

Minutes
Seattle Water Supply System Operating Board
May 2, 2013
2:00 – 4:00 p.m.

Mercer Island Council Chambers
9611 SE 36th Street
Mercer Island, WA 98040
Phone: (206) 236-5300

<u>Board Members</u>	<u>Board Alternates</u>	<u>Wholesale Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Nancy Ahern Matt Everett Ron Little Ron Sheadel Byron Murgatroyd Judi Gladstone-Alt	Steve Moye Lynne Danielson	Abdoul Gafour Mike Harris Ken Howe Steve Leniszewski Terry Olson Mark Parsons Diane Pottinger Terry Smith Margaret Wiggins	Terri Gregg Regina Carpenter Joan Kersnar Eugene Mantchev Cindy Holtz	Walt Canter Gary Cline Tom Hoffman Pam Martin Jerry Thornton John Thompson Steve Pfaff Jim Rick

- **Welcome and Introductions**
- **Minutes/Agenda**
 - The March 7, 2013 minutes were approved as amended with corrections.
 - The agenda for the May 2, 2013 meeting was approved as written.
- **New Business**
- **Wholesale Financial True-up Proposed procedures**
Regina Carpenter, SPU Sr. Economist and Alan Hartmann from Moss Adams submitted the 2012 financial true-up procedures. The members reviewed the procedures and after a few clarifying questions were addressed the Board gave conditional approval of the procedures with a request for an additional week for comments by a vote of 5-0.
- **Draft Capital Facilities Plan 2014-2019** (Attachment 2)
Joan Kersnar, Drinking Water Planning Manager gave a presentation on the new draft 6-year CFP. Ms. Kersnar highlighted new projects added to the 2014 – 2019 CIP such as the Tolt Ring Gate System Improvements, Lake Youngs Facilities Development, Tolt

Slide and the West Seattle Reservoirs Seismic upgrade and others. Ms. Kersnar went over the new columns added to the spreadsheet regarding the closing year for rate estimating purposes, the assumed accounting life necessary for the rate estimate, and the *rough* estimate of the initial rate impact and what the spending was based on. A few questions from Utility Representatives and Board members followed:

- Ken Howe, Woodinville Utility Representative asked will the numbers in 2019 be lower than earlier years or will they be set? Ms. Kersnar responded with yes and showed the long term projections further out on CIP spending.
 - Matt Everett, OB Chair asked how often Highline receives water from the West Seattle Reservoir. Eugene Mantchev responded that it is not likely; however during negotiations his peers agreed to pool all the southwest sub-regional cost into the sub-regional surcharge. Mr. Mantchev said Highline receives their water from the Riverton Reservoir.
 - Abdoul Gafour, City of Renton Utility Representative asked how much actual expenditures were relative to the budget. Ms. Kersnar responded that the actual costs are about 80-85% of the budget.
 - Byron Murgatroyd, OB Small Category member inquired about the MLPP project overall cost. Ms. Ahern, Seattle OB member said Seattle will bring the project back to the OB at 60% design.
 - Ken Howe asked if the Seattle could come back with what the impacts are on rates by year from the capital projects. Regina Carpenter said we can include this information on the spreadsheet and bring it back at the June meeting.
 - Terri Gregg, Wholesale Contracts Manager reminded the OB the CFP will be brought back to the June 6th OB for a final review. The OB will be asked to recommend an approval of the 6 year CFP.
- **Facility Charge** (Attachment 3)
Regina Carpenter, SPU Sr. Economist gave a presentation on the 3 year versus 5 year intervals on updating the facility charges. After the presentation and some discussion Byron Murgatroyd, OB member requested to caucus for 5 minutes to discuss the time frame with his members prior to a vote. The Board approved the caucus. After the caucus Ron Sheadel, OB Medium Category member motioned to review the facility charges in 5 years and Judi Gladstone second the motion. The Board approved it with a vote of 5-0. Next review period will occur in 2018.

Executive Summaries and Other Business

- Cascade Water Alliance negotiations update – Judi Gladstone shared that CWA Board approved Chuck Clarke's signing of the new contract. SPU anticipates that City Council and the Mayor's office will approve the contract and it will be authorized for Ray Hoffman's in June of 2013.
- Strategic Business Plan update – Nancy Ahern shared that the SBP 9-Committee members have been selected and officially confirmed on Monday, April 29th, 2013. The committee will begin meeting twice a month until June of 2014. More information to come at future OB meetings
- Financial Reports Update – Financial Reports were delayed due to a Maximo upgrade that caused the relevant information necessary for Regina to produce the reports difficult to extract. The group responsible for the upgrade is in the process of making the correction and SPU will be back at a future OB meeting with the reports.

- 2013 Legislative Update - Attached
- Lake Youngs Algae Update – Lake Youngs is currently on by-pass due to the bio-volume (specifically cyclotella bloom) at Lake Youngs.

- **Future Meetings**
June 6 2013
June 27, 2013

- **For the Good of the Order**

- **Public Comment Period**

No comments provided

- **Material Presented:**
 - Revised version of 6-year CFP 2014-2019
 - Facility Charge Update – 3 year vs 5 year Intervals – power point
 - Results of Facility Charge update Analysis handout

- 7. **Board Meeting Adjourned @ 3:48 PM**

Approved by:

Chair, Matt Everett
Seattle Water Supply System Operating Board

Date