

Olympic Gravity Water System Stakeholder and Public Engagement White Paper

August 23, 2021

Preface

The City of Port Townsend and the Port Townsend Paper Mill have a historical partnership of supplying water to the Quimper Peninsula, City of Port Townsend, and the Port Townsend Paper Mill dating back to 1928. The City and Port Townsend Paper Company are in the process of developing a new partnership agreement that will address water supply looking forward to the next 100 years.

Like the development of the Olympic Gravity Water System in the late 1920's, the development of an agreement between the City of Port Townsend (City) and Port Townsend Paper Company (PTPC) is a significant undertaking with the stakes being high for both parties. As such, the negotiation of a mutually beneficial agreement warrants thoughtful collaboration based on the best data possible.

As a way to ensure good factual data is available for the negotiation, eight technical white papers topic areas break down information into manageable segments. In the following specific white paper categories, the City and PTPC have worked together to develop these white papers for potential items to consider during the negotiation of the agreement.

1. Assets: Understanding each entities assets and capacities that support investment.
2. Stakeholders: The public, private property owners, and many agencies are stakeholders.
3. Planning and Environmental Considerations: Future water supply needs, climate change and water supply availability are important factors to plan for and include planning for the future.
4. Operations: Operational requirements, efficiencies and goals, cost, and reliability as well as determining the line between capital and ordinary wear and tear is a major part of any public private partnership agreement.
5. Capital Investments: Capital needs are extensive and need to be informed by a value engineering study for system reliability.
6. Funding and Resources: In order to address operational and capital needs, a plan is necessary to fund system needs ensuring that sustainability is achieved.
7. Legal considerations impact the form of the agreement depending on negotiation outcomes. Surety and performance are two key legal discussion points.

The intent of developing these white papers is to provide a resource to inform negotiations and as background for the public and decision makers. All of the white papers will be assembled into a comprehensive technical report in support of the development of a comprehensive recommendation for the City of Port Townsend City Council and the Port Townsend Paper Mill Board of Directors.

The following white paper addresses how the City is engaging the public and providing for a transparent process of negotiating a public private partnership between the City and the Port Townsend Paper Company.

Introduction

As with all public work, engagement and keeping the public informed is a key component to decision making. The renegotiation of a long standing public private partnership is important for the future of the City's water supply. Many specific stakeholders including individuals and organizations are interested in this topic as well. While the process of negotiation is not held in a public forum, the final decision made by the City Council will be made in a public meeting. It is the goal of the City to provide technical information to ensure factual data is available for the public's consumption. The City also desires to obtain public comment and feedback in advance of the negotiation in order to inform the agreement. It is through the City's Comprehensive Plan, public engagement, and City Council feedback, the values of Port Townsend rise to the surface and impact the agreement.

This public engagement white paper addresses these goals through the following five categories.

1. Engaging the Public: Defines the approach to sharing information and reaching out to the public at large.
2. Stakeholders: Identifies a list of stakeholders and the positions they have.
3. Transparency: Defines the approach to sharing technical information and transparency
4. Documentation: Provides an on-going record to document public and stakeholder engagement. This section summarizes themes around the feedback received.
5. Final Decision Making: Defines the process for decision making for the City and the PTPC and consideration stakeholder and public concerns, support, and comments.

Engaging the Public

Methods for engaging the public include.

- Engage PT
 - Website
 - Farmer's Market
 - Website and Facebook
 - City Newsletters
- Public Council Meetings
 - Workshop – December 14, 2020
 - Workshop – Review technical details June 14, 2021
 - Workshop – Review draft agreement (Fall 2021.)
 - Council Action - resolution for approval of agreement (October), optional – 2nd reading.
- Library/Jefferson County Historical Society
 - 2021 Speaker Series Jan. 28th presentation by Kevin Scott, General Manager of PTPC and Feb. 25th, Ian Jablonski, Water Resources Operations Manager, City of Port Townsend.
 - <https://ptpubliclibrary.org/library/page/port-townsend-paper-mill-%E2%80%93-past-present-and-future>
- Speaking Events
 - Radio (KPTZ)
 - Local 2020
 - Chamber of Commerce

- Jamestown S’Klallam Tribal Council
- Newspaper and social media
 - Facebook
 - PT Leader and Peninsula Daily News Articles
- Stakeholder notifications through letters/email.

Stakeholders

Stakeholders not only include the public at large, but also include specific agencies, organizations, and interest groups.

Stakeholder list identification and direct outreach is up to date as of August 2021. These organizations will be contacted to ask for their desired involvement through a participation request letter mailed to each organization.

- Jamestown S’Klallam Tribe
- Port Gamble S’Klallam Tribe
- Lower Elwha Klallam Tribe
- Jefferson County PUD (Coinciding right of ways, possible wholesale water purchaser for Tri-Area)
- Local 2020
- North Olympic Development Council
- Hood Canal Coordinating Council
- Sierra Club
- PT Air Watchers
- Jefferson County (Olympic Discovery Trail, right of way, permitting, and general health of region)
- Peninsula Trails Coalition
- North Olympic Salmon Coalition
- Rayonier Timber (Former Pope Resources – Landowner for rights of way)
- Washington Department of Health (Regulatory agency for water supply)
- Washington Department of Ecology (water rights, instream flows, dam safety, permitting)
- Washington Department of Fish and Wildlife (instream flows and fisheries)
- US Fish and Wildlife Service (junior water right holder, downstream hatchery)
- National Marine Fisheries Service
- US Forest Service (Watershed management and use permit)
- Washington Department of Natural Resources (Landowner and permitting)
- Congressman Derek Kilmer

Transparency

The process of negotiating a new public private partnership must consider a multitude of factors. The success of the partnership relies critically on these factors being based on fact. Initial public feedback indicates that there are number of concerns as well as misunderstandings about the water system amongst both City and County residents. In order to help inform the negotiation of the partnership agreement, a series of technical papers (white papers) are being developed. These white papers provide factual context and factors to consider in an agreement. Once final draft white papers have been developed, they will be posted on-line through the City’s Engage PT website.

At the end of the process, these whitepapers will be assembled into a comprehensive report. It is important to recognize that these white papers are living documents and some of which will be updated continually throughout the process.

Documenting Public Engagement

This white paper provides an overview of central themes around the water supply system and the City - Mill public private partnership. These themes are taken from the aggregate of public comments, outreach efforts, and stakeholder input. A list of events and the comments are included in the appendices. The following themes have arisen through the process:

1. Concern of climate change and water supply.
2. Conservation: Setting forth an agreement that incentives reduction in water use.
3. Impact of water withdrawals in the Quilcene Watersheds.
4. Support for living wage jobs.
5. Concern over mill emissions and the impact to the Community.
6. Concern over ensuring fair share of costs are paid by each party.
7. Preserving high quality drinking water: Compared to local well water.
8. Cost of providing the water.
9. Maintaining City control of water rights and infrastructure.
- 10.

Final Decision Making

The final public private partnership agreement will be approved by the Board of the Port Townsend Paper Company and the Port Townsend City Council. The City Council will decide upon this agreement as well as any financial impacts in open public meetings. While negotiation of the agreement will not be held in a public forum, all materials supporting the development of the agreement will be provided in the form of white papers, presentations, and agenda reports, which will be available to the public. Once a final agreement is negotiated, the PTPC requires approximately one week for board approval while the City approval process is expected to include a workshop and two public readings, which would take a month to complete.

References

A. Presentations

- Local 2020 Presentation October 26, 2020
- City Council Workshop – December 14, 2020
- City of PT Library and Jefferson Co. Historical Society PTPM Past, Present, and Future
 - January 28, 2021 – Presentation by General Manager, Kevin Scott
 - February 25, 2021 – Presentation by Water Resources Operations Manager, Ian Jablonski
 - Links: <https://ptpubliclibrary.org/library/page/port-townsend-paper-mill-%E2%80%93-past-present-and-future>.
- City Council Workshop – June 14, 2020

