

Minutes
Seattle Water Supply System Operating Board
February 5, 2009
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>
Walt Canter John Bjork Roger Eberhart Matt Everett Ray Hoffman	Terry Smith John Thompson	Gary Cline Ron Sheadel Mark Parsons Ron Ricker Dick Swaab Steve Dunphy Steve Moyer Kathleen Keene Margaret Wiggins Mike Harris Marci Oda Mike Morris Francie Lake	Dan Swenson Terri Gregg Tom Fox Regina Carpenter	Sheri Miller

1. Welcome and Introductions

Ray Hoffman was introduced as the Acting Director of Seattle Public Utilities, replacing Chuck Clarke who has taken a position as the Chief Executive Officer of the Cascade Water Alliance. Ray is excited about the opportunity to work with the Operating Board during the coming year. He indicated that the Mayor of Seattle will do a national search to permanently fill the Director position but this won't be completed until after the November 2009 election.

2. Minutes/Agenda

The December 4, 2008 minutes were approved by consent of the Operating Board.

3. New Business

▪ Update on Flood Impacts

Tom Fox provided a presentation of the water system operational challenges of the early January 2009 flood event. Some of the challenges on the Cedar River system included ice on the masonry that could affect spillways, the goal to protect 600 Chinook redds, channel depths, and every changing weather forecasts. Decision making on storage elevations and spillway releases relied on weather forecasts, rule curves, model forecasts, and coordination with King County Flood Management. A prudent water manager is reluctant to release water out of storage when there is always a chance you won't get it all back during refill but water had to be released from the reservoir.

During the flood event, the Landsburg diversion was shut down and the utility operated off of Lake Young storage for a number of days. During the peak period of inflow (approx. 12,500 cfs) into Chester Morse Reservoir, it was rising at rates in excess of 0.5 ft/hour. The Tolt system had similar record inflows into the reservoir and water was also spilled from the Tolt Reservoir. The Tolt Treatment plant worked great during the event and handled the turbid waters without any problems.

▪ Operating Board Web Site

Terri Gregg presented the draft pages of the new Operating Board web site. The OB members were very pleased with the web site and offered some suggestions for improvement. Terri was asked to electronically distribute the materials for additional review and comment. The web site will go live in April or May depending upon the availability of SPU IT staff resources. The web address for the new site will be www.operatingboard.org.

▪ 2009 Annual Survey of Wholesale Customers & D.O.H. Water Use Efficiency Report

Terri Gregg distributed and reviewed the requirements the 2009 Annual Survey of Wholesale Customers. The survey was distributed to wholesale customers in January and is due back to SPU by February 28, 2009. Also, Terri reviewed the process and schedule for getting data back to the wholesale customers, so that they can complete their D.O.H. Water Use Efficiency Report by July 1, 2009.

▪ Lane v. City of Seattle – Supreme Court Case on Fire Hydrants

Dan Swenson and Regina Carpenter reviewed the findings of the Lane v. City of Seattle Supreme Court case on fire hydrant funding. Following a 2003 ruling by the state Supreme Court on streetlight funding, Seattle changed the funding for fire hydrants to general tax revenues than water rates.

Despite changing the funding source for fire hydrants, on March 1, 2005 Seattle was sued in a class action lawsuit that was resolved by the state Supreme Court. The Supreme Court ruled last October that SPU must refund hydrant costs, plus 12 percent interest, to customers for the period March 2002 to December 2004, when hydrants

were still funded by water rates. The time period of the award is a function of the statute of limitations and the date Seattle changed funding sources for fire hydrants.

Up to 244,100 (144,200 active accounts and 99,900 inactive accounts) water accounts are eligible for the refund. The cost to Seattle of the Supreme Court decision follows:

- Ratepayer refund with 12% interest	\$12.5 m
- Attorney and plaintiff fees	\$ 4.1 m
- SPU costs	\$ 0.8 m
- K.C. and Shoreline hydrants costs	\$ 1.4 m
- State Utility Taxes on surcharge	<u>\$ 1.2 m</u>
TOTAL	\$ 22.7 m

Seattle will fund the cost of the fire hydrant ruling with the combination of budget transfers, SPU budget cuts and a surcharge on water rates.

It was requested that the fire hydrant presentation be sent out electronically.

4. Executive Summaries and Other Business

- 2009 Legislature – Bills of Interest

Walt Canter indicated it is too early to determine what legislation will move this session. The next Operating Board meeting will be after the first cut-off date, so there may be more to discuss at the next meeting. Ron Ricker reported the lien law/renter relief bill is once again under consideration by the Legislature.

5. For the Good of the Order

- Kathleen Keene noted that John LaRocque will be the new Executive Director of the Public Works Board.
- Ron Sheadel raised the issue of PERS retirement rate contributions. It was noted that Seattle, Everett, and Tacoma all have their own retirement systems.
- Roger Eberhart noted his support of Washington State Department of Health primacy over the federal drinking water program. Staff from the state Office of Drinking Water will be at the next Operating Board meeting to discuss operating fees.

6. Public Comment Period

None provided.

7. Meeting Adjourned

Approved by:

Walter M. Canter

Chair, Walt Canter

Seattle Water Supply System Operating Board

03/05/2009

Date