determined; the memo itself is an interim document and the EPA will send final guidance later this fall; the memo states that MHWD funds are considered under the Drinking Water Program, not Clean Water, and it lists the project in MHWD's name only with no reference to OPALCO or any other organization; the way in which they describe the project indicates that there is considerable flexibility in the scope of the proposal.

Olson asked if OPALCO's share would qualify towards the 20% match requirement; Krumbholz responded that OPALCO's share of the project would be considered a business source of funds which is referenced in the guidelines; W. Haefele agreed that we should ask them to confirm this; Krumbholz said that all of W. Haefele's services since March should be covered as well.

W. Haefele stated that he has not done any work on the EPA proposal since it was originally submitted to and approved by the Department of Health; the reason for this is that there are a lot of obligatory contractual terms (Davis Bacon, historical and archeological resources, etc) that must be included in the bidding documents making it a time consuming process that will require him to bill MHWD for his time. He is most concerned about EJCDC (Engineers Joint Contract Document Committee) contract documents which is a collection of documents MHWD must purchase and then he must customize for the project; he has been holding back until more is known about timing and funding. W. Haefele said that what he needs to do before we can submit a proper application to EPA is flesh out our grant proposal from last year in terms of priority of work and cost; he needs to itemize every aspect of every bid item. He said he is willing to keep track of his hours and hold his invoice until it is within the threshold for EPA covering the cost. Krumbholz responded that since we can clearly justify that this is money spent towards the projects management and oversight, MHWD should go ahead and pay W. Haefele to do it. Olson commented that he can't think of a better person to do the work, that anyone else would be unfamiliar with the project and be a lot more expensive. There was unanimous agreement that W. Haefele should go ahead and complete all estimates and details needed. Olson asked what the timeline on completing this would be; W. Haefele said he will need two weeks to prepare all documents.

Krumbholz brought up the possibility of a waiver for MHWD's 20% requirement of the EPA funds, stating that there was a clear indication that we can apply for a waiver if we meet one or more of the criteria listed for underserved or disadvantaged communities. Olson responded that since the criteria is economic justification based on poverty, he doesn't think that MHWD would qualify. He thinks we should still look into the possibility but not count on it. He also mentioned that the Tulalip property being within the District might help us even if they are not a customer.

Krumbholz said that the process for moving forward would be a "decision tree"– we will decide our path based on what our financing sources and uses are as new information comes in; It is still up in the air if the 20% can be waived, if not we need to find out what can count towards the 20%.

W. Haefele stated that he thinks that MHWD could easily accomplish everything on the original list with a lot of latitude in the due diligence and design. Krumbholz responded that when we make the application to the EPA, we are going to have to show and substantiate that the cost of the projects totals the full \$870,000 grant amount or risk losing some of the funding; W. Haefele said he doesn't believe there will be any problem justifying that these projects will come up to that amount.

Krumbholz asked what the implications of the projects going over that budget would be; would we need to fund the difference? W. Haefele answered that he thinks we should propose it more like a program rather than a project; a program has projects that build on each other and some items can be eliminated without disrupting the end goal of the program. He also said that since we have an obligation to ensure that we have the funds in-hand before we bid something; if because of inflation and the bidding climate we realize halfway through that we can't pay the bill, then we have to do something to cut the cost, and the EPA will have to understand this.

Krumbholz asked what would happen if we have the 20% in-hand and we don't completely consume the \$870,000?; W. Haefele responded that we won't know until we see an example of their standard grant contract and go through all of the grant terms; maybe it would be possible to find an example on Grants.gov; Krumbholz pointed out that we need to make sure that we are looking at the Drinking Water Program documents and not Clean Water, since we can assume there must be contractual differences between them.

Krumbholz stated that we should start by identifying the 4–5 projects in our proposal and prioritizing them; agate beach, pressurization, emergency backup generators, well replacement; County Rd replacement project. He mentioned that the County Road project will be uncertain because it relies on the County to start their project; W. Haefele said that the only thing we are in control of is how we structure our proposal to take most advantage of the policies and he does not believe there would be a penalty for running out of funds or being unable to complete the County Road project due to no fault of our own.

Krumbholz confirmed that the EPA documents identify the following as qualifying funds: money spent for planning and preparation, sources from USDA rural development, funds from business partners or local government. This means that W. Haefele's work, funds received from USDA, and OPALCO's contribution are all acceptable sources of funding.

Krumbholz stated that some of us should plan to attend one of the two EPA seminars mentioned in the email (July 19th and 27th); it is an opportunity to ask questions and learn more about the process. W. Haefele mentioned he would like to know about the Federal Cross Cutting requirements and if they have canned language that he can get to insert into his documents, or will he have to make it up as he goes? Krumbholz said he would attend one of the seminars and A. Haefele said she would attend the one on the 27th.

Olson asked about the platforms required to complete the EPA application; A. Haefele confirmed she had already set up SAM.gov and Grants.gov for MHWD. Olson asked who should be listed as the secondary representative for MHWD; A. Haefele suggested W. Haefele since the requirements will likely be similar to the USDA application. It was unanimously decided that W. Haefele would be secondary contact, and if a third is allowable, it will be Krumbholz.

B. USDA Application and other funding options to cover 20% of EPA allocation

Olson asked about the status of the SJC PFFAP application; A. Haefele said it is partially complete but she needs to confirm what project we are proposing; Olson confirmed we are asking for funds to complete the Agate Beach project: A. Haefele said she can likely take info from USDA application to fill out the questions. She asked if we will be including the letters of recommendation from the prior application or requesting new ones; Krumbholz said he felt it would be more impactful to have new ones. A. Haefele will try to find previous letters in MHWD records in order to provide it as a template for requests; Olson said we will request new letters from Barlow's Landing, MacKaye Harbor Inn, Salmon Point, OPALCO, and San Juan County. W. Haefele mentioned that this funding usually goes to projects that are highly visible to the public; Olson said he believes we have a chance for the funds because we have at least two councilmembers on our side; Cindy Wolf and Christine Minney, but Jamie Stephens may also vote for us.

A. Haefele asked if we are ready to submit the USDA application; Olson said no; W. Haefele said that we have a problem because the grant from congress is much broader than what we started to apply for from the USDA; we need to have a conversation with O'Connor and explain the whole situation and ask how she can work with us to ensure our USDA funds meet the EPA 20% requirement.

A. Haefele will set up a meeting between herself, O'Connor and Krumbholz in order to bring O'Connor up to speed on the situation with EPA and ask how she can assist us; once O'Connor has had time to consider, A. Haefele will invite her out to the islands to go over the application; Olson suggested this meeting be held at the library as a public meeting.

Jennings said he will speak with Shannon Wilbur about the County's plans for the road relocation.

Olson asked if the bills had been sent out yet. A. Haefele responded that she will send them early next week as she had only just gotten the meter readings for June. It was unanimously decided that the customer letter could be sent with the bills without further modification.

Noreen asked if A. Haefele has all customer emails addressed to keep them apprised of updates and meetings; A. Haefele confirmed she does.

Olson advised that everyone hold availability for a meeting towards the end of the month in addition to the regular meeting.

ADJOURNMENT

The meeting was unanimously adjourned at 6:58 p.m.

Commissioner – San Olson

District Clerk – Alice Haefele