B. Public Comment Log

Comment	Date	From	Organization	email	Comment via	Comment
1	7/10/2020	Peter Guerrero		studio374photography@gmail.com	email	Public involvement in water management agreement is critical. There are likely opportunities for the mill to achieve further water reductions. Climate change likely to result in reduced snowpack.
2	8/17/2020	Kevin Considine				PUD well water is not as good as OGWS water.
3	10/7/2020	Ellie Mathews & Carl Youngmann		cyoungmann@gmail.com	Engage PT	Mill is aware that kraft paper stinks but making good progress toward improvements such as cogeneration and biochar. Mill is trying to be the best it can. Major recycler of old cardboard. Mill is good partner
4	10/26/2020	Gretchen Brewers	PT Air Watchers	gtawdirector@zoho.com	email	Current payment arrangement unduly burdens all other businesses and ratepayers as well as the City. New lease should be written with a fee structure that is equitable, encourages resource conservation and reflects the actual value of the water.
5	10/26/2020	Niles Powell		4meagain99@gmail.com	email	Questions that need to be answered; is the mill a net economic gain to this community and do the people who live here want the mill? Mill use of water pollution has negative effect on community and eco-system.
6	11/7/2020	Kathy Ryan		kathryn76@mac.com	email	The mill stench is a 10+, not under control as promised
7	1/17/2021	Fran Post		fran254@gmail.com	email	Increasing monthly payments to replace pipeline is going to upset residents. Mill needs to significantly increase their financial contribution. Mill contract needs strong incentives for them to conserve water.
8	6/29/2021	Scott Freeman		sfreeman991@gmail.com	Engage PT	Supports PTPC need for water but would like to build in incentives for use reduction by mill. Use water savings to support family farms and increase flows for salmon runs.
9	7/1/2021	Peter Guerrero	Sierra Club	peter.guerrer@washington.sierraclub.org	email	Finding ways to incentivize water conservation is key to ensuring adequate water for all in a water scarce future. Historically the mill has been an important partner in providing for and maintaining the City's water infrastructure but the existing arrangement represents a subsidy by all City residents and the City needs to renegotiate a better deal going forward. Pricing and credit incentives could encourage mill to undertake upgrades. Residents and businesses could be given credit on water bills for water savings improvements that result in documented reduction in monthly water use.
10	7/18/2021	Niles Powell		4meagain99@gmail.com	Engage PT	Mill contract should be made in the best interest of the local citizenry. Leases have disproportionately placed responsibility for maintenance and system improvements onto the City. Extra size of system solely benefits the mill. Mill's operation and maintenance contribution is a minuscule fraction of the value of the water and water services they receive. No incentives existed in leases for water conservation, habitat protection or wastewater reduction. These issues hopefully addressed in new lease so they are adequate and enforceable. Mill financial contributions do not take into consideration cost of damage to soil, air, water and marine eco-system.
11	7/30/2021	Cindy Jayne	Local 20/20 Climate Prep group	cindyj@11@yahoo.com	email	Would expansion plans for Lords Lake Reservoir provide sufficient water for both city and industrial purposes with forecast population increase and hot, dry summers predicted with climate change? It would be interesting to forecast commercial and residential irrigation consumption with predicted growth and climate change. Would sea level rise drive demand for more water and how would that impact forecasted water use. High greenhouse gas scenario should also be used for planning purposes. Some citations need to be corrected.
12	7/31/2021	Kathy Ryan		kathryn76@mac.com	email	A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill. I do not want my taxes to pay for the mill's water. I want my taxes to pay for my water and other vital infrastructure to mitigate climate change impacts and to keep us sustainable. This would include addressing grey water use, and other pieces to provide and protect clean water to the city.
13	7/31/2021	Jess Hoffmann		jesse@jhdesignsolutions.com	email	Concern regarding health effects of emissions plume. It seems to me that residents must be essentially subsidizing the cost of millions of gallons water for a company that regularly saturates the town in toxic fumes and outputs toxic effluent into the bay. The town of Port Townsend must use the water contract as an ongoing bargaining chip that is regularly renegotiated because it's the only leverage the community has to influence real change in their operations. The city has the opportunity to assume that advantage and pass it on to the citizens of Port Townsend while ensuring that every part of the community, including the industrial sector, aligns to a vision that protects the health of the environment and generations of citizens moving forward.
14	7/31/2021	Joe Breskin	Olympic Environmental Council	joe.breskin@gmail.com	Engage PT	Maintain and protect the Big Quilcene water right under the watershed management agreement with the U.S. Forest Service. Maintain City control over the Port Townsend water system and supply in the context of any private partnership agreement to preclude transfer. Maintain all water supply for domestic use within the WRIA and not beyond to help provide stable funding for the OGWS maintenance. City should plan for inevitable emergence of additional wholesale water customers and prepare the Mill to fine a way to make a lot more paper using a lot less water. Prevent privatization of the City's water utility and water export.
15	8/14/2021	Hal Henson		halhenson47@gmail.com	email	Another alternative is a moratorium on construction in Port Townsend. It would be a financial disaster to force the Ppaper Mill to leave the area due to water. Define what is the correct population for the existing water supplies.

C. Stakeholder Notifications (Letter issued June 4, 2021)

The City of Port Townsend places a high value on coordinating with stakeholders and the public prior to making substantial decisions. The City is currently in the process of negotiating a renewal of the public private partnership with the Port Townsend Paper Mill for sustainable and reliable water delivery for the next 40 plus years. The partnership began in 1928 with the completion of construction of a 29 mile pipeline between the Olympic Mountains (Big Quilcene River) and the City. Today, the water transmission infrastructure is aging and the current partnership agreement between the City and the Paper Mill is in need of updating. This letter is intended to provide notification of this effort and to share historical and technical information concerning the Olympic Gravity Water System (OGWS) and future plans to a sustain reliable water supply for the future.

The City and Paper Mill have been researching and collecting data over the past year. This information is integrated into a series of technical documents (white papers). The following white papers are available for download on the City’s Engage PT webpage at www.cityofpt.us/engagept under infrastructure or directly at <https://cityofpt.us/engagept/page/water-supply-mill-agreement>. The intent of this research and analysis is understand the future water system needs for the City of Port Townsend and Port Townsend Paper Mill.

The City invites review of the information posted on the website and requests feedback as follows:

1. As a stakeholder, would you or your agency like to be kept informed as the process continues?
2. Would you or your agency like to meet with City Staff to discuss this effort in further detail?
3. Are there stakeholders that you would recommend contacting not included in the contact list attached?
4. Please feel free to respond with any written comments by July 14, 2021. The City values your feedback and will consider all comments received.

The next steps for the City involves the process of negotiating a public private partnership with the Port Townsend Paper Mill based on the best data available and given the mutual goals of sustaining a water supply for both parties. The City anticipates completing the process in the fall of 2021.

Contact	Letter Sent Date	Date Response Received	No Response	Kept Notified	Request Mtg	Other
Jamestown S’Klallam Tribe	6/4/21					
Port Gamble S’Klallam Tribe	6/4/21					
Lower Elwha Klallam Tribe	6/4/21					
Jefferson County PUD (Coinciding right of ways, possible partner)	6/4/21					
Hood Canal Coordinating Council	6/4/21					
Local 2020	6/4/21	7/30/21				
Sierra Club	6/4/21	7/1/21				

PT Air Watchers	6/4/21	10/25/20				
Jefferson County (ODT right of way, permitting, and general health of region)	6/4/21					
National Marine Fisheries Service	6/4/21					
North Olympic Development Council	6/4/21					
North Olympic Salmon Coalition	6/4/21					
Olympic Environmental Council	6/4/21	7/31/21				
Peninsula Trails Coalition	6/4/21					
Rayonier Timber (Former Pope Resources)	6/4/21					
US Fish and Wildlife Service (junior water right holder, downstream hatchery)	6/4/21					
US Forest Service (Watershed management and use permit)	6/4/21					
Washington Department of Health (domestic water supply)	6/4/21					
Washington Department of Ecology (water rights, instream flows, dam safety)	6/4/21					
Washington Department of Fish and	6/4/21					

Wildlife (instream flows and fisheries)						
Washington Department of Natural Resources (Landowner and permitting)	6/4/21					
Congressman Kilmer	6/4/21					

D. Stakeholder Meeting Summaries

- Local 2020 Zoom Presentation - October 26, 2020
 Cindy Jayne addressed impacts of climate change on weather patterns and precipitation. The City illustrated stress test that resulted from 2015 low snowpack year.
- PT – Air Watchers – November 6, 2020
 Meeting with Gretchen Brewer and Tamar Lowell
 Concern was shared over payment for water to ensure that the PTPC was paying their fair share. Information was shared concerning history and water use.
- USFS – Meeting on January 12, 2021.
 Notified of negotiation and process. No specific comments. USFS has reduced resources and has limited resources to address specific watershed requests around road closures, target shooting, wood stealing, and security.
- Meeting with Jefferson County – Feb. 3, 2021
 Ian and Steve King met with Monte Reinders, John Fleming, and Eric Kuzma to discuss Olympic Discovery Trail options around City Lake. The purpose for the meeting was to look for options for ODT trail alignment. Follow up meeting on site expected.
- Meeting with Jefferson County – Feb 13.
 Steve King met with John Fleming on site to review various alternatives for routing the ODT that would also work for the pipeline. The preferred alignment is to follow the power lines to the base of the hill, or route down Anderson Lake Road to the spur powerline alignment where there is an existing roadbed and concrete box culvert crossing Woodman Gulch.

Comment 1

-----Original Message-----

From: Peter Guerrero <studio374photography@gmail.com>

Sent: Friday, July 10, 2020 12:50 PM

To: John Mauro <JMauro@cityofpt.us>

Subject: Water Management Agreement with Mill

John,

I noticed in your monthly report that this matter was up for consideration. I dropped Ian Jablonski a note and he indicated public works would be reaching out to the community once it had gathered more information. Public involvement in this matter is critical. The mill basically draws over 90% of the daily consumption from the Quilcene watershed (if my memory serves me well, that's roughly 10 million gallons v. 1 million for all other users). This is a huge amount of water. Over the years the mill has stated it has put in place water conservation strategies, yet this ratio has remained fairly constant and there are likely opportunities for the mill to achieve further reductions.

The Quilcene watershed is dependent on winter snowpack. Climate change has reduced the snowpack; even in years when it is good, warmer spring weather has resulted in faster melt runoff. The consequences of both, with summer drought, has brought the area seriously close to rationing in the past. With current warming trends, this is likely to be the norm in the future.

Please keep us posted on this matter.

Best,

Peter Guerrero

North Olympic Group, Sierra Club

Please keep us posted on this matter.

Best,

Peter Guerrero
North Olympic Group, Sierra Club

COMMENTS

Name: Kevin Cassidine Email: 5-in up

Lives in
- Ocean Grove near Bardot Pt.
Water is not good from wells
since changed from Aquiline.
PUD run the wells

- Golf course - serves low % of population
- low income housing
a botanical garden

City of
Townsend



Comment 3

EngagePT

Ambassadors: Rick and Debbie Jahnke

Participants:

- 1.
- 2.
3. Ellie Mathews
4. Carl Youngmann (cyoungmann@gmail.com)
- 5.

note: Those participants giving email addresses are willing to be on the City's contact list to receive updates and other information. The following information is from summary notes taken during discussions. All errors belong to the ambassadors.

Participants 3 and 4 were engaged in person, socially distanced in their garden

Questions and Responses

10. What does water supply sustainability for Port Townsend and the Mill look like for the next 20, 50, and 100 years?

P1, P2: Why are we chlorinating our water so much after we built the expensive new system? If it is state of the art, why do we need so much chlorine?

P3, P4: Our mill is aware that kraft paper stinks but is making good progress toward such improvements as cogeneration, biochar; it is trying to be the best it can be. It is a major recycler, with old cardboard carton a significant portion of what is recycled. The mill is a good partner.

Comment 4

From: ptawdirector <ptawdirector@zoho.com>

Sent: Sunday, October 25, 2020 10:32 PM

To: John Mauro <JMauro@cityofpt.us>; Steve King <sking@cityofpt.us>; CityCouncil <citycouncil@cityofpt.us>

Subject: City of PT - Mill water contract: Background; the four leases; payment schedule 1928-2020

CAUTION: External Email

To: City Manager; Operations Manager; Mayor & City Council

Dear Messrs. Mauro and King; Mayor and Councillors:

Thank you for hosting the meeting later today, discussing the future of the City and Mill's water contract which expired in March 2020.

