

**FINAL Minutes**  
**Seattle Water Supply System Operating Board**  
**April 4, 2019**  
**2:00 pm to 4:00 PM**

**Mercer Island Community and Event Center**  
**8236 SE 24th Street**  
**Mercer Island, WA 98040**  
**206.275.7609**

<u>Board Members</u>	<u>Board Alternates</u>	<u>Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Alex Chen – Vice Chair	Ron Speer	Mike Amburgey	Regina Carpenter	Charlotte Haines
Wylie Harper - Alt	Bryan Koehmstedt	Abdoul Gafour	Kathy Curry	Patricia Hale
Rick Scott	Shane Young	Mike Martin	Cameron Findlay	Nicole Janes
Matt Everett		Pam Martin	Joan Kersnar	Pamela Maloney
Diane Pottinger		Byron Murgatroyd	Jesse Narog	Darcey Peterson
Lynne Danielson - Chair		Terry Olson	Martha Neuman	Steve Pfaff
Ron Little				Ron Ricker
				John Thompson
				Jerry Thornton
				Laurie Tish

**1. Welcome and Introductions**

**2. Minutes/Agenda**

- The **March 7, 2019 minutes** were approved 6-0.
- The **April 4, 2019 agenda** was approved 6-0.

**3. New Business**

**a. Wholesale Annual True-up Procedures**

Regina Carpenter, SPU Principal Economist, provided background on the True-up process and reminded the group that proposed procedures are unchanged from the previous year. Laurie Tish with Moss Adams provided an overview of the True-up Procedures.

- The **Wholesale Annual True-up Procedures** were approved 6-0.

**b. 2020-2025 Capital Facility Plan Discussion**

Joan Kersnar, SPU's Drinking Water Planning Manager, reminded the group of the 2019 Capital Facility Plan (CFP) timeline including the timing of SPU CFP presentations and the timing for the Operating Board to vote on whether they will submit a comment letter.

Joan referenced CFP questions provided for SPU response and provided a response to question 19 that had not been provided to the group in advance of the meeting. Question 19 asked, "For the projects that have "rolled off" the 2020-2025 CIP compared to the 2019-2024 CIP, please provide us final project costs that were capitalized." Joan explained that the only project that "rolled off" the 2019-2024 CFP was the Tolt Ring Gate Project and that SPU does not yet have the final cost for this project.

- *A Utility Representative commented that they would like to see budget actuals.*
- *A Board member mentioned that, on behalf of their category, they have some questions about SPU's response to Question 16 that reflect concern about possible rate impacts.*
- *A Utility Representative mentioned that they would like more information on the Hatchery Spring Water project.*

- *Alex Chen, Board member and SPU Water Planning and Program Management Division Director, explained that while the Seattle City Council approves the budget, that SPU is bringing options analysis to the OB for their input and that the Hatchery Spring water project will be brought to the OB in the coming months. Alex also explained that the response to Question 16, related to Transmission System Seismic Improvements, reflects the highest cost analysis for planning purposes and that these costs are expected to be reduced as risk and alternative options are analyzed and discussed with the OB. For these reasons, it is premature to assess the impact on rates.*
- *Rick Scott, Board member and SPU Water Line of Business Deputy Director, emphasized SPU's commitment to transparency.*
- *A Board member asked about the reasoning for the 5-year interval and whether SPU would be sticking to this timing.*
  - *Alex Chen explained that the 5-year timing is in place only because some time interval is needed and that SPU plans to continue using this timing.*
- *The Chair asked the Board whether they were ready to vote on providing a comment letter and, if not, if the group would be willing to caucus before Friday, April 12.*
  - *After discussion, it was concluded that any remaining comments or questions would be gathered by Board representatives for the Large, Medium and Small Utility groups by Friday, April 12 and relayed to SPU. As part of this effort, Board representatives will determine if the groups they represent want to provide a comment letter.*

#### **c. Water Contract Review & Update**

Martha Neuman, SPU Senior Policy Advisor, described the intent of the Contract Review and Update, emphasizing that this is a periodic review of existing contracts, rather than starting over.

Joan Kersnar presented information on key contract concepts and provisions that SPU is proposing remain unchanged. Joan also described some changes that have occurred since the contracts were signed and some other contract areas where adaptations may be warranted.

Martha described advice heard from OB members and representatives involved in earlier contract discussions, described options for upcoming OB meetings, and asked for input on how the group would like discussions to move forward. She relayed more details would be provided at the May 9 OB meeting and asked members to let Kathy Curry know if they had suggestions or questions ahead of that.

- *One Utility Representative said they prefer the contract discussions occur with the whole group together, or they would like the option to caucus with a different group than the one they are in.*
- *One Utility Commissioner said they would prefer the discussions start at the caucus level because they are concerned the larger group discussions would not be efficient.*
- *One Utility Representative said that everyone wants to know what Seattle wants and so would like to hear Seattle's proposal so that they know the scope. A detailed timeline with objectives and outcomes was also requested. (Note: a high-level timeline was shared at the March meeting).*

#### **4. Executive Summaries and Other Business**

- Alex Chen addressed the supplied Water Supply Update handout (Att. 4b), mentioning that the water supply is short of typical for this time of year and that Seattle will continue to be in close communication with Ecology. He further relayed that Ecology may declare a drought but that, at this point, Seattle is feeling confident that required instream flows and customer demands will be met this coming summer.
- Alex Chen also mentioned that Seattle continues to work with King County on Reclaimed Water and is getting ready to sign a 2-year agreement that would prevent the County from approaching customers without the approval of the involved utility. Alex said it is intended that this 2-year agreement would be a



bridge to a long-term agreement with similar terms and with a means for compensation to the affected utility that has reduced water sales. He also mentioned that the longer-term agreement may include exceptions for small users located near the purple pipe.

➤ *One Board member mentioned that it is important to approach reclaimed water as a region.*

➤ *A Utility Representative asked why, as a member of the reclaimed water sub-committee, they have not seen a draft of the 2-year agreement.*

➤ *Alex committed to better coordination with the Utility Representative.*

➤ *One Board member asked that a Reclaimed Water write-up be provided that can be shared.*

➤ *A Utility Representative asked that Reclaimed Water meeting minutes be shared.*

- Wylie Harper, Alternate Board member and SPU Drinking Water Quality Director, addressed the provided Lake Youngs Algae Update (Att. 4c) mentioning that the annual algae cycle is on the upswing as is typical for this time of year. He said there are no health concerns related to the algae and that it is mostly an operational issue, relaying that the system will be switched to bypass Lake Youngs likely in the coming week.
- Joan Kersnar reported on her recent participation in the AWWA Water Matters! Fly-In.
- Regina Carpenter reminded the group that Kathy Curry would be contacting them in the coming months to set up meetings between some members and SPU staff to go over their Facility Charge reporting procedures.

**5. Future Meetings**

Kathy Curry, SPU Wholesale Contracts Manager, reminded the group of upcoming meetings:

- May 9, 2019 – occurring one week later than normal
- June 6, 2019

**6. For the Good of the Order**

- Matt Everett, Board Member and Highline Water District's General Manager, called the group's attention to the status of the King County Right of Way case. On April 3, the State Supreme Court accepted King County's petition for direct review of the case and oral arguments are to be scheduled.

**7. Public Comment Period**


- None

**8. Material presented at Meeting**

- Copies of information described on the agenda were either provided in advance or at the meeting.

**9. Board meeting was adjourned at 3:30 pm**

Approved by:

  
Chair, Lynne Danielson  
Seattle Water Supply System Operating Board

5-9-2019  
Date