

WATER DISTRICT 19
BOARD OF COMMISSIONERS MEETING
Tuesday, November 13, 2018

REGULAR MEETING 5:30 PM

Board President **Bob Powell** called the regular meeting of the Water District 19 Board of Commissioners to order at 5:30 PM. Commissioners **Seth Zuckerman** and **Michael Weller**, General Manager **Jim McRae**, Water Treatment Operator **Jamie Hatton** and Office Administrator **Melody Snyder** were also in attendance. Visitors present were Edith Linden, Carolyn Wilber, Sue Gardner, Rob Harmon, Bill and Susan Tobin, Chris Szala, Mike Chait, Tim Gable and Aimee Demarest.

AGENDA:

• **VISITOR BUSINESS**

- Tim Gable – Water District 19 Customer – suggested motions for administrative review and the reversal of the CWA issued to Vashon Household for the five building, 8 rooms per unit and one common house for kitchen and laundry facilities. **Commissioner Powell** stated for the record that under advisement from counsel that no decisions will be made at this meeting. Mr. Gable brought questions to the Board as an opportunity for him to speak, for the public to hear, see and to bring forward the motions he was suggesting. From what he’s read, he feels that the district has not followed its bylaws in issuing a Residential CWA utilizing the process for Commercial use. He asked why it didn’t read Commercial. **Commissioner Powell** stated that it’s a project that doesn’t fit the normal existing categories. The CWA was issued based on water using fixtures provided by a professional engineering report. District bylaws do address building issues with the county, not the state. **Commissioner Powell** is comfortable saying that in any way of looking at this, district’s policy may inadequately guide us, but there is ample water available to meet the project’s water needs. Mr. Gable asked the board to pay attention to the 1996 Vashon town plan, and King County’s Comprehensive plan that excludes that area for high density development and that the district has a responsibility to follow. The questions raised by Mr. Gable will be forwarded to the district’s counsel.

- Vashon Household Representative – Chris Szala said that he can’t speak to the water district process, or the controversy surrounding the process. They could put in 5 residential houses with 8 bedrooms. **Commissioner Zuckerman** ask Mr. Gable since he had brought up issues that relate to the district’s policies; what was bothering him the most about the project? Mr. Gable felt that the sale was a back door operation. Mr. Szala did not concur. **Commissioner Powell** and **Weller** both expressed that the district is taking Mr. Gable’s concerns seriously. Again Mr. Gable brought up the 1996 Vashon town plan, and King County’s Comprehensive plan that excludes that area for high destiny development. Mr. Szala noted that this parcel worked well for this project because they didn’t have to deal with wetlands. Drilling a well is not a possibility and they have to work with the sewer district, as this project cannot use a septic system. Operating low income housing is not cost effective, but the need for housing on Vashon outweighs the cost. Mike Chait, a district customer and a nearby neighbor expressed concerns over who would be monitoring the residences. Possibility of more occupants than allowed. Vashon Household representative stated that social staff would be on-site to monitor activity. **Commissioner Powell** noted that much of the issues brought up were discussed last spring

when Vashon Household approached the district with this project. The parcel could support the development.

• **BOARD – ACTION REQUIRED**

- Approval of minutes – Thursday, Special Meeting September 6th, 2018 – **Commissioner Zuckerman** made a Motion to approve the minutes as amended; seconded by **Commissioner Powell** and approved unanimously.
- Approval of minutes – Tuesday, Meeting October 9th, 2018 - **Commissioner Zuckerman** made a Motion to approve the minutes as amended; seconded by **Commissioner Powell** and approved unanimously.
- Approval of minutes – Tuesday, Special Meeting October 23rd, 2018 – **Commissioner Powell** made a Motion to approve the minutes as presented; seconded by **Commissioner Zuckerman** seconded and approved unanimously.
- Review Request to Rescind CWA for Vashon Household – No decisions were made at this meeting.

• **BOARD – DISCUSSION/TABLE/MORE INFORMATION**

- Discussion on rate increase for 2019 – **Commissioner Zuckerman** noted that the model provided by Katy Isaksen considers some of the investments outlined in the capital improvement plan, including funding for improvements on a pay as you go process. While we can do projects gradually over the years, we should consider actually accelerating key projects through obtaining outside funding, thus reducing leakage in the older mains more rapidly. The pay as you go doesn't adequately address fire flow and the delivery of quality water with the scenarios, so discussion should include increasing the rates more steeply, how far we would need to go to catch up and consider cost of living increases. Objectives the board discussed included: Raising revenue for capital projects, encouraging customers to adopt efficiency measures to free capacity in the system, remaining aware that rate increases will impact some customers more than others, in particular low-income and fixed-income customers. The board also discussed possible changes to tiers, use types, etc to reduce the impacts on high water rates to some groups of users such as agriculture. Presently, a capital improvement plan with about 90% main replacements and 10% well work addresses the critical work that needs to be done. That need is because the amount of leakage is unacceptable as it is believed to be in excess of 10% and perhaps even as high as 14-15%. This represents many households' worth of water, which would reduce some of the need to find additional capacity without adding additional water resources. Customer Rob Harmon expressed that he was very happy about what the district is thinking about rates, revenue requirements, robust infrastructure, etc. Between fixed charges and the marginal cost, maintaining lower base costs and higher marginal costs sends the right signal. Customer Edith Linden agreed, but reminded the board that some customers are on fixed incomes and overall rates increase are hard for those individuals.
- Considering the model from Katy Isaksen, the first step for General Manager McRae is to obtain the model and set it up for modeling changes made by the board vs. the steps proposed in the existing model's rate structure. **Commissioner Powell**, in recognizing the full schedule over the year's capital improvement budget, suggested considering the rate structure over a 10-year timeframe. **Commissioner Zuckerman** expressed the need to get a rate boost as soon as possible and is hoping that the board would agree on a tentative rate structure for 2019. The idea expressed was to recognize that the District really hasn't raised rates in many years, so a 20% boost for 2019, followed by small increases to catch-up should be the plan. In the interim, staff and interested board members agreed to work on different scenarios.
- **The Board** called for a special meeting to be held on Thursday, November 29th, 2018 at 5:30 PM in the district's board room to continue discussion on the rate increase, the comprehensive plan and other business as necessary.

- To get a better handle on the costs for easements and right-of-way in the CIP, **Commissioner Zuckerman** made a Motion to approve the CIP cost presentation for easements and right-of-way for the SW 216th Street main replacement project with Gray & Osborne for \$12,000.00; Motion seconded by **Commissioner Powell** and approved unanimously.
- Water System Plan (continue with Chapters 1, 5 & 7) - Postponed
- General Manager Update - Postponed
- Status of the claim on Beall Water Rights – No documents submitted to district counsel.

• **OPERATIONS REPORT**

- Monthly Operations Report – mailed in advance of the meeting

• **ADMINISTRATION REPORT**

- Financial Update through October 2018 – mailed in advance of the meeting

Commissioner Powell made a Motion to conclude the meeting at 8:34 PM; Motion seconded by **Commissioner Weller** and approved unanimously.