Please review the following background summary about the City-Mill water contracts and include it in your considerations. I also attach a chart showing the payment schedule 1928-2020 as set out in the four water contracts.

The payment schedule is important because it grounds discussions about water charges to the mill; and shows that no charges have been required at least since 1986.

This is NOT pro- or anti- mill. The current arrangement unduly burdens all other businesses and ratepayers as well as the City itself; the imbalance needs to be remedied.

I welcome feedback and discussion, and will especially welcome conversations to correct misconceptions, add perspective, or to let us know how we can assist.

Yours truly,
Gretchen Brewer
PT AirWatchers
PO Box 1653, Port Townsend WA 98368
ptawdirector@zoho.com
360-774-2115

Facts and Background on PTPC's Water Contract

<http://ptairwatchers.org/issues/water-usage/background-city-ptpc-water-lease-renewal-2020/>

The four leases; payment schedule 1928-2020; more

<http://ptairwatchers.org/page/2/?s=water+usage>

Background for City-PTPC Water Lease Renewal

Notes on a new Water Usage Lease between the City and Port Townsend Paper Corporation, 2020

What the Lease Should Be

A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill.

The City should be storing enough money from the Mill's payments to cover future system maintenance, upgrades and repairs.

Q&A

How much water does the mill use?

Despite reported efficiencies, the mill uses 11-15 million gallons per day (mgd), or 330-495 million gallons per month. UMN reports that most U.S. pulp/paper mills have reduced down to 10 mgd (million gallons per day), and some as little as 8mgd. PTPC has little incentive to reduce when they are contractually assured of "at least" 14 million gallons per day, and are charged nothing for it.

All other users combined use 1/10 that much, at 1 to 1.4 mgd, or 30-43 million gallons per month.

How much does the Mill pay for its water use?

Since 1986, \$zero. As noted below, PTPC supplies certain maintenance services, but that accounts for only a small fraction of the value of the water received plus costs of running an infrastructure that is much larger than would otherwise be needed.

The City has the Mill take care of some of the maintenance to the system, which the City

estimated at \$186,000 per year, far less than the value of the water received. The City also claimed that no records exist to pinpoint that amount, nor is it clear how the services provided parse out into City or Mill's contractual agreements.

Repair, maintenance and upgrades

Except for damages due to Acts of God, the City seems to bear 100% of the costs for the system's maintenance, repairs and upgrades according to the Leases. In the case of damaging Acts of God, costs are shared only on shared portions of the system at 5/18ths City: 13/18ths Mill. When requested in the 20-teens to contribute to upgrades that would also benefit the Mill, the Mill brought out its attorneys to argue down their contribution.

Did the Mill build the system?

No. The City issued (sold) bonds to cover the costs. Under the earlier leases, the Mill's "rent" payments were applied to redeem the bonds, with the City providing credits, forgivenesses and write-offs to the mill as the City paid off the bonds. Further, the City applied interest it earned from its investment of the bonds toward the Mill's rental obligations. Any further payment obligations were closed out under the last two leases (1956 and 1983).

How much has the Mill paid over the lifetime of the system?

The contracts specify a maximum total from 1928 forward, of \$3,395,840.00, but also provides opportunities for credits and other considerations. When asked, the City claims no record of what was actually paid. And, not to emphasize it too much, nothing has been required since 1986.

How much would that cost if the Mill were charged like any other business?

The City's schedule of water charges & fees is available online. A 30" diameter pipe supplies water to the mill, and it receives the above amount of water monthly, so we ask that the City provide an accurate estimate to the public.

It is assuredly much, much more than the \$3,000 per month that is the average of what the mill paid out for water over the lifetime of the Leases. (And again, they have paid \$Zero since 1986.)

In notable contrast, while the Mill uses 10x as much water as everyone else combined and is being charged nothing for it, around 2015 the City claimed that not charging the 60-90 poor folks being threatened with water shutoffs in any given month would bankrupt the system, even though they account for less than 1% of those who are being charged for water.

What other businesses get these breaks? None. Maintenance done by the Mill does not factor in since that is a separate contractual agreement.

What if the Mill can't afford the water?

That is a sign of a flawed business model. By receiving free water, the owners are not encouraged to conserve or pursue efficiencies that could rein in costs, and the Mill is given advantages that are not afforded to other businesses that also struggle to provide goods and services to the economy.

Legal Issues

Direct metering is legally mandated. When we last investigated, even after the new water

system upgrades went online in 2017, their water usage was not yet metered directly, but rather estimated from total water draw minus "everyone else's" draw.

Giving away the City's "product" is legally forbidden except to the poor, yet beyond a trade for maintenance that only offsets a small fraction of the water's value, that's what the City has been doing since 1986.

Size of system.

In order to accommodate the mill, the system was expanded from 6" pipes to 30" pipes. All other customers together use 10% as much water as the mill. If not for the mill, the system & infrastructure to support it could arguably be 1/10 the size.

Therefore

As stated above, a new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill.

**RENT FROM PORT TOWNSEND PAPER MILL FOR THEIR USE OF WATER SYSTEM
INFRASTRUCTURE AND UNLIMITED WATER USAGE**

1928 THROUGH 2020, UNDER FOUR SUCCESSIVE LEASES.
prepared by PT AirWatchers March 13, 2020, rev 10/10/2020

N.B. - Useful detail
In 1904, City builds original OGWS/Olympic Gravity Water System from Snow Creek headwaters to City
In 1928, to accommodate pulp & paper mill, City expands system to 25x capacity, from 6" dia pipe to 30" dia.
• 14 Million gallons per day (Mgpd) = City guarantees at least this much to mill.
• Mill's actual water use continues to be unmetered, despite promises and legal requirements..
• Its estimated daily use has averaged 14 Mgpd from 2003-2014 per 2014 City Water Conservation Plan
• 5 Mgpd = City limits itself to for remaining customers. Actual use is less than 1 Mgpd.

Rent + usage fees/charges shown here. Maintenance apportionment seems to place City as responsible for all normal wear & tear, and major repairs, with remainder divided up ca. 40/60 between City and Mill

Grand total paid 1928-2020	\$ 3,755,840	/(94 years x 12 months)=	\$3,329.65 per month
Lease 1	\$ 360,000	for 10-15 million gallons per day	
Lease 2	\$ 3,395,840		
Lease 3	\$ -	< Zero dollars were paid under the terms of	
Lease 4	\$ -	< the 1956 and 1983 leases	

This chart only reflects what was *scheduled* to be paid, before credits and forgivenesses

Original System	YEAR	FROM	TO			
	--	1904		City builds Olympic Gravity Water System (OGWS) from Snow Creek Headwaters to City		
				Lease 1. 1928-1958		
	1	1928	1929	10000	First payment is first plus last four = 210,000	
LEASE 1	1928	1958	2	1929	1930	10000 i.e., 1928 AND 1954-1958
Total rent	460,000.00		3	1930	1931	10000
			4	1931	1932	10000
			5	1932	1933	10000
			6	1933	1934	10000
			7	1934	1935	10000
			8	1935	1936	10000
			9	1936	1937	10000
			10	1937	1938	10000
			11	1938	1939	10000
			12	1939	1940	10000
			13	1940	1941	10000
			14	1941	1942	10000
			15	1942	1943	10000
			16	1943	1944	10000
			17	1944	1945	10000
			18	1945	1946	10000
			19	1946	1947	10000
			20	1947	1948	10000
			21	1948	1949	10000
			22	1949	1950	10000
			23	1950	1951	10000
			24	1951	1952	10000
LEASE 2	1944	1968	25	1952	1953	10000
			26	1953	1954	10000
			27	1954	1955	50000 Prepaid in "
			28	1955	1956	50000 "
			29	1956	1957	50000 "
LEASE 3	1956	2000	30	1957	1958	50000 "
(original end of 1928 lease)			31	1958	1959	111,158.50 Closes and supersedes 1944 lease
			32	1959	1960	111,808.50 First payment includes 1st & last, less credit for bid deposit
			33	1960	1961	111,398.50 See chart at bottom for details
			34	1961	1962	111,958.50 • Mill will be forgiven further rent when City pays
			35	1962	1963	111,458.50 off its water system construction (expansion) bonds.
			36	1963	1964	111,928.50
			37	1964	1965	111,471.00
			38	1965	1966	111,986.00
			39	1966	1967	112,446.00
(original end of 1944 lease)			40	1967	1968	112,851.00
			41	1968	1969	113,201.00
			42	1969	1970	113,496.00
			43	1970	1971	112,736.00
			44	1971	1972	113,948.00
			45	1972	1973	113,908.50
			46	1973	1974	113,808.50
			47	1974	1975	113,648.50
			48	1975	1976	113,648.50
			49	1976	1977	113,428.50
			50	1977	1978	114,148.50
			51	1978	1979	113,584.50
			52	1979	1980	113,918.50
			53	1980	1981	114,159.50
			54	1981	1982	114,307.50
			55	1982	1983	114,307.50
			56	1983	1984	114,362.50 *It is not entirely clear (yet) where the two prior leases so specify.
LEASE 4	1983	2020	57	1984	1985	114,324.50 LEASE 4. 1983 - 2020
			58	1985	1986	114,143.00 Extends Lease 3 to 2020, raises cap on city reserved water to 5 Mgpd
			59	1986	1987	113,867.00 & changes Mill's portion of general maintenance responsibility by 1%
			60	1987	1988	114,496.50 Mention of further payments by mill for water usage is quietly omitted.
			61	1988	1989	\$0.00
			62	1989	1990	\$0.00
			63	1990	1991	\$0.00

	64	1991	1992	6	\$0.00
	65	1992	1993	7	\$0.00
	66	1993	1994	8	\$0.00
	67	1994	1995	9	\$0.00
	68	1995	1996	10	\$0.00
	69	1996	1997	11	\$0.00
	70	1997	1998	12	\$0.00
	71	1998	1999	13	\$0.00
(original end of 1956 lease)	72	1999	2000	14	\$0.00
	73	2000	2001		\$0.00
	74	2001	2002		\$0.00
	75	2002	2003		\$0.00
	76	2003	2004		\$0.00
	77	2004	2005		\$0.00
	78	2005	2006		\$0.00
	79	2006	2007		\$0.00
	80	2007	2008		\$0.00
	81	2008	2009		\$0.00
	82	2009	2010		\$0.00
	83	2010	2011		\$0.00
	84	2011	2012		\$0.00
	85	2012	2013		\$0.00
	86	2013	2014		\$0.00
	87	2014	2015		\$0.00
	88	2015	2016		\$0.00
	89	2016	2017		\$0.00
	90	2017	2018		\$0.00
(end of 1983 lease)	91	2018	2019		\$0.00
	92	2019	2020		\$0.00

