

Final Minutes
Seattle Water Supply System Operating Board
December 6, 2018
2:00 pm to 4:00 PM

Mercer Island Community and Event Center
8236 SE 24th Street
Mercer Island, WA 98040
206.275.7609

<u>Board Members</u>	<u>Board Alternates</u>	<u>Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Alex Chen - Chair	Matt Everett	Mike Amburgey	Regina Carpenter	Jessica Guthrie
Mami Hara	Bryan Koehmstedt	Mike Martin	Kathy Curry	Charlotte Haines
Wylie Harper – Alt	Shane Young	Pam Martin	Cameron Findlay	Theresa Harrington
Ron Speer		Byron Murgatroyd	Bruce Flory	Darcey Peterson
Diane Pottinger		Patrick Sorenson	Joan Kersnar	Ron Ricker
Lynne Danielson			Martha Neuman	John Thompson
Ron Little			Kelly O'Rourke	Jerry Thornton
				Lauren Imhoff
				Katie Nolan

1. Welcome and Introductions

- Alex Chen, SPU Water Planning and Program Management Division Director, kicked off the meeting by providing an update on Seattle’s Water System Seismic Study and recent press coverage. Operating Board (OB) members engaged in a discussion and mentioned interest in continued coordination on this topic. Alex reminded the group that SPU staff can meet with the City Councils, Boards, or Commissions of Operating Board members to discuss the results of the Water System Seismic Study and related next steps. Alex also relayed that SPU would bring additional information on planned mitigation measures to the February 7, 2019 OB meeting.

2. Minutes/Agenda

- The **November 1, 2018** minutes were **approved 6-0**.
- The **December 6, 2018** agenda was **approved 6-0**.

3. New Business

a. 2019 OB Work Plan and Board Business

Kathy Curry, Interim Wholesale Contracts Manager, went over the 2019 draft OB work plan and reminded the OB of their role to review the plan and request any additional topics that are not currently scheduled for next year. Kathy invited OB members to consider bringing a presentation to a future regular OB meeting so that members can share their knowledge and experience for the benefit of the group. She suggested that OB members contact her if they would like to discuss a future presentation idea.

Kathy also went over highlighted 2019 meeting dates for the OB to consider changing and the group agreed to:

- cancel the January 3, 2019 meeting;

- reschedule the May 2, 2019 meeting to May 9 to avoid a potential conflict with the PNWS AWWA Annual section Conference;
- reschedule the July 4, 2019 meeting to July 11 to avoid a conflict with the July 4 holiday; and to
- cancel the August 1, 2019 meeting as the August meeting has been traditionally canceled but agreed to hold August 8, 2019 for a possible OB meeting if needed to coordinate related to potential drought conditions.

Alex Chen offered a motion that the OB accept the 2019 OB work plan (with the above-described meeting date changes), the motion was seconded and all approved.

Following approval of the 2019 OB work plan, Kathy notified members that the Large Utility Category had re-nominated and elected Matt Everett, General Manager of Highline Water District to be the OB voting member and Ron Speer, General Manager of Soos Creek Water & Sewer District, to be their alternate for the next 4-years starting in January 2019.

Next, the Board was asked for the nomination of Chair and Vice Chair to the OB for 2019. Ron Speer, Large Category OB member, nominated Lynne Danielson for Chair and Alex Chen for Vice Chair. The nominations were seconded, and the Board approved the nomination 6-0.

b. Water Conservation Program Update

Conservation Technical Forum (CTF) co-chairs Theresa Harrington, from the North City Water District, and Jessica Guthrie, from the Northshore Utility District, jointly provided a status update on development of the 2019-2028 water conservation program.

Jessica summarized 2017 work with the OB and the strategic direction provided to increase water conservation education, outreach and technical assistance and to provide fewer rebates. Jessica also described the corresponding shift in the conservation budget allocation and the new Water Use Efficiency goal adopted through 2018. For context, Jessica provided an overview of current programs and 2017-2018 activity levels, highlighting how customer demand trends appear to match the OB's direction as there has been increased demand for education programs and reduced demand for rebates.

Theresa described the 2018 work completed by the CTF, including identifying 35 program modification ideas, and the results of a prioritization exercise which determined which modifications to implement first. Theresa also went over the 2019 Implementation Schedule and planned 2019 CTF meetings, mentioning that April 2020 will be the next time that a Water Conservation Program update will be provided to the OB.

Kelly O'Rourke, SPU Water Conservation Manager, stepped in following Theresa's and Jessica's presentations to address an Operating Board member's question regarding water conservation timing and whether there is more value in shaving peak summer water use or more value in shaving base water consumption. Kelly explained that the Water Conservation Program targets water conservation all year, addressing both peak use reduction and base use reduction.

