



## **UTILITY BOARD REGULAR MEETING MINUTES OCTOBER 6, 2015**

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### **CALL TO ORDER:**

Chairman Kwan Wong called the regular meeting of the Utility Board to order at 7:01 p.m. in the Council Chambers Room at City Hall, 9611 SE 36th Street, Mercer Island, WA.

### **ROLL CALL:**

Chairman Kwan Wong, Vice Chair Tim O'Connell, Tom DeBoer, Susan Kaltenbach, Stephen Milton, Will Pokorny and Wendy Weiker were present.

Deputy Mayor Dan Grausz was also present.

City Staff: Chip Corder, Finance Director, Francie Lake, Deputy Finance Director, Anne Tonella-Howe Assistant City Engineer, Jason Kintner, Maintenance Director and Asea Sandine, Recording Secretary were also present.

Presenters: Representatives of King County Department of Natural Resources and Parks Wastewater Treatment Division, James Chae, Sibel Yidez, Monica Van der Vieren and Rachel Blomker.

### **MINUTES:**

The June minutes were not included in the packet and will be presented at the next meeting for approval.

### **REGULAR BUSINESS:**

#### **NORTH MERCER INTERCEPTOR SEWER UPGRADE PROJECT**

King County staff presented a PowerPoint that outlined the North Mercer Interceptor Sewer Upgrade Project purpose, preliminary schedule and a comparison of the existing system with alternatives under consideration. Van der Vieren shared that various public outreach mechanisms, such as attendance at summer celebration, open houses, briefings, written correspondence, website updates and one-on-one and special interest group (Friends of Luther Burbank and Cascade Bicycle Club) meetings, have generated public comment. . Some early comments received include concern that construction on North Mercer Way would have significant impact to the community especially in light of the on-going construction activities on I-90, and that construction through Luther Burbank Park would have impact on the park activities and the wetlands. The next steps of the project will include additional briefings, communication of the alternative decision and continued public outreach. The County expects to make a decision on the preferred alternative by early 2016. Construction is tentatively slated for 2019 through 2022.

#### **2016 STORM WATER RATE UPDATE**

Lake shared that utility rates are set for a six year period. Lake pointed out that the Storm Water rate model had been updated to reflect actual revenues and expenditures for 2014. Staff recommends an increase of 1.3 percent which is half of the 2.7 percent recommended rate for 2015-16 adopted budget. Lake advised the reduction from 2.7 to 1.3 percent is driven by a better starting cash position this year (2015), as a result of savings in operation and capital expenses in 2014, and an increase to forecasted fee in lieu for 2015 and 2016.

**Motion:** Moved by O'Connell, seconded by Kaltenbach, to recommend a 1.3 percent rate increase for 2016. The motion carried unanimously.

#### **2016 SEWER RATE UPDATE**

Lake provided a quick recap of the Sewer Rate structure and noted that King County Sewage Treatment rates are billed separately as pass through costs. She conveyed that the Sewer Rate model has been revised to reflect revenues and expenditures for 2014 and the budget carry over of three capital projects from 2014 to 2015 (\$276,543). Lake advised that the cash position of the Sewer Fund starting in 2015 is better than forecasted, excluding the \$276,543 carry over. She shared that the improved cash position has allowed staff to smooth rates over the five year period (2016-2020). She outlined the contributing factors from 2014 including: the Sewer Fund received more in connection charges than forecasted; rate revenue was higher than forecasted; capital project expenses were less than forecasted and operating expenses were also less than forecasted. Lake presented two rate scenarios: A) reflects a smoothed rate increase of 7.0 percent for 2016-2020 and forecasts an ending balance of 1.9 million in the Sewer Fund by the end of 2020 and B) reflects a smoothed rate increase of 5.6 percent for 2016-2020 and forecast an ending balance of \$1.0 million in the Sewer Fund by the end of 2020. Starting last year, staff recommended that the Sewer Fund start to build up cash for future construction of Reach 4 of the Sewer Lake Line.

**Motion:** – Moved by O'Connell, seconded by Kwan to recommend Scenario A, a rate increase of 7 percent in 2016 with \$1.9 million in 2020 for the Sewer Fund. The motion carried unanimously.

#### **Boil Water Action Update**

Tonella-Howe shared with the Board that resolved action items include retrofitting air vacs and pressure reducing valve (PRV) stations. She added that design is wrapping up for stand-alone air vacs with a completion goal by the end of the year. Lake added that the Cross Connection Control Ordinance was approved and the next step is to bring in a consultant to draft the program. She also noted the public's high compliance with fee assessments and notices. Lastly, she advised, surveys went out to waterfront properties, second notifications for non-responders will be mailed and there are 110 violation notices. The Board expressed interest in a more comprehensive update. Staff and the consultant, Confluence Engineering will provide an update at the November meeting.

**NEXT MEETING:** The next scheduled meeting is November 10, 2015.

**ADJOURNMENT:** 8:28p.m.

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Asea Sandine  
Recording Secretary