Lease 3 Detail - Water lease for Port Townsend Paper (PTPC) with City of Port Townsend WA

These two should match
 LEASE 3. 1956-2000 v-from lease v-sum of below

1	56-57	111,158.50	1956	189,384.58	189,384.58	
2	57-58	111,808.50			111,158.50	1956-57 rent
3	-59	111,398.50			114,496.50	1985-86 rent
4	-60	111,958.50			36,270.42	Minus Mill's bid deposit per Resolution 56-1
5	-61	111,458.50				i.e. bid deposit is credited toward 1st & last year's rent.
6	-62	111,928.50				The above shuffling of payments is within the 30-year schedule listed, totalling 3,395,840.00
7	-63	111,471.00			\$3,627,042.17	is total rent due over lease term
8	-64	111,986.00			3,395,840.00	is amount scheduled for 30 years 1956-1986
9	-65	112,446.00			\$231,202.17	remainder is apportioned over the last 14 years 1986-2000
10	-66	112,851.00				BUT,
11	-67	113,201.00				Lease 4 claims this latter amount to have been prepaid
12	-68	113,496.00				under the terms of Leases 1 and 2. Pertinent terms in
13	-69	112,736.00				those leases have not been identified (yet).
14	to 1970	113,948.00				
15	to 1971	113,908.50				
16	to 1972	113,808.50				
17	to 1973	113,648.50				
18	to 1974	113,428.50				
19	to 1975	114,148.50				
20	to 1976	113,699.50				
21	to 1977	114,188.50				
22	to 1978	113,584.50				
23	to 1979	113,918.50				
24	to 1980	114,159.50				
25	to 1981	114,307.50				
26	to 1982	114,362.50				
27	to 1983	114,324.50				
28	to 1984	114,143.00				
29	to 1985	113,867.00				
30	to 1986	114,496.50				prepaid in 1956
Sum =		3,395,840.00		113,194.67	= Average/yr for years 1-	61,742.55
				9,432.89	=monthly for years 1-30	5,145.21
Total rent due		\$3,627,042.17				
Difference		\$231,202.17			but Amount to left, for 1987-2000, is	
					forgiven/not charged, per lease terms	

None of this includes reductions granted to mill for mill's share of maintenance, credit for interest that City accrues on bonds, etc.

City:Mill respective maintenance sharing

Relative water system usage	City	Mill	City %	Mill %
Relative maintenance sharing:	0.9	14	6.4%	93.6%

- City covers 100% of portions used solely by City; Mill, 100% of portions used solely by Mill
- Of the shared portion of the system, leases appear to say that ---
 - 100% of responsibility for "normal wear & tear" and major repairs falls onto City,
 - Mill only incurs cost-sharing in the case of damaging Acts of God??
 - Any remaining (?) cost obligation is divvied up as follows between City and Mill:

Lease 3	4	10	40.0%	60.0%
Lease 4	5	13	38.5%	61.5%

Around 2013, City informally estimated value of maintenance performed by Mill at around \$186,000 annually.

Notes on a new Water Usage Lease between the City and Port Townsend Paper Corporation, 2020

by GBrewer, PT AirWatchers October 2020

Now, in October 2020, the City of Port Townsend is actively [engaging the public](#) in discussing a new Water Usage Lease between the City and the Port Townsend Paper Mill and provides a process timeline.

The previous 1983 Lease expired on March 20, 2020. The following facts are drawn from the [Leases](#) and [City-PTPC Water Lease Payment Schedule, 1928-2020](#).

What the Lease Should Be

A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill.

The City should be storing enough money from the Mill's payments to cover future system maintenance, upgrades and repairs.

Q&A

How much water does the mill use?

Despite reported efficiencies, the mill uses 11-15 million gallons per day (mgd), or 330-495 million gallons per month. UMN reports that most U.S. pulp/paper mills have reduced down to 10 mgd (million gallons per day), and some as little as 8mgd. PTPC has little incentive to reduce when they are contractually assured of "at least" 14 million gallons per day, and are charged nothing for it.

All other users combined use 1/10 that much, at 1 to 1.4 mgd, or 30-43 million gallons per month.

How much does the Mill pay for its water use?

Since 1986, \$zero. As noted below, PTPC supplies certain maintenance services, but that accounts for only a small fraction of the value of the water received plus costs of running an infrastructure that is much larger than would otherwise be needed.

The City has the Mill take care of some of the maintenance to the system, which the City estimated at \$186,000 per year, far less than the value of the water received. The City also claimed that no records exist to pinpoint that amount, nor is it clear how the services provided parse out into City or Mill's contractual agreements.

Repair, maintenance and upgrades

Except for damages due to Acts of God, the City seems to bear 100% of the costs for the system's maintenance, repairs and upgrades according to the Leases. In the case of damaging Acts of God, costs are shared only on shared portions of the system at 5/18ths City: 13/18ths Mill. When requested in the 20-teens to contribute to upgrades that would also benefit the Mill, the Mill brought out its attorneys to argue down their contribution.

Did the Mill build the system?

No. The City issued (sold) bonds to cover the costs. Under the earlier leases, the Mill's "rent" payments were applied to redeem the bonds, with the City providing credits, forgivenesses and write-offs to the mill as the

City paid off the bonds. Further, the City applied interest it earned from its investment of the bonds toward the Mill's rental obligations. Any further payment obligations were closed out under the last two leases (1956 and 1983).

How much has the Mill paid over the lifetime of the system?

The contracts specify a maximum total from 1928 forward, of \$3,395,840.00, but also provides opportunities for credits and other considerations. When asked, the City claims no record of what was actually paid. And, not to emphasize it too much, nothing has been required since 1986.

How much would that cost if the Mill were charged like any other business?

The City's schedule of water charges & fees is available online. A 30" diameter pipe supplies water to the mill, and it receives the above amount of water monthly, so we ask that the City provide an accurate estimate to the public.

It is assuredly much, much more than the \$3,000 per month that is the average of what the mill paid out for water over the lifetime of the Leases. (And again, they have paid \$Zero since 1986.)

In notable contrast, while the Mill uses 10x as much water as everyone else combined and is being charged nothing for it, around 2015 the City claimed that not charging the 60-90 poor folks being threatened with water shutoffs in any given month would bankrupt the system, even though they account for less than 1% of those who are being charged for water.

What other businesses get these breaks? None. Maintenance done by the Mill does not factor in since that is a separate contractual agreement.

What if the Mill can't afford the water?

That is a sign of a flawed business model. By receiving free water, the owners are not encouraged to conserve or pursue efficiencies that could rein in costs, and the Mill is given advantages that are not afforded to other businesses that also struggle to provide goods and services to the economy.

Legal Issues

Direct metering is legally mandated. When we last investigated, even after the new water system upgrades went online in 2017, their water usage was not yet metered directly, but rather estimated from total water draw minus "everyone else's" draw.

Giving away the City's "product" is legally forbidden except to the poor, yet beyond a trade for maintenance that only offsets a small fraction of the water's value, that's what the City has been doing since 1986.

Size of system.

In order to accommodate the mill, the system was expanded from 6" pipes to 30" pipes. All other customers together use 10% as much water as the mill. If not for the mill, the system & infrastructure to support it could arguably be 1/10 the size.

Therefore

As stated above, a new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill. //

Comment 5

From: Niles <4meagain99@gmail.com>
Sent: Monday, October 26, 2020 12:09 PM
To: Steve King <sking@cityofpt.us>
Subject: Citizen Input RE the mill

Dear Mr. King,

Thank you for being willing to hear and consider my concerns. Issues related to the mill have a long history and can thus be complex. But out of respect for your professional time, I will do my best to express my concerns briefly.

The basic unanswered question is, “if all costs are included, is the mill a net economic gain to this community?” And another question which needs to be answered is, “do the people who live here want the mill?” The first needs an answer, because it would be stupid for the city to make a deal which does not benefit its citizens. The second needs an answer, because to act without majority support of the citizenry is not democratic. I submit that you do not know the answer to either question and that before you make any agreement with the mill, you should get the answers. Here’s why:

The way the mill relates to this town is not unique. There are thousands of corporations that use the exact same business model, which is, find a place where you can do what you want, unimpeded by the locals, and then maximize your profits at the expense of everything else. We all know this is true – the fact that corporations control our lives is common knowledge. The only way

that is going to change is at the local level, one community at a time.

Port Townsend Paper Company→Port Townsend Holdings→Crown Paper Group→Lindsay Goldberg, LLC is not even remotely a small or local business. They are not here to help this community or to create jobs. Their goal is to make as much money as possible. Their “leverage” here is that they employ 300 people, or so they tell us. We then accept that argument and negotiate with them based on our guess as to how much money those jobs bring into this community. The problem with that approach is it ignores a lot of very real costs of having the mill here. This is what corporations do. They externalize a lot of the costs of their operations and saddle the local residents with those costs, usually in ways that keep people from even knowing that they are being financially burdened in those ways. In the case of the mill, those costs include the following:

- The local citizens are carrying the mill by not charging it appropriately for its water use, which should cover all the externalized costs noted herein. In fact, letting the mill use as much water as it does has devastating long-term effects on our eco-system, effects we never even discuss. We are selling our natural resources for a few jobs. This is a very bad deal for all of us, and for future generations, and it is a grievous mistake being made by communities all around the country.
- The public health cost of the air pollution created by the mill and by the truck traffic which serves it. This issue has been raised and repeatedly ignored. We let the mill do what it does without even quantifying these costs.
- The damage done to our ground water and eco-system (air, vegetation & wildlife, as well as to Port Townsend Bay and beyond) by the pollution dumped into both every day. Again, we let the mill do what it does without even quantifying these costs.
- The lowering of property values everywhere the mill plume reaches.
- Who is going to clean up the site when the mill leaves? I know there is a bond ... and “promises,” but is it enough? Similar mills have left local communities with millions in clean up after they decided to leave. Why are we even allowing a business to pollute in this way? If it’s for money,

we are losing our shirts and don't even know it.

