

**Minutes
Seattle Water Supply System Operating Board
May 5, 2011
2:30– 4:30 p.m.**

**Mercer Island Council Chambers
9611 SE 36th Street
Mercer Island, WA 98040**

<u>Board Members</u>	<u>Board Alternates</u>	<u>Wholesale Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Matt Everett Dave Hilmoie Nancy Ahern Ray Hoffman Steve Moye Ron Little	Terry Smith Ron Speer	Margaret Wiggins Fanny Yee Charlotte Haines Mark Parsons Fanny Yee Terry Olson Abdoul Gafour Mary O'Day Glenn Boettcher Francie Lake Tom Hoffman Byron Murgatroyd	Terri Gregg Regina Carpenter Judi Gladstone	Lynn Takaichi Laurie Tish Kristin Lamson Alan Hartmann

1. **Welcome and Introductions**

2. **Minutes/Agenda**

April 7, 2011 minutes were approved with 2 minor changes. Tom Hoffman did not attend meeting and page 2 under the Rate Study Update the word “debt recovery” was changed to “deficit recovery”.

The agenda for the May 5th meeting was approved.

3. **New Business**

• **Welcoming Ceremony**

Ray Hoffman, Director SPU officially welcomed the new Operating Board members, Water District 119, City of Duvall, Water District 90, Water District 49, City of Renton and soon to sign City of Bothell to the meeting. Ray highlighted some key elements to the new contract including “defining what a connection is” and reviewing how an ERU is defined both for the purposes of the facility charges and all full/partial and block contracts all will expire in 2062.

- **Rate Study** (Attachment 2)

Alternative #1

Regina Carpenter, SPU Senior Economist, and Lynn Takaichi, Kennedy/Jenks presented the review of the rate study. Members asked if there were ways to cut costs. Ray Hoffman shared with the Members that regional costs don't change as much as local CIP. SPU realizes everyone is struggling and we had made substantial CIP investments as high as \$90M in past years to as low as current budgets of \$60-75M. Regina reviewed the rate drivers table that indicates declining demand is responsible for most of the increase. Some of the key assumptions were projected revenue demands, preliminary 2010 and projected 2011 O&M budgets, historical cost of capital (4.7%) and rate of return on investments (6.2%). Board and utilities have a month to review rate study and Regina Carpenter will be back in June for a final review.

- **Wholesale Financial True-up Proposed procedures** (Attachment 3)

Regina Carpenter, Sr. Economist and Laurie Tish with Moss Adams discussed the proposed procedures for the 2010 financial true-up, indicating that there were no changes from the 2009 procedures. The Board approved the proposed procedures. Vote: 5-0

- **Water Supply Refill Outlook**

Tom Fox, Water Resource Manager, gave an update on our current water supply conditions and reservoir refill outlook. Interesting enough we are still building the snow pack and started refill last Friday, April 29th. Demand is tracking exactly as it was last year during the same time period. Weather outlook is still cooler than normal.

- **Systems Operations Planning and Scheduling Outlook**

Dave Muto, SPU Water Operations Control Manager gave a presentation on the Operations Planning and Scheduling (OPS) function and an update on the Cedar WTP UV valve work, the Landsburg forebay cleaning, and plans for Lake Youngs by-pass operations. A key tool used by OPS is a calendar tracking program that tracks outages and projected work and projects on the water supply system. The forebay cleaning includes a shutdown diversion and clean out of the forebay, downstream gates and fish passage facility. The Cedar Treatment plant UV reactors are being worked on for a permanent fix. Dave gave a power point presentation on the by-pass operation at Lake Youngs. He reiterated that if the cyclotella bloom levels reach 1.0 we will begin by-passing if permitted.

4. Executive Summaries and Other Business

- Demand Meter – Demand meters was suspended again for 2011.
- Cedar River Sockeye Hatchery – OB agreed they would like to take the tour of the new hatchery in September during the grand opening ceremony.
- Fluoride Update – Hand outs were given to those who did not already receive one.

▪ **Future Meetings**

June 2nd
July 7th

5. **For the Good of the Order**

6. **Public Comment Period**

No comments provided.

7. **Meeting Adjourned**

Approved by:

Chair, Nancy Ahern

Seattle Water Supply System Operating Board

Date