

September 26, 2023

Hello Canterwood STEP Members:

We hope this letter finds you and yours well. The Canterwood Division 12 STEP Association and Canterwood STEP Association Boards have been coordinating and discussing the renewed information recently presented by annexation proponents John Morrison and Michael Wilson. Several people contacted board members after their flyer distribution and recent meeting. **To be clear: the STEP Boards are neutral regarding the topic of annexation. It is not within our scope of responsibility, and we have no opinion on the matter.** That said, representations and “facts” presented by the annexation proponents include erroneous and misleading claims about the STEP systems, their operations, and legality; and it is important that our members have accurate and verifiable facts. We tried to address the most prevalent claims but realize we may have missed some details in the various venues the proponents are using. If a concern is not addressed here, please contact a board member for clarification. This letter offers an easy-to-digest Statement-Response format.

1) Statement: The STEP systems are aging, will catastrophically fail, and STEP members will be saddled with a huge financial burden because there are inadequate reserves to handle this imminent failure.

STEP Boards’ response: STEP and sewer systems do not catastrophically fail unless there is a catastrophic event like an earthquake. Failures do occur, but they are normally isolated events—such as a pump wearing out or a valve or line breaking. At the same time, any inadvertent damages must also be repaired. These one-off events are handled as routine operation and maintenance issues. All equipment has a working life. Replacement of capital-intensive components is planned in consideration of life expectations and budgeted in the reserves. While sewer lines will not last forever, neither STEP system has been plagued with line failures. In fact, line failures have been extremely rare. Plastic pipe can be expected to last for more than 50 years per engineering studies⁽¹⁾. Reserve studies are conducted to assist fiscal planning and the determination of reserve adequacy. Reserve shortfalls are remedied through increases in Reserve assessments.

2) Statement: The Canterwood Well 5 failure is an example of a catastrophic event, the liability and replacement costs we all will face with the imminent STEP system failures.

STEP Boards’ response: This example is not explainable for anyone with knowledge of wells, aquifers, installation techniques or water systems. Water supply and distribution line impacts from an earthquake would be like forces exerted on our STEP system but the mechanism for a single well failure out of 6, and repair costs like experienced for well 5 have no relevance to the STEP systems.

3) Statement: The STEP systems were approved only because the regulators, City, County, and State were negligent, and ignored relevant codes.

STEP Boards' response: These claims are unsubstantiated. STEP systems were approved by the responsible entities to ensure that our wastewater would be adequately managed and treated. The WAC (Washington Administrative Code) that Mr. Morrison cites as proof of this does not exist. He is referring to WAC 173-240-104 and he and Mr. Wilson routinely do not mention Subsection 2 of the WAC that allows for non-governmental entities to own and operate STEP systems if it is deemed to be in the public's best interest, and they are contracted with a governmental entity, like the City of Gig Harbor. The county is well aware of our jurisdictional responsibility and the City's and we are not operating illegally. The Canterwood STEP systems are included in the approved 2017 Gig Harbor Comprehensive Wastewater Plan⁽²⁾. Recent discussions with Tacoma Pierce County Health validated our responsibilities and verified that TPCH has no jurisdictional oversight for STEP systems. STEP systems have no drain fields and therefore are not within TPCH jurisdiction. The City has codes that authorize sewer services outside of city limits⁽³⁾.

Conventional septic systems require soils that will "perc" and enough space to have a drain field with a reserve if the first drain field fails. Many lots in Canterwood could not meet these requirements either because of soil character or lot size. The same is true for property in the area surrounding Canterwood.

4) Statement: Annexation results are known and certain.

STEP Boards' response: Annexation conditions do not appear fixed and seem subject to the thinking of decision-makers at the time of the question. As a result, contradictions are present and therefore confusion exists. For example: **again paraphrasing, the proponents' assertion that IF Canterwood is annexed, the city would assume ownership and operations of the STEP systems and all STEP system liabilities would be eliminated** is not a given. The details and components in this example have varied answers depending on who you ask and the thinking at the time of the question. A recent discussion with a City of Gig Harbor administrator indicates that the city's current position is that they would not assume responsibility for the systems in any way. Both STEPs have a clause in their respective Utility Extension Agreements with the city that stipulates operating requirements and required guarantees if annexation were to occur. Included in that agreement is a requirement that all STEP members must support a city-sponsored annexation and do not have a no vote⁽⁴⁾. The effect of this clause on a non-city-initiated annexation effort would have to be legally assessed. This condition is true for Canterwood STEP members as well. Another uncertainty exists regarding infrastructure upgrades as they might relate to annexation. **Paraphrasing, Mr. Wilson notes that upgrades cannot be required.** He provides no documentation supporting this claim. Others say they can be required. Regardless, it is another legal issue with uncertain ramifications and costs.

Regarding a city-orchestrated annexation, the 2021 Growth Management Plan update performed at the City's request as part of their routine Growth Management Act requirements noted that while there would be a small financial benefit to annexing Canterwood, it was not significant and that Canterwood annexation was a low priority. Canterwood was in the lowest priority category (of 4) to consider for annexation⁽⁵⁾. This current study was never cited by Mr. Wilson or Mr. Morrison at the recent community meeting.

5) Statement: The 150% surcharge by the city for sewage treatment services outside of the City is illegal and the surcharge would end if Canterwood were annexed.

STEP Boards' response: *The Division 12 operating contract specifies that this surcharge will be in place and the Canterwood STEP has challenged the city on the surcharge as it is not specified in their operating contract. The City cites precedent and they have an ordinance that codifies the practice. Canterwood is not treated any differently than other developments outside the city limits with one exception in the ordinance (13.32.030). In short, the developers agreed to the terms of the contract and surcharge to secure wastewater treatment services and approval to build. Those costs and recorded requirements were then passed onto the purchasers of the property. Canterwood STEP first challenged the surcharge in 2011 and has a legal opinion on the matter. The City has established the right to impose the surcharge⁽⁶⁾. It is our understanding that the surcharge would be removed if we were annexed. Savings might be offset by yet to be determined and unquantified annexation requirements and/or operational responsibilities.*

Historically, the surcharge was a mechanism to promote annexation interest in communities outside of city limits, however the thinking 30+ years ago has shifted and has no relevance to policy focus at this time.

We apologize for the length of this letter but given the breadth of Mr. Morrison's and Mr. Wilson's claims, we believe it was important to clarify and provide proper context. We also wanted to correct any misinformation that may have been presented by Mr. Morrison and Mr. Wilson that evening. Again, please contact a Board Member if questions remain.

The Canterwood Division 12 STEP Association and the Canterwood STEP Association Directors

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References

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- (2) Final WW Comp Plan Update.doc (<https://www.gigharborwa.gov>)
- (3) <https://gigharbor.municipal.codes/GHMC/13.34.010>
- (4) <https://canterwooddiv12step.org/page14/downloads-6/downloads-10/files/Gig%20Harbor%20STEP%20Management%20Agreement%2009-15-2003.pdf> and <https://canterwooddiv12step.org/page14/downloads-6/downloads-10/files/Gig%20Harbor%20STEP%20System%20Agreement%2009-15-2003.pdf>
- (5) https://www.gigharborwa.gov/ArchiveCenter/ViewFile/Item/3497?fbclid=IwAR28ahHm m0cvT39gfjNkvScR_uB9Pptzng8JxajoTXqCuQlGyFSxgJhAUMM
- (6) Gig Harbor Ordinance: 13.30.030 Outside Sewer Service <https://gigharbor.municipal.codes/GHMC/13.32.030>