- The hidden costs of turning away people and businesses (because many people do not want to live in a town with an industrial polluter). Over the years, my wife and I have had three different couples stay with us for extended periods of time while they considered living here. All chose to move elsewhere, because they wanted to be somewhere which didn't stink and which was controlled by and for the community, i.e., wasn't controlled by an industrial polluter. The City Council does a lot of talking about drawing new businesses here, and they have spent a tremendous amount of money to try to make that happen. The problem is that the kind of businesses and people we say we want to draw stay away because of the mill. We can't draw businesses we want and then have the option to make the mill clean up its act or leave. We have to deal with the mill first, before this town can grow in the way we want. The mill is a ball and chain around the neck of our economic future. I have heard it said that the mill is Port Townsend's "tragic flaw" and that it feels like a feudal village, because of the mill.

I submit that if we really care about our future, we need to start making our decisions based on our sense of what will most benefit future generations – the Native American admonition to make decisions based on what is best for the seventh generation is very deep wisdom.

To address the second question, if we want to have a democracy here, then we need to heed the will of the people. Do you know how many people would like to close the mill or at least get it to clean up its act? No, you don't. There are a few vocal bullies who always come to the defense of the mill if someone dares to question the wisdom of allowing the mill to continue polluting, and their letters are always promptly printed by The Leader, but I would be willing to bet that if you took a vote of people who live here, you would find that an overwhelming majority would favor closing the mill. I also submit that the council members don't want that information, because it would force them to do something hard. Sometimes wise choices dictate difficult actions, but that doesn't mean we shouldn't undertake those actions. There are always excuses to be made for not taking immediate action, but if an action is a wise one, then excuses are just excuses.

None of what I have said here means that I think we should kick 300 people out

of their jobs without taking care of them. That is part of the change which needs to happen in order improve our economic situation. Taking care of those people is part of the big picture, part of stopping a corporate polluter and making our town economically vibrant.

Would you agree that the wisest policy would, at the very least, be to get accurate and complete answers to these two questions and make those answers public? The fact that we have not, demonstrates a lack of imagination, integrity and guts.

Thanks for listening.

Niles Powell

(360) 379-1282

Comment 6

From: [Fran Post](#)
To: engagept@cityofpt.us; [Ian Jablonski](#); [Steve King](#)
Subject: City Water Supply
Date: Sunday, January 17, 2021 11:16:47 AM

Wow, as if the pandemic hasn't slammed us enough, along comes renewal of the Mill contract coupled with the need to replace the pipeline. I am sure you are very aware that P.T. residents pay a very high baseline premium for our water. (I have heard this is due to some bad decisions made by a long-ago city council's decision to fight the State's requirements to chlorinate our water.) So increasing our monthly payments even more is going to upset a great number of residents.

It seems to me that a new contract with the Mill needs to significantly increase their financial contribution for our water since they use the bulk of it. Also included in a new contract needs strong incentives to conserve the water they use, so the amount they use is recycled and decreased. With climate change well underway, we need to keep these important issues in place as we move forward.

Sincerely, Fran Post
254 Woodland Ave, Port Townsend

Comment 7

-----Original Message-----

From: Kathy Ryan <kathyrn76@mac.com>

Sent: Saturday, November 7, 2020 9:23 AM

To: syam461@ecy.wa.gov; anfr461@ecy.wa.gov; community_relations@ptpc.com

Subject: Mill stench

Thanks for the blinding headache today and the 10+ Stench level.

My morning was to start at 7:30 volunteering at the farmers market and at 9 volunteering at the Grange garden to help with putting up a 3rd hoop house to grow winter veg for the Foodbank.

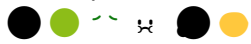
I am beyond hurting and angry. The mill cannot hold the city hostage because of its good efforts and the need for jobs with good wages and benefits.

If I can smell this inside with windows shut and it is a walk of stench outside at Rose and H, how is it by the welcome sign? In the hospital? By Salish. At homes and other businesses?

You promised to have this under control at public hearings last year.

7:25am

Saturday November 7.



And the worst part is other people will have to pull the extra weight. Farmers and others working outdoors. People in encampments.



8:30 am no change in stench

Rose/H

11/7

9:30am

11/7

Rose/H and

Lawrence/Taylor (whermy husband gave my regrets as he dropped off coffee for the team) and

Foodbank: Blaine/Walker where my husband dropped off potatoes from Birchyville Foodbank Garden.



Sent from my iPhone

Comment 8

From: Scott Freeman <sfreeman991@gmail.com>
Sent: Tuesday, June 29, 2021 2:15 PM
To: engagept@cityofpt.us
Subject: Water supply--mill agreement

CAUTION: External Email

Dear County Staff,

I am a Quilcene resident and am writing to support the Port Townsend Paper Company's need from water from an upgraded or replaced line from south county. I would, however, ask that the new agreement consider the following goals and values:

1. Building in incentives for use reduction by the Mill;
2. Using water savings to support a) increased use by new family farms—especially in south county—and b) increased flows for salmon runs in the Quilcene watershed and better hydrodynamics in Quilcene Bay.

Thank you for your careful work on this important issue.

Scott

Scott Freeman
2110 E Quilcene Rd
Quilcene WA 98376

Sent from [Mail](#) for Windows 10



Sierra Club Comments on The City of Port Townsend's Contract With the Paper Mill for Maintaining and Operating the Olympic Gravity Water System

July 1, 2021

Contact: Peter Guerrero
peter.guerrero@washington.sierraclub.org

We are pleased to provide comments regarding contract negotiations between the city and the paper mill concerning the maintenance and operations of the Olympic Gravity Water System (OGWS). Built nearly a century ago, this system was designed when water resources were viewed as both abundant and limitless, neither of which is true today. The existing agreement between the paper mill and the city reflects the thinking of that time, and it too needs to be updated to reflect the reality of climate change and the need to maintain adequate watershed flows to protect our salmon and orcas.

Our Watershed Is A Finite Resource

Port Townsend's water supply comes from the Quilcene Watershed, situated in the rain shadow of the Olympic Mountains. Annual precipitation mostly arrives during the winter months when water demands are the lowest. Very little of the Quilcene watershed benefits from snow pack so, during the summer, when there is little rain, stream flows are dependent on groundwater inflow. This means that groundwater and surface water are least available when water demands are the highest.

Climate Change Is A Game-Changer

Climate change has dramatically affected the Olympic snowpack, allowing it to melt earlier in the spring and summer, leaving less water during the dry summer

months. The Olympic Peninsula has experienced exceptionally dry or drought conditions in five of the last 10 years, and this promises to worsen with climate change. Finding ways to incentivize water conservation is key to ensuring adequate water for all in a water scarce future.

The Paper Mill's Use of Increasingly Scarce Water is Unsustainable

The OGWS includes a 30 mile pipeline that supplies Port Townsend and the paper mill with approximately 10-14 million gallons of water per day (MGD). On average, the paper mill uses a whopping 10-11 MGD and all other city businesses and residents, combined, only use 1 MGD. This pipeline, along with other parts of the OGWS infrastructure, is reaching the end of its design life.

Currently, the paper mill pays nothing for its water but, under the existing agreement, it provides for the pipeline's operation and maintenance with in-kind contributions and personnel. The city has reported that the mill values this at just over \$400,000/year. However, if the mill were to be charged what city residents currently pay, its true cost for the water it uses would be in the millions. While, historically, the mill has been an important partner in providing for and maintaining the city's water infrastructure, the existing arrangement represents a subsidy by all city residents and the city needs to negotiate a better deal going forward.

There Are No Viable Alternatives to Conservation

The White Papers developed by the city to guide the new contract negotiations highlights how limited the options are for increasing our supply of water: desalination is prohibitively expensive, groundwater is both limited and unreliable, and recycling and reuse, while likely to become more important in the future, also has its limitations. Conservation by all users, particularly the paper mill, is the best way to ensure the future of this scarce resource.

Ways to Incentivize the Mill to Conserve Water

Pricing has proven to be a very effective tool for achieving beneficial environmental results, from preventing acid rain to reducing carbon emissions. Setting a price for mill water could be incrementally introduced, giving the mill time to plan for water efficiency improvements. Credits could also be provided for the mill

undertaking needed upgrades. Two examples in the white papers of where credits could be given for operating and capital improvements are:

- Currently, the paper mill's *“manual control of the water system, equipment shortfalls, and lack of automated monitoring capability has led to excessive time spent in hands-on operation and commuting between facilities. Capital improvements...would provide time and possible future cost savings.”*
- *“During certain times of the year or when demand of both the City and the Paper Mill are at their highest, the inlet pressure to the City's Water Treatment Facility declines below the threshold required for plant operation...this may not be sufficient to produce treated water for higher demand days or boost flow during a fire,”* both potentially serious health and safety problems.

Residents Need to Conserve Also

In addition to pricing and credit incentives for the paper mill to make needed upgrades and operational improvements, the city can do more to alert citizens to the many challenges we face in ensuring adequate water for our future. There is much useful information in the white papers that can be distilled into a citizen's brochure. Resident property owners and businesses can also be given a credit on their water bills for water-saving improvements that result in a documented reduction in monthly water use.

Thank you for this opportunity to comment. We look forward to opportunities to work with you to ensure environmentally sound ways to ensure the future of our city's water for all.

North Olympic Group, Sierra Club

Comment 10

From: Niles <4meagain99@gmail.com>
Sent: Sunday, July 18, 2021 8:05 AM
To: engagept@cityofpt.us
Subject: Citizen Input on Mill Leases

CAUTION: External Email

As a citizen of Port Townsend, I am very concerned that the new lease agreements with The Port Townsend Paper Company (the mill) be made in the best interests of the local citizenry.

What follows is my understanding of the situation and my thoughts on how that arrangement might be improved.