Kelly shifted topics to discuss the communication procedure for rebates in the wholesale customer area. She described how this had been done in the past, the procedural change made in 2017, and proposed a modified procedure for the OB's consideration. The intent of the proposed change is to streamline the process, while still keeping senior utility management informed timely of larger

projects in their service area. The proposed procedure would be for the SPU program manager to email the CTF representative, with the OB representative copied on the email, as part of what Kelly described as Touch Point #1 where SPU reaches out to the wholesale customer to verify customer information, gather consumption data if appropriate, and inquire if the CTF representative is interesting in attending a potential project pre-inspection. Diane Pottinger, North City Water District General Manager and the Medium Utility Category Board Member, asked for a couple of weeks to consider this proposal.

c. Facility Charge – Audit

Regina Carpenter, SPU Principal Economist, reminded the group of what Facilities Charges (FCs) are, described the process for how wholesale customers self-report FC payments using a standard form, and pointed out relevant contract sections IV.E.9.d and IV.E.9.b. Regina also described applicable findings from a routine Seattle March 15, 2018 Water Sales Audit as related to wholesale customer reporting of FCs. Regina outlined a plan for implementing the auditor's recommendations starting in the spring of 2019 and relayed that SPU's Accounting Department will be working with each wholesale customer to identify a convenient way for them to document FC payments. SPU's Risk and Quality Assurance Division will be periodically conducting audits of these payments.

d. 2018 Annual Survey Results

Bruce Flory, Principal Economist, provided a presentation on the results of this year's Annual Survey. Contract section VI.A requires wholesale water customers to annually report data that is used to compile the Annual Survey. Bruce expressed appreciation for the time that is put into providing the data.

Bruce started his presentation with a focus on rates and bills, going over a "Comparison of 2018 Residential Rates" (Table 1.1), pointing out the variety of ways that rates are configured (seasonal rate timing, block rates, etc.), which can make a comparative analysis complicated. Bruce also talked about the "Average Monthly Residential Bills at 2018 Rates and Medium Consumption" (Figure 1.2). Bruce pointed to a "Ranking of Purveyor Bills from High to Low at Different Levels of Consumption" (Table 1.4) to show some of the trends among the utilities, saying that he thinks the information in Figure 1.4 "Average Monthly Residential Water Bills at Each Utility's Average Consumption" may be most useful.

Bruce shifted his presentation to focus on consumption data, first going over "Components of Seattle and Wholesale Water Demand: 2017" and then discussed "Wholesale Customers Ranked By 2017 Annual Retail Billed Sales" (Figure 2.2) and "Percent Growth (or Decline) in Retail Demand By Utility From 1995 to 2017" (Figure 2.3 A). Bruce went on to go over the "Total and Per Capita Retail Water Consumption: 1995-2017" mentioning that some of the changes reflected can be explained by weather and that the Wholesale Retail Annual MGD has remained relatively flat. Bruce also briefly presented information reflected on exhibits titled "Seattle System Population & Winter Water Consumption: 1982-2018", "2017 Single Family Consumption per Household in Gallons per Day (CCF per Month)" (Figure 2.5), and "Single Family Residential Consumption per Household" (Figure 2.7) and asked for input on the information that the OB would find most helpful in the future.

e. Water Quality Update

Wylie Harper, SPU Drinking Water Quality Director, provided an update on a recent atmospheric river and related turbidity in the Tolt Reservoir in early November 2018. Wylie described how the Tolt Operators were able to adjust operations to ensure that water continued to meet regulatory

requirements and he described how this was coordinated with some purveyors and the lessons learned.

4. Executive Summaries and Other Business

- Alex Chen called attention to the following materials that were provided at the meeting:
 - Water Consumption vs. Rate Study – *monthly handout*
 - Water Supply Update, Report as of December 3, 2018 – *monthly handout*
- Alex also relayed that SPU continues to work with King County on the Reclaimed Water issue.
- Kathy Curry passed on the news that Water District (WD) 20 and WD 45 are merging and that WD 20 will be taking over operations and maintenance for WD 45 at the end of 2018 to cover the time until a merger vote occurs on February 12, 2019. Along with this, Kathy relayed that Mike Harris, WD 45's General Manager, would be retiring at the end of 2018. Kathy also let the group know that, following this merger, the number of utilities in the Small Utility Category would be reduced to 5 and that the Large and Medium Utility Categories would remain the same with 6 utilities in each of these categories.
- Alex Chen provided a brief hatchery update, explaining that SPU has recently received letters from the Washington Department of Fish and Wildlife and the Muckleshoot Indian Tribe related to the decline of Sockeye. Alex went on to explain that SPU evaluates this information with our responsibility to both fish and our rate payers in mind.

5. Future Meetings

- Kathy Curry reminded the group that with the January OB meeting canceled, the next OB meeting will be on February 7, 2019.

6. For the Good of the Order

- Diane Pottinger reminded the group of upcoming King County Hazardous Waste meetings.

7. Public Comment Period

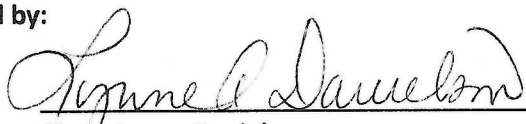
- None

8. Material presented at Meeting

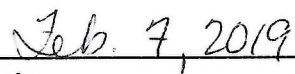
- Copies of presentations described on the agenda were provided either provided in advance or at the meeting.
- Other handouts supplied are as described above under *Executive Summaries and Other Business*

9. Board meeting was adjourned @ 4:00 PM

Approved by:



Chair, Lynne Danielson
Seattle Water Supply System Operating Board



Date