



# UTILITY BOARD REGULAR MEETING MINUTES OCTOBER 10, 2017

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## CALL TO ORDER:

Chairman Kwan Wong called the regular meeting of the Utility Board to order at 7:02 p.m. in the Council Chambers Room at City Hall, 9611 SE 36th Street, Mercer Island, WA.

## ROLL CALL:

Chair Kwan Wong, Vice Chair Tim O'Connell, Stephen Milton, Tom DeBoer, William Pokorny, Council Member Dave Wisenteiner were present. Mary Grady and Brian Thomas were absent.

City Staff: Chip Corder, Finance Director, Francie Lake, Deputy Finance Director, Jason Kintner, Public Works Director, Anne Tonella-Howe, Assistant City Engineer, Brian Hartvigson, Right of Way Manager, Brian McDaniel, Operation and Maintenance Utility Manager, Rona Lin, Water Utilities Engineer, and Asea Sandine, Recording Secretary were present.

## REGULAR BUSINESS:

**Motion:** Board Member Pokorny moved to approve the minutes from the September 20, 2017 meeting. Board Member Milton seconded the motion. The Board unanimously approved the minutes

## 2018 SEWER RATE REVIEW

Lake shared a PowerPoint regarding the City's current sewer assets and a summary of the changes impacting the 2018 Sewer Rate. Lake outlined that the 2018 Sewer rate reflects the following: 2016 actual revenue and expenditures which resulted in a higher than forecasted 2017 beginning working capital, budget carryovers from 2016-2017, Sewer Limited Tax General Obligation Bonds Refunding (LGTBO) and revisions to the Capital Plan which includes emergency repairs. She noted that an updated Capital Plan for 2018-2022 (Exhibit 1) was one of the primary drivers for the rate adjustment. Kintner highlighted the importance of the SCADA Master Plan which has outlined a number of deficiencies and risks if operations continue with the older system currently in place. Lake presented two rate scenarios for the Board's consideration. Rate scenario A) 5.7% rate increase with the goal of accumulating an ending fund balance in 2022 of \$1.0 million for a future Lake Line replacement and Rate Scenario B) 7.8% increase with the goal of accumulating an ending fund balance in 2022 of \$2.5 million. Both rate scenarios reflect a \$1.8 million placeholder for SCADA system upgrade (a net increase of \$1.2 million).

**Motion:** Board Member Milton moved to recommend Rate Scenario B) 7.8% rate increase. Board Member Pokorny seconded the motion. The motion carried 4/1 with O'Connell dissenting.

## **2018 WATER RATE REVIEW**

Lake shared a PowerPoint regarding the City's current water assets and a summary of the changes impacting the 2018 Water Rate. Lake outlined the 2018 Water rate reflects the following: 2016 actual revenue and expenditures result in a higher than forecasted 2017 beginning working capital, budget carryovers from 2016-2017, water use during the summer of 2017, forecasted water purchases for 2018-2022, and revisions to the 2017-2022 Capital Plan. She noted that an updated Capital Plan for 2018-2022 (Exhibit 1) was one of the primary drivers for the rate adjustment. The original 2017-2022 Capital Plan presented for the 2017-2018 Water Rate Study was included as Exhibit 2. Lake presented two rate scenarios for the Boards consideration. Rate Scenario A) 3.4% rate increase with the goal of accumulating an ending 2022 funding balance of \$2.0 million for future capital reinvestment and Rate Scenario B) 5.3% increase with the goal of accumulating \$4 million in capital reinvestment.

**Motion:** Board Member Deboer moved to recommend Rate Scenario B) 5.3% rate increase. Board Member Milton seconded the motion. The motion carried 4/1 with O'Connell dissenting.

## **WORK PLAN**

Kintner reviewed the 2017 Work Plan and advised he is working on scheduling Council presentation of the General Sewer Plan for November and may need to move the Utility Board up earlier in November. Kintner will report out if that has to occur. Board Member Wong shared he would really like the Board to participate in the discussion for multifamily recycling when it comes time to review the solid waste contract.

Lake added an educational brochure would be going out in future bills regarding the importance of keeping the meter area clear of planting and structures.

Corder concluded that he is participating in the Financial Challenges public engagement process. He shared there would be many public meetings and inquired if the board would be interested in their own meeting or a joint meeting with the Council. The Board agreed they were interested in whatever is easiest for staff.

**ADJOURNMENT:** 8:35 PM

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Asea Sandine  
Recording Secretary