Through the past leases, the City has been providing millions of dollars in annual subsidies to the mill in return for a 1928 loan of \$800,000 (long since fully repaid). This was done, first by offsetting the mill's expenses for its contractual operation and maintenance obligations against amounts owed for water system usage, and then, at least since 1986 and possibly for longer, the City eliminated all charges to the mill for 12-14 million gallons per day of water and water system usage. Simply put, the City is giving away our water to a private corporation. The mill does not own our water and by no stretch of the legal imagination does it have any right to it.

In operation and maintenance sharing, the leases disproportionately place responsibility for maintenance and system improvements onto the City. Because the mill uses more than ten times as much water as the entire customer base, the system is much larger than would otherwise be needed. This extra size exists solely to benefit the mill, and proportionally increases related costs. The mill's operation and maintenance contribution is a miniscule fraction of the value of the water and water services they receive.

No incentives existed in the leases for water conservation, habitat protection, or waste water reduction. These will hopefully be addressed in the new lease and need to be strongly worded so that they are adequate and enforceable.

The favored treatment the mill has enjoyed for decades is disappointingly typical of the way that large corporations run rough shod over the rights of those living in small towns. The disappointing part is that our City Council continues to let this happen. The argument that the mill makes a financial contribution to this area commensurate with what they are given in subsidies is absolute nonsense. That includes the always touted jobs! And all that is without even considering the cost of the damage to our soil, air, water and marine eco-system, all of which are being degraded by the mill and its related activities. I have never heard a City Council person even mention these hidden subsidies.

If the mill were required, by contract, to pay full price for the water it uses, as well as for the many externalized costs of its operations, it would immediately become obvious that what it does is a net loss to this area. An honest assessment of the economics of its operation would show that the mill should be closed. This is true of corporate enterprises all around the country. By paying all the subsidies and absorbing all the externalized costs of its operation, we, the local citizenry, pay this corporation to be here. They make a profit on our backs and at the expense of our eco-system.

Thank you for taking the time to read this. I sure hope it doesn't fall on deaf ears.

Niles Powell
2508 Holcomb Street
Port Townsend, WA 98368

(360) 379-1282

Comment 11

From: [CindyJ](#)
To: [Steve King](#); [Ian Jablonski](#)
Subject: Comments from Local 20/20 Climate Prep on the Water Supply - Mill Agreement
Date: Friday, July 30, 2021 5:53:53 PM

Steve and Ian,

Thank you for the set of white papers related to the Port Townsend Water Supply and Mill Agreement, they were very informative. And we appreciated the section on climate change in particular! I am submitting these comments on behalf of the Local 20/20 Climate Preparedness group.

We have a few comments and questions related to the papers:

1. We saw the CIP project to expand the Lords Lake Reservoir, which increases its capacity by 50%. Our primary question is if we were to have another year like 2015, would that increase provide for sufficient water for both city and industrial purposes? That would include with the population increase forecasted that you have in the papers, ideally along with increased demand due to hot, dry weather. As the environmental paper pointed out, with climate change more summers like 2015 are expected.

2. Related to that, the data on page 14 of the Environmental paper shows a high increased demand in 2015 for commercial and residential irrigation consumption, so it would be interesting to forecast those levels for a few months along w/ the supply impacts in 2015 for item 1 above.

3. On page 7 of the environmental paper, you note that the OGWS infrastructure is located above areas expected to be inundated by sea level rise. But might there be some wells in the city currently used for irrigation or other uses that are impacted by sea level rise, which may drive demand for more water, and how would that impact the forecasts for above?

4. You quote some projections for climate impacts, and note you are using low and moderate greenhouse gas scenarios. We didn't see a specific reference for that data. Also, most references we have seen are noting we are on track for the high greenhouse gas scenario, and use that one, so we would suggest that one is used for planning purposes.

5. FYI, on page 7 the information in the 2nd table is noted to be from the Climate Action Plan, but is actually from the 2018 Inventory report.

6. On page 8 of the report, it notes that "'As noted in the community-wide summary above for the Industrial Sector, due to the convention of considering burning of biomass biogenic in nature". That line is from the 2018 inventory report, and this white paper doesn't have the community-wide summary.

7. And finally, as a member of the 2018 Inventory team, if you would like the calculations for the CO₂e for the propane and electricity from the water and sewage, I would be happy to work with you on calculating those.

Thank you for all your work on this!

Cindy Jayne
For the Local 20/20 Climate Prep group

Comment 12

From: [Kathy Ryan](#)
To: [Ian Jablonski](#); [Steve King](#)
Subject: Mill Water lease
Date: Saturday, July 31, 2021 10:42:17 PM

CAUTION: External Email

Mill Water lease

I have written so many posts to ECY and the Mill about problems with odor. We have spent thousands to add filters and replace windows to block the fumes., [and we are not alone, altho that is anecdotal and I am not aware of any study done on such expenditures by individuals or businesses.] Chemical sensitivity is in my medical records. I have lost days to headaches, days from volunteering at the Foodbank and in the foodbank gardens. The odor has been reported from Discovery Bay to the Kingston/Edmonds ferry on the Facebook site Millodorous when that was active. My primary concerns are the business corridor on SR20 and Sims, by the Welcome sign, and especially the hospital [yes, it gets inside] and the elementary school. Because of previous chemical sensitivity we researched this before we moved and were assured we were not in the 'stink zone' and that there wouldn't be any problems.

I understand the jurisdictional issues but no one seems responsible.

I truly appreciate all the positive things the Mill has done over the past decades, but I truly do not understand why this cannot be addressed and fixed.

Just one of the emails...

To ECY and the Mill:

This morning May 30, 8am

Memorial Day weekend: remembering my uncle who was injured with mustard gas in WWI
And thinking of proposed affordable housing in the 'stink zone', (a term I learned from old timers.)

Rose/H

Lawrence/Tyler

Water St at Point Hudson

On an otherwise lovely morning.

Level 6/10, not enough to force me immediately indoors but enough to feel the eye irritation

Thanks. I needed to vent.

And water. This is about the water lease. Why are costs not passed on? The hospital, schools, golf course, Port and the rest of us pay for water.

ECONOMY LOCAL PTPC FACTS AND FIGURES WATER USAGE

City-Mill Water Leases 1928-2020

PT AirWatchers has located and posted all four water leases between the City and the mill at

<http://ptairwatchers.org/data/documents/> so that you can read for yourself the evolving arrangement. They are dated 1928, 1944, 1956 and 1983, and take us through March 15, 2020.'

"What the Lease Should Be

A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill.

The City should be storing enough money from the Mill's payments to cover future system maintenance, upgrades and repairs." [PTAirwatchers.org]

and other water usage documents: <http://ptairwatchers.org/issues/water-usage/>

I have also followed the information posted on the city website: <https://cityofpt.us/engagept/page/water-supply-mill-agreement>

In closing: A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill.

I do not want my taxes to pay for the mill's water. I want my taxes to pay for my water. And other vital infrastructure to mitigate climate change impacts and to keep us sustainable. This would include addressing grey water use, and other pieces to provide and protect clean water to the city.

Thank you. I understand that your jobs are not cakewalks. Much appreciated.

Kathy Ryan
907 Rose St
Port Townsend, WA
360-531-4955

Comment 13

From: [Jesse Hoffmann](#)
To: [Ian Jablonski](#); [Steve King](#)
Subject: Mill water contract public comment
Date: Saturday, July 31, 2021 9:30:47 PM

I moved to Port Townsend 2 1/2 years ago with my wife and daughter. We fell in love with the town, found a rental, signed the lease and right after got bludgeoned by the emissions plume. I instantly developed respiratory effects and nausea and was shocked that this was even legal. Since then, we never open the windows at night for fear of the invading fumes, and we wonder what ill and silent effects there may be for my daughter when we drop her off at school and the thick sulfurous air is invading our lungs and burning our noses and eyes. I've also been shocked by the water prices in Port Townsend compared to everywhere else we have lived and it seems to me that residents must be essentially subsidizing the cost of millions of gallons water for a company that regularly saturates the town in toxic fumes and outputs toxic effluent into the bay. I understand some good comes from the mill like jobs and investment in infrastructure but I also believe the mill can and must do better, and that the town of Port Townsend must use the water contract as an ongoing bargaining chip that is regularly renegotiated because it's the only leverage the community has to influence real change in their operations. For example, without the processing of virgin wood chips and having 100% recycled product, the mill smell could be eliminated and its operations would better align with the mostly environmentally conscious population of Port Townsend. I hope the city is willing to make difficult choices. It's too easy to continue with the status quo and let the mill manage the water system in a long term contract. I understand. There are a lot of unknowns, best practices to be developed, and costs to be assumed if the city takes over management. But if the mill, being concerned with profits, has been willing to do so it must be advantageous financially and the city has the opportunity to assume that advantage and pass it on to the citizens of Port Townsend while ensuring that every part of the community, including the industrial sector, aligns to a vision that protects the health of the environment and generations of citizens moving forward.

Comment 14

From: [joe breskin](mailto:joe.breskin@cityofpt.us)
To: [Steve King](mailto:Steve.King@cityofpt.us); [Ian Jablonski](mailto:Ian.Jablonski@cityofpt.us); publiccomment@cityofpt.us; [John Mauro](mailto:John.Mauro@cityofpt.us)
Date: Sunday, August 1, 2021 12:00:43 AM

CAUTION: External Email

July 31, 2021

<https://cityofpt.us/engagept/page/infrastructure>

Steve King, Public Works Director sking@cityofpt.us

Ian Jablonski ijablonski@cityofpt.us

Port Townsend City Council publiccomment@cityofpt.us.

Port Townsend City Manager John Mauro jmauro@cityofpt.us

Re: Contract between the City of Port Townsend and the Port Townsend Paper Corporation

The Olympic Environmental Council offers history and comment we hope will inform the negotiation process. We have three particular concerns:

- Maintain and protect the Big Quilcene water right under the watershed management agreement with the U.S. Forest Service.
- Maintain City control over the Port Townsend water system and supply in the context of any private partnership agreement to preclude transfer.
- Maintain all water supply for domestic use within the WRIA and not beyond to help provide stable funding for the OGWS maintenance

All actions taken by the City of Port Townsend must protect essential watershed values and environmental services, including policies and requirements for increasing water use efficiency.

