

**Minutes  
Seattle Water Supply System Operating Board  
May 6, 2010  
2:30– 4:30 p.m.**

**Mercer Island Council Chambers  
9611 SE 36<sup>th</sup> 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>
Ray Hoffman John Bjork Matt Everett Dave Hilmoie Nancy Ahern Steve Moye	Terry Smith John Thompson Ron Speer	Roger Eberhart Stu Turner Margaret Wiggins Ron Ricker Charlotte Haines Ron Sheadel Jerry Thornton Fanny Yee Gary Cline Kathleen Keene Dick Swaab Mike Harris Tom Hoffman Byron Murgatroyd	Dan Swenson Terri Gregg Regina Carpenter Julie Burman Liz Fikjes Mialee Jose	Laurie Tish Amanda Geismann

**1. Welcome and Introductions**

**2. Minutes/Agenda**

The April 1, 2010 minutes were approved by consent of the Operating Board.

**3. New Business**

▪ **Wholesale Financial True-up**

Laurie Tish from Moss Adams reviewed the 2009 Wholesale Customers Schedule of Agreed-Upon Procedures for the Full, Partial and Block Water Supply Contracts. There were three additional procedures suggested for the 2009 the True-up process:

- Recalculate the Annual Cost of the Supplemental portion of the Declining Block.
- Trace the 2009 non-Seattle facilities charge revenues to the December 31, 2009 Fund general ledger.

- Select customer new meter counts through non statistical means to achieve 60% coverage of the total new meter installations, and agree to the Facilities Charge data sheet.

The Operating Board voted (5-0) to approve the 2009 Agreed-Upon Procedures. Moss Adams will send the Chair of the Operating Board a letter to sign authorizing Moss Adams to proceed with work as outlined in the approved procedures.

#### Agenda Materials

- Attachment 2 – WHOLESALE CUSTOMERS SCHEDULE OF AGREED –UPON PROCEDURES

#### ▪ Water Conservation Programs Annual Report and 2011-2030 Funding

Mialee Jose, SPU, reviewed the 2009 Annual Report Highlights and Goals/Strategies for 2010. Cumulative long-term savings from the 1% Program are on pace to reach the long term goal stated in the *Ten Year Water Conservation Program Plan* (Seattle Public Utilities, 2002). 1% Program savings of 0.61 MGD is estimated to have been achieved in 2009.

Julie Burman, SPU, outlined the process for the development of an SPU Business Case that will define the costs and water saving focus of the Regional Water Conservation Program from 2011-2013. Included will be the draft 6-year Water Use Efficiency goal for 2013-2018. The Business Case will be shared with the Conservation Technical Forum and the Operating Board.

Regina Carpenter, SPU, reviewed the work and recommendation of the Conservation Funding Subcommittee. The Subcommittee was charged with making a recommendation to the Operating Board on how to recover the costs of the regional water conservation program beginning January 2011. The Subcommittee made the following recommendations:

- 2011+ conservation is allocated to the Facilities Charge cost pool
- Each 3 year increment be considered a “Facility”
- Seattle continues to recognize the costs of the 1% program on a utility cost basis
- Seattle recognizes the cost of the 2011+ program on a cash basis
- This procedure is automatically used for each three year increment unless results warrant a re-examination or change by the Operating Board
- Seattle provides additional context to the Operating Board about the Facilities Charge cost pool as part of the True Up out briefing
- The Operating Board revisit and change the procedures as needed

The Operating Board approved (5-0) the following motion that will implement the Subcommittee’s recommendations:

It was moved that the Operating Board:

1. Allocate the 2011 to 2030 Regional Water Conservation Program costs to the Facilities Charge cost pool, with each 3 year increment being considered a facility and with the Facilities Charge amount updated every three years until the Operating Board decides otherwise; and



2. **Recommend** that:

- Seattle continues to recognize the costs of the 1% Regional Water Conservation Program on a utility cost basis;
- Seattle recognizes the cost of the 2011 to 2030 Regional Water Conservation Program on a cash basis; and

3. **Request** that Seattle provide additional financial data and context to the Operating Board about the Facilities Charge cost pool as part of the annual True Up out briefing (typically at the July Operating Board meeting); and

4. That the effective date of the new Facility Charge shall be January 1, 2011.

There was a robust discussion of these agenda items with very strong support from Operating Board members for the regional approach to our conservation programs, funding the programs with the Facilities Charge, the value of saving water now to meet current environmental obligations, and the need to build a water supply resource buffer to mitigate the potential impact from climate change and an increase in demand. The most cost effective resource is the one we have today!

**Agenda Materials**

- Regional 1% Water Conservation Program – 2009 Annual Report Highlights & Goals/Strategies for 2010
- Water Conservation Regional Planning – Business Case for Program from 2011-2013
- 2011+ Regional Conservation – Allocation between Rates and Facilities Charges
- Draft motion for consideration

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

▪ **Lake Youngs Algae Summary and Bypass**

Dave Hilmoie, SPU, gave a presentation on the Lake Youngs bypass operation and status update on the cyclotella algae bloom.

**Agenda Materials**

- Lake Youngs Bypass Presentation

▪ **Chester Morse Pump Plant – Value Engineering Process**

Ray Hoffman, SPU, provided an update on the value engineering process for the project. By the end of the summer a revised business case that examines two different alternative project proposals will be shared with the Operating Board. The goals and fundamentals of the project remain the same but the infrastructure plan is being reevaluated.

▪ **Demand Metering**

Dan Swenson announced that demand metering will be suspended for the 2010 peak water use season. A confirming letter will be sent to wholesale customers.

▪ **Cedar River Sockeye Hatchery**

Ray Hoffman, SPU, reviewed the current status of the hatchery project. Bids for the project construction are currently being analyzed. The goal is to start construction late this summer. To the recent surprise of SPU and Department of Fish Wildlife (DFW) managers a study (not yet peer reviewed) was released on the capacity of Lake Washington to support hatchery raised sockeye salmon in addition to natural origin recruit sockeye. Staff from SPU, DFW, and the Muckleshoot Indian Tribe will be meeting to discuss the study. SPU is committed to moving forward with the project and would adjust salmon production, as needed, based on peer reviewed science.

▪ **Future Meetings**

June 3<sup>rd</sup>

July 1st

August 5<sup>th</sup> – Cancel? It is Seafair week and anyway it looks like we would have a very light agenda.

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

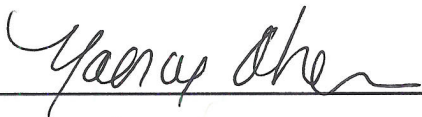
No comments provided.

6. **Public Comment Period**

No comments provided.

7. **Meeting Adjourned**

Approved by:



Vice-Chair, Nancy Ahern



Date

Seattle Water Supply System Operating Board