



UTILITY BOARD REGULAR MEETING MINUTES OCTOBER 9, 2018

CALL TO ORDER:

Chair Tim O'Connell called the regular meeting of the Utility Board to order at 7:00 p.m. in the Council Chambers Room at City Hall, 9611 SE 36th Street, Mercer Island, WA.

ROLL CALL:

Present: Chair Tim O'Connell, Vice Chair Tom DeBoer, Stephen Milton, Will Pokorny, Brian Thomas, present. Council Liaison Mayor Debbie Bertlin, Kwan Wong, Mary Grady were absent.

City Staff: Jason Kintner, Public Works Director, Francie Lake, Deputy Finance Director, Brian Hartvigson, Right of Way Manager, Anne Tonella-Howe, Assistant City Engineer, Chip Corder, Assistant City Manager & Finance Director, and Asea Sandine, Recording Secretary were also present.

MINUTES:

Board Member DeBoer moved to approve the minutes from the September 11, 2018 meeting. Board Member Pokorny seconded the motion. The Board unanimously approved the minutes.

REGULAR BUSINESS:

WATER BUDGET & RATES

Lake presented staff's proposed smooth rate increase of 6.5% for 2019-2024. She noted that this rate increase provides funding needed to debt finance \$7.6 million for the SCADA System Replacement and Meter Replacement projects and for capital reinvestment projects planned for 2023 and 2024. Lake shared that the operation budget was status quo and addressed the variances in salaries and wages as well as contractual services. Kintner noted that the salary increase is partly due to a couple of position reclassifications within the AFSCME bargaining unit. He shared that the SCADA and Meter Replacement projects are in early planning stages with preliminary combined cost estimates of \$11.2 million for both water and sewer. Staff will present a Meter Replacement update at the December 2018 meeting.

Motion: Moved by Board Member Milton, seconded by Pokorny to recommend rate a 6.5% rate increase. The motion carried unanimously.

SEWER BUDGET & RATES

Lake presented staff's proposed sewer rate recommendation of 7.7% for 2019-2024. The 7.7% rate increase provides the funding needed to make annual debt payments on the \$3.6 million SCADA System Replacement Project starting in 2020, as well as to invest an average of \$2.5 million per year in sewer capital reinvestment projects (2019-2024).

Lake noted that that the King County Sewer Treatment rate is a pass-through charge, which is separately noted on the City's utility bill. She noted that one significant change is a service enhancement for the CCTV combo unit. Kintner noted that the cost of continuing to contract out the CCTV work continues to rise. In addition, Public Works implemented an Enterprise Asset Management system (EAM) and updated the General Sewer Plan. Utilizing Pipe Assessment and Certification Program (PACP) and Manhole Assessment and Certification Program (MACP) standards, CCTV inspections will help manage sewer assets more efficiently and effectively. Kintner expects CCTV program costs to decrease by bringing the work in-house.

Motion: Moved by Board Member Thomas and seconded by Board Member Pokorny to recommend a 7.7% rate increase. The motion carried unanimously.

DECEMBER DATES

Staff advised that there is a conflict with the Council Meeting on December 11th. Staff proposed the December 3rd or 10th meeting dates. The Board reached consensus to meet on December 10, 2018.

NEXT MEETING: November 13, 2018.

ADJOURNMENT: 8:31 PM

Asea Sandine
Recording Secretary