I am Joe Breskin and I am writing these comments as Treasurer of the Olympic Environmental Council (OEC), a 501(c)3 educational organization that has operated on the North East Olympic Peninsula for most of the past 30 years. Our membership attempts to highlight and prevent idiotic agency decisions from occurring, using the courts if necessary. OEC was the umbrella organization that financed PT Airwatchers legal challenge to Dept of Ecology's NOC and permitting

of the Mill's proposed Biomass Electrical Plant in a case that went from PCHB to the Washington State Supreme Court.

OEC also represents and preserves significant chunks of the community's institutional memory. Paula Mackrow, OEC president, was executive Director of NOSC for most of a decade. She was on the Port Townsend water advisory committee, the Dungeness/Quilcene watershed planning body, the Jeffco water resources council and subsequently worked as a consultant on the water system plan. Paula was involved in permitting the replacement of the Little Quilcene Diversion after it was destroyed in a storm, and the replacement of the ditch that carried water from the Little Quil diversion to Lords Lake Reservoir with a properly enclosed pipeline. These comments reflect over 30 years of efforts and accumulated expertise to protect Port Townsend's access to adequate domestic water supply for generations to come while protecting ESA listed salmon.

In the 1990s I personally wrote and negotiated Port Townsend's Cooperative Watershed Management Agreement in direct cooperation with the USFS, and developed the MOU that was signed by City, State and Federal officials. The EPA informed me that in order to meet the exemption criteria provided in the SWTR (to remain an unfiltered water system) the City needed to demonstrate its ability to control the watershed by installing "locked gates" as a minimum requirement. I proposed that several steel gates be installed that were normally locked open, unless a situation such as a fire emerged, when they needed to be locked shut and EPA agreed with this interpretation. State DOH was the EPA's Designated Management Agency on Safe Drinking Water Act enforcement, so once we got past the EPA's gate hurdle, we worked with USFS and DOH, with full support of the Port Townsend City Attorney. Every single word of the Watershed Management plan was reviewed and negotiated with a pair of representatives of USFS, examined as though it was an international peace treaty, and in many ways, it should be understood that way.

I was a consultant to the City researching (locating and organizing) all the City's

contracts that related to the water system development, contract water sales, and water system operation. This work was done under a non disclosure agreement, but uncovered a variety of complex problems, some of which remain.

During this period, I built the spreadsheets to track project progress that tied actual spending to allocations in the City Budgets and Capital Facilities Plans (aka Capital Improvements Plans) and built a large working model of the City of Port Townsend's mainframe accounting system in a set of multi-layered spreadsheets. This was at a time when no one in the entire organization understood how the City's accounting system actually operated.

OEC's point of view is based on persistent activism: a history of research, projects review, official testimonies and legal actions. We have been deeply involved in a long and complex history based on facts and concerns for irremediable consequences. Much institutional memory was willfully destroyed when a new City Attorney implemented a records retention policy that separated both contracts and legislation from their "legislative intent" by stripping 2-party signed agreements of the sequential drafts and Committee findings and other key information that preceded their adoption, leaving only a set of disconnected documents, subject to reinterpretation, at his convenience.

With these accumulated experiences, we hope to provide a perspective that appears to be missing in the white papers that were developed to explain the current situation to you.

OEC's view: There are usually just two kinds of contract agreements: those that are transferable to a third party without the consent of the original signatory parties, and those that are not. It is essential, for reasons that we will attempt to make clear in the following, that any partnership agreement developed in the course of renewing the contract relationship between the City of Port Townsend and the Mill, for any aspect of use and operation of the City's water or the OGWS be of the non-transferrable form.

But we watched the City get disastrously caught off guard by an easement agreement

for the waterline serving water to the U.S. Navy on Indian Island, OEC wants to ensure that this sort of blindsiding does not occur in the future, as a result of lack of understanding by the people developing the language in the next set of agreements.

Researching that easement and the NAVY water contract with the City it was discovered that there were in fact THREE kinds of agreements in the City' files.

When the City sought to extricate itself from the water contract rather than to pay an extortionist's price for an easement, it was discovered that the NAVY agreement was a contract of the third kind. "

XI 125	March 5 1968	Mayor Smith said that under old business the contract with the navy at Indian Island on water, he said that on checking the contract it is a forever contract, it can only be terminated by the government when so desired by them.
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It is the view of OEC that there are three large areas of concern for the future of water allocations from the Big and Little Quilcene watersheds, that must be assessed and addressed before ANY concern is given to planning to provide water for the Mill.

This ranking is important because the City's Special Use Permit with USFS will be renegotiated during the period of the proposed Mill Contract agreement, and even the constraints on USFS could change in the face of climate change and their responsibility to protect endangered fish runs.

Water for retail water customers from the City's filtered system

Water for wholesale water customers who would then provide treatment (such as the PUD)

Water for infrastructure operations including the possibility of another WWTP

Water to insure fish passage in low flow years, which seem likely based on recent trends and a reserve of water for "known unknowns" such as the NAVY agreement.

In the fairly recent past, the Mill changed hands and became part of a collection of

mills that form a vertically integrated recycled corrugated cardboard manufacturing operation. For the first time since separating the Mill from the CZ timber lands that historically provided the fiber for the papermaking operation, there appears to be a viable business model for the Mill going forward. But based on a casual overview of this market, it is safe to presume that this Mill cannot afford to pay substantially more for water - certainly not "market rate" prices - because they can barely afford the upkeep to keep the place running. On the other hand, the Mill has been exporting money and leaving pollution behind for a very very long time and it is hard to justify a huge gift of a valuable public resource when the recipient is barely meeting its legal requirements to meet permitting standards negotiated with a captured regulator, Ecology Industrial. If the Mill's operation is to continue to be subsidized by this community, there should be a serious commitment to being a good neighbor. In 1928, the prospect of the Mill's arrival was celebrated wildly and for many years the Mill has been central to the community's economy. But residents are paying ever higher water bills, the pollution continues, City infrastructure is wearing out, and it appears to be time for the Mill to step up.

The current operation is the first "real" papermaking business in over a decade, but this particular Mill's role - recycling cardboard to Kraft paper to manufacture more cardboard, elsewhere, as an element in the current owner's cardboard production, is neither an "essential" nor a vastly profitable market niche, or an essential piece of the puzzle: they have other mills. So, even with Amazon replacing brick and mortar businesses (and their parking lots) with cardboard boxes and fleets of delivery vehicles, there are certainly limits to how much the Kraft from this mill can cost, which comes down to how much they can afford to pay for water, before it is cheaper to get the paper somewhere else.

Our concerns are based on both the Mill's obvious financial tightrope, and Port Townsend's slightly less obvious, but possibly more serious financial vulnerability.

The City has recently emerged from a long period of "elective" spending and is now cash-strapped as the City's ability to bond declines and costs of services rise. These problems are serious: deteriorating condition of streets, reduced staff, and

so on along with the City's depleted financial reserves and borrowing capacity. This elective spending has left a growing burden of deferred maintenance problems. The City almost certainly cannot afford the inevitable cost of maintaining / replacing elements of the OGWS or upgrading the wastewater system, without either raising utility rates, or adding to the customer base. Likely, the primary mechanism would be still more revenue bonds backed by ratepayers and rate increases.

In the face of circumstances such as these, electeds in other communities have tended to sell off non-revenue producing assets like real estate, fire protection and even revenue generating but non-profitable public assets like water systems to private interests, under the mantra of fiscal responsibility.

The Olympic Environmental Council is going on record calling for our City Council to ensure that this does not happen - and that it CANNOT HAPPEN - as either an intended or as an unintended consequence of the language incorporated in the next City - Mill water sale and pipeline management agreement. A public private partnership approach, if not crafted with great care to prevent the sale of either the water system or the water, would appear to open the door to exactly this outcome.

Although it was not openly acknowledged at the time, the City's response to Growth Management was constrained by the very limited capacity of their brand new WWTP, which was sited and sized based on a seat-of-the-pants growth estimate that was completely out of step with the growth projections assigned to us by the State for GMA planning purposes, just a few years later. When the City divested its "out of town service area" in the Tri Area in October 2001 and handed the service area and water contracts to the PUD, the primary obstacle to the Mill stepping in and wholesaling water to the PUD to fill the gap and allow unhindered development to continue was a single line in the existing contract which prevented the Mill from selling water in "competition with the City".

This single clause was seen as sufficient to prevent the Mill from contract sale of water to the PUD or any other entity. Further, the PUD's acquisition of the Sparling

Well from the City eliminated its need for water from the OGWS. The “public private” partnership model that might now emerge could circumvent that competition prohibition, allowing the two entities to partner in water sale operations.

Expanding water service to the Tri Area by engaging the PUD as a wholesale customer is not necessarily a bad idea: the reason the divestiture was seen as essential, 20 years ago, was as a way to resolve a fundamental conflict of interest for the City when its own water utility provided service to both in-town and out-of-town customers. The City had no control over the activities such as water line extensions, hydrant installations, or lift station operation in the out-of-town service area and some of these activities actually had significant impacts on the cost of the City’s system’s operation. There was also a CT issue: the water system at that time was disinfected using Chlorine Dioxide gas injected into the pipeline at City Lake and the disinfection level achieved was tied to the distance that water travelled to the first customer. CT was a regulatory requirement and it was the City’s responsibility to ensure that CT was met.

There appears to be no legal obstacle to the City wholesaling non-potable water to other entities such as industrial users at the Port or other water utilities that would need to be treated by the purchaser (presumably PUD#1 or another water utility) to meet DOH (SDWA) requirements before it could be distributed as potable water in a public water system, and the number of customers added would define the capacity increase that might be required, and where infrastructure would be needed for both fire flow and ERU.

But the Mill’s requirement for 10 - 14 mgd is not really a magic number and neither is a 40 year planning horizon based on the production of Kraft paper for cardboard packaging, nor is a special use permit to manage these streams with little concern for climate change or endangered fish runs, to keep a paper mill running.

It would appear that the City has considerable leverage in this discussion and can and should plan for both the inevitable emergence of additional wholesale water

customers and prepare the Mill to find a way to make a lot more paper using a lot less water. The curve provided in the City's white paper shows a long flat period during which there has been little or no improvement in efficiency.

