**Minutes**

**Seattle Water Supply System Operating Board**

**May 1, 2014**

**2:00 – 4:00 p.m.**

**Mercer Island Council Chambers**

**9611 SE 36th Street**

**Mercer Island, WA 98040**

**Phone: (206) 236-5300**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Board**  **Members** | **Board Alternates** | **Wholesale Utility Representatives** | **SPU Attendees** | **Other Attendees** |
| **Nancy Ahern**  **Byron Murgatroyd**  **Dave Hilmoe**  **Ron Little**  **Ray Hoffman**  **Matt Everett**  **Ron Sheadel** | **Lynne Danielson**  **Steve Moye**  **Ron Speer** | **Terry Olson**  **Mark Parsons**  **Diane Pottinger**  **Terry Smith**  **Abdoul Gafour**  **Margaret Wiggins** | **Terri Gregg**  **Regina Carpenter**  **Joan Kersnar**  **Sheila Strehle** | **Walt Canter**  **Gary Cline**  **Tom Hoffman**  **Kathleen Quong-Vermeire**  **Jerry Thornton**  **Steve Pfaff**  **Larry West**  **Ron Ricker**  **Charlotte Haines**  **John Thompson**  **Jim Rick**  **Francie Lake**  **Laurie Tish**  **Alan Hartmann** |

* **Welcome and Introductions**

* **Minutes/Agenda**
* The March 6, 2014 minutes was approved as written.
* The agenda for the April 3, 2014 meeting was accepted as written.
* **Old Business**
  + - **Review 2015-2020 Capital Facilities Plan**

Terri Gregg requested that the Chair receive any written responses regarding the 6 year CFP. Neither the Large nor Medium categories had any questions to submit; however; the Small category OB member Byron Murgatroyd submitted a list of questions. Mr. Murgatroyd read over his questions and some verbal responses were given. However, it was determined that a full written response to all of these questions will be prepared and submitted to the OB by the June 6th OB meeting.

* **Wholesale Rates 101 – Tabled Topics**

Topic #8 - Debt Refinance, (Attachment 3)

A written response was provided to the Board. No discussion followed this topic.

* **New Business**
* **Dave Hilmoe’s Retirement**

Ray Hoffman and Nancy Ahern, SPU thanked Dave Hilmoe, SPU Drinking Water Director for his 31 years of service to the City of Seattle and for his 8 years as an Operating Board member. The meeting stopped for 10 minutes for cake to be served.

Vice Chair, Ron Sheadel nominated Nancy Ahern, SPU OB member to replace Dave Hilmoe as OB Chair for the remainder of the year**.**  The OB approved the nomination by a vote of 6-0.

* **Wholesale Financial True-up Proposed Procedures** (Attachment 2)

Regina Carpenter, SPU Sr. Economist, and Laurie Tisch and Alan Hartmann Representatives from Moss Adams discussed the proposed 2013 financial true-up procedures. Ms. Carpenter mentioned this was the first time no changes to the actual procedures were needed. They are the same as last years. Board was asked to approve the procedures. OB member moved and the motion to approve the procedures the motion was second and the Board approved the proposed procedures 6–0.

* **Wholesale Rates**

Regina Carpenter, Sr. Economist introduced Richard Cuthbert, with Cuthbert Consulting, Inc. as the Rate Consultant for the 2015-2017 rate study. Mr. Cuthbert made a few comments to the Board that he recognized a few faces and that his job as the rate consultant was to make sure the provisions of the Wholesales Contracts were being followed completely and correctly for the rate study. Ms. Carpenter mentioned that she anticipated preliminary numbers by next month with a final report by the end of July.

* **Climate Change**

Paul Fleming introduced James Rufo-Hill, SPU’s Climate Adaptation Specialist as SPU’s meteorologist, has been with the Utility for 7 years and is primarily doing work for SPU’s Drainage and Wastewater division. Mr. Rufo-Hill and Mr. Fleming proceeded with a power point presentation on Seattle’s meteorology trends. Highlights included that the Seattle area just had the wettest March on record this year, the jet stream will be affected by the Arctic warming and the jet stream will be slowing down which will result in increase in temperatures, precipitation, drier winters and warmer summers. The presentation included how people throughout the United States and the World collectively learn from each other. In the world economic forum climate change is a water risk. Organizations are looking forward in time on what types of program objectives to consider. Terry Olson, Water District 119 Utility Representative asked are these permanent or fluctuation changes? Paul Fleming stated these are trend lines. Ron Speer, Soos Creek Utility Representative mentioned the carbon admissions and climate change as having a larger impact from China and India. Paul Fleming mentioned that most of climate change is anthropogenic (human made). Ray Hoffman, SPU Director and OB member said the link to the hydrologic model may be cost effective when looking at all the evidence. Weather is what we get and we have to take this information and apply it to the business. Byron Murgatroyd, Small Category OB member stated the focus should be on adaptability and we should not have to pay for carbon neutral.

* **Executive Summaries and Other Business**
* Water Consumption from Watersheds vs. 2012-2014 Rate Study (Attachment 4)
* Drinking Water Quality Report 2013
* **New Business**
* **Executive Summaries and Other Business**
* **Future Meetings**
* June 5, 2014
* July 3, 2014 – Canceled
* July 10, 2014 - Rescheduled
* **For the Good of the Order**
  + **Thank you Dave!**
* **Public Comment Period**

No comments provided

* **Material Presented**
* Wholesale Statement – Scheduled of Agreed-Upon Procedures Year Ended December 31, 2013
* Power Point presentation of Climate Change

**Board Meeting Adjourned @ 3:55PM**

**Approved by:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chair, Dave Hilmoe Date**

**Seattle Water Supply System Operating Board**