Of greater concern, at least from a carbon footprint and environmental impact POV is the possibility of the Mill or its successor "capitalizing" on the large supply of low cost contract water and replacing some or all of its papermaking with a water bottling operation. From OEC's point of view, this is one of the least desirable outcomes imaginable, and at odds with any imaginable "sustainability" goals, except one: meeting budget demands resulting from changing economic conditions and or irresponsible management decisions at the City or at the Mill.

The deep question facing Council is the problem of how to prevent the privatization of the City's water utility from occurring in the future (selling off the public's asset with the possibility of unsustainable exploitation), and how to prevent inappropriate development of the water supply in a form such as a water bottling plant or other water export operation. It is likely to be an outcome that has already been discussed among some of the players and that, given the potential deferred maintenance costs on the horizon, is probably seen as desirable by some.

Finally, there is the matter of water rights on the Big and Little Quilcene Rivers, long term watershed management, and the City's relationship with the USFS.

The Cooperative Watershed Management Agreement was basically negotiated "at gunpoint" with USFS in much the same way that the U.S. Navy pipeline to Fort Flagler and Indian Island was negotiated in 1928, but it was only supported by an MOU and an MOU is not a "fund obligating agreement." The USFS agreed to negotiate in good faith to allow the City to demonstrate sufficient control of activities in the watershed to meet EPA's requirements to allow City to remain an unfiltered water system under the "exemption criteria" provided in the SDWA SWTR in return for a timber sale appeal being dropped. It was not a big deal, at the time, for the USFS to agree to this, since they already had municipal watershed protection in their LMP- the planning document that controls most of their activities - and had

been for years, but it was not without cost to USFS and the level of detail provided by the Cooperative Watershed Management Agreement is much finer and more explicit than what was provided in the LMP, and its contents are likely critical even after the membrane filtration system was installed.

The greatest danger to the watershed is fire.

The last horrific fire was near the Park boundary, started in the wake of a logging operation that got so out of control that they literally Skycraned a D8 or D9 Cat to the top of Baldy and winched it down the mountainside to create a firebreak. This happened in recent memory: I have actually talked with the logger who started that fire. And the timber sale that led to the fire was put up by USFS in a rush, as a sort of spite sale, to prevent the area from being included in the roadless areas inventory.

What is astounding to me is that this area is on fire again, as I write this



Tonight!!!

This may look like a tangent but having protection of the PT municipal water supply remain the primary management objective for these 2 watersheds is probably the only thing preventing them from being clear cut clear-cut again in the near future. Due to access problems, these watersheds were not destroyed in the early 20s -

like the watersheds to the south - substantial areas of the east slopes burned in the late 20s and the deeper reaches were really only entered for salvage sales after the Columbus Day Storm blowdown in 1962, so the roads were built in the 60s.

I found the roadbuilding records and we used them with the USFS GIS to do "storm-proofing" - culvert removal, sidecast haulback, landing removal, etc.- by convincing Norm Dicks that we would get more benefit out of prevention than throwing money at places to the south that were so broken it was going to take centuries to repair them.

Anyway, Council MUST understand that the ONLY thing that is currently preventing full tilt harvest on the NE Peninsula is the FS mandate - enshrined in the Forest Plan - to protect the municipal watershed. There was a near miss when the City Council agreed with Mr. Timmons plan to turn off this agreement in the process of going forward with the City's water treatment plant.

Removing the surface water supply from the system and shifting to desalination or other magical solutions being kited almost certainly ensures the watershed will be harvested in your lifetime. Whether or not it simply burns up in another firestorm like the one that was experienced in the mid 1920s is a whole 'nother matter. Because current Region 6 USFS logging practice - as can clearly be seen in Oregon masquerading as "forest health" initiatives - does not prevent fires.

Values for ERU and ADD are arbitrary. At one point, prior to City beginning consideration of divestiture of the out of town water system, it was assumed that ERU and ADD were defined in regulations, but based on discussion with the State, this does not appear to be the case. These numbers are ultimately flexible: some residential units use more water than others. Fire flow is a more significant issue and comes closer to having an actual GPM definition.

Comment 15

From: [Hal h](#)
To: [Ian Jablonski](#); [Steve King](#)
Cc: [CHARLOTTE E WELLS](#)
Subject: Water Usage vs Projected Needs
Date: Saturday, August 14, 2021 7:19:29 AM

Good Day

I have read the information on the proposed agreements between the City of Port Townsend and the Paper Mill. I read the various analyses and the possible alternatives.

One alternative I did not see was a "moratorium" on new construction in Port Townsend. I personally think it would be a financial disaster to force the Paper Mill to leave the area due to water. There are not enough employment opportunities in our area as it exists today.

But the question I pose is: What is an appropriate number of people or water meters that the water supply can support? I think to allow continued housing growth in an area that has limited water resources presents a serious issue.

Could you please tell us the citizens of Port Townsend the appropriate number of water meters that the water sources could safely supply, especially if the dry spells continue to occur on an annual basis.

I realize it is past the time for comments on the proposed contract, but that issue should not impact the need to define what is the "correct" population for the existing water supplies. I also realize that the Pacific Northwest population has a tendency to presume an endless water supply, but that presumption may not be a valid one.

Respectfully submitted,
H.L. Henson
Retired Engineer/Business Manager

Comment	Date	From	Organization	email	Comment via	Comment
1	7/10/2020	Peter Guerrero		studio374photography@gmail.com	email	Public involvement in water management agreement is critical. There are likely opportunities for the mill to achieve further water reductions. Climate change likely to result in reduced snowpack.
2	8/17/2020	Kevin Considine				PUD well water is not as good as OGWS water.
3	10/7/2020	Ellie Mathews & Carl Youngmann		cyoungmann@gmail.com	Engage PT	Mill is aware that kraft paper stinks but making good progress toward improvements such as cogeneration and biochar. Mill is trying to be the best it can. Major recycler of old cardboard. Mill is good partner
4	10/26/2020	Gretchen Brewers	PT Air Watchers	ptawdirector@zoho.com	email	Current payment arrangement unduly burdens all other businesses and ratepayers as well as the City. New lease should be written with a fee structure that is equitable, encourages resource conservation and reflects the actual value of the water.
5	10/26/2020	Niles Powell		4meagain99@gmail.com	email	Questions that need to be answered; is the mill a net economic gain to this community and do the people who live here want the mill? Mill use of water pollution has negative effect on community and eco-system.
6	11/7/2020	Kathy Ryan		kathyrn76@mac.com	email	The mill stench is a 10+, not under control as promised
7	1/17/2021	Fran Post		fran254@gmail.com	email	Increasing monthly payments to replace pipeline is going to upset residents. Mill needs to significantly increase their financial contribution. Mill contract needs strong incentives for them to conserve water.
8	6/29/2021	Scott Freeman		sfreeman991@gmail.com	Engage PT	Supports PTPC need for water but would like to build in incentives for use reduction by mill. Use water savings to support family farms and increase flows for salmon runs.
9	7/1/2021	Peter Guerrero	Sierra Club	peter.guerrer@washington.sierraclub.org	email	Finding ways to incentivize water conservation is key to ensuring adequate water for all in a water scarce future. Historically the mill has been an important partner in providing for and maintaining the City's water infrastructure but the existing arrangement represents a subsidy by all City residents and the City needs to negotiate a better deal going forward. Pricing and credit incentives could encourage mill to undertake upgrades. Residents and businesses could be given credit on water bills for water savings improvements that result in documented reduction in monthly water use.
10	7/18/2021	Niles Powell		4meagain99@gmail.com	Engage PT	Mill contract should be made in the best interest of the local citizenry. Leases have disproportionately placed responsibility for maintenance and system improvements onto the City. Extra size of system solely benefits the mill. Mill's operation and maintenance contribution is a miniscule fraction of the value of the water and water services they receive. No incentives existed in leases for water conservation, habitat protection or wastewater reduction. These issues hopefully addressed in new lease so they are adequate and enforceable. Mill financial contributions do not take into consideration cost of damage to soil, air, water and marine ecosystem.
11	7/30/2021	Cindy Jayne	Local 20/20 Climate Prep group	cindyj911@yahoo.com	email	Would expansion plans for Lords Lake Reservoir provide sufficient water for both city and industrial purposes with forecast population increase and hot, dry summers predicted with climate change? It would be interesting to forecast commercial and residential irrigation consumption with predicted growth and climate change. Would sea level rise drive demand for more water and how would that impact forecasted water use. High greenhouse gas scenario should also be used for planning purposes. Some citations need to be corrected.
12	7/31/2021	Kathy Ryan		kathyrn76@mac.com	email	A new lease should be written with a fee structure that is equitable to all other businesses and water customers; that encourages resource conservation; that reflects the actual value of the water and the increased infrastructure that are needed beyond the City's requirements to accommodate the mill. I do not want my taxes to pay for the mill's water. I want my taxes to pay for my water and other vital infrastructure to mitigate climate change impacts and to keep us sustainable. This would include addressing grey water use, and other pieces to provide and protect clean water to the city.
13	7/31/2021	Jess Hoffmann		jesse@ihdesignsolutions.com	email	Concern regarding health effects of emissions plume. It seems to me that residents must be essentially subsidizing the cost of millions of gallons water for a company that regularly saturates the town in toxic fumes and outputs toxic effluent into the bay. The town of Port Townsend must use the water contract as an ongoing bargaining chip that is regularly renegotiated because it's the only leverage the community has to influence real change in their operations. The city has the opportunity to assume that advantage and pass it on to the citizens of Port Townsend while ensuring that every part of the community, including the industrial sector, aligns to a vision that protects the health of the environment and generations of citizens moving forward.
14	7/31/2021	Joe Breskin	Olympic Environmental Council	joe.breskin@gmail.com	Engage PT	Maintain and protect the Big Quilcene water right under the watershed management agreement with the U.S. Forest Service. Maintain City control over the Port Townsend water system and supply in the context of any private partnership agreement to preclude transfer. Maintain all water supply for domestic use within the WRIA and not beyond to help provide stable funding for the OGWS maintenance. City should plan for inevitable emergence of additional wholesale water customers and prepare the Mill to fine a way to make a lot more paper using a lot less water. Prevent privatization of the City's water utility and water export.