



UTILITY BOARD MINUTES SPECIAL VIDEO MEETING OCTOBER 14, 2020

CALL TO ORDER & ROLL CALL

Chair O'Connell called the meeting to order at 5:00 pm from a remote location.

Vice Chair DeBoer and Board Members Stephen Majewski, George Marshall, Stephen Milton, William Pokorny, and Brian Thomas participated remotely using a video teleconferencing platform by Zoom.

Council Liaison Lisa Anderl was also present.

Public Works Director Jason Kintner, City Clerk Deborah Estrada, and several staff members participated remotely.

REGULAR BUSINESS

Review and consider approving the September 23, 2020 Minutes

It was moved by DeBoer; seconded by Pokorny to:
Approve the minutes.

It was moved by Marshall; seconded by Thomas to:
Amend the minutes to include that there was consensus by the board expressing its appreciation to King County for the recognition and modification made to the King County North Mercer Island Interceptor and Enatai Interceptor Upgrade project.

A roll call vote was conducted, and the results were as follows:

Passed 7-0

FOR: 7 (DeBoer, Majewski, Marshall, Milton, O'Connell, Pokorny, and Thomas)

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Passed 7-0

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Preliminary 2021 Water and Sewer Rate Discussion

Angie Sanchez, Vice President of FCS Group, reviewed the water and sewer rate update with the Utility Board, explaining that the focus was to present key data inputs and assumptions and provide a summary of preliminary water and sewer findings.

Rate Update Overview:

- Evaluate sufficiency of current rates to meet all utility financial obligations
- Develop rate plan to balance financial needs and minimize customer impacts
- Multi-year rate plan with rate focus on 2021-2022
- Last external rate study completed in 2010

Key Data Inputs/Assumptions:

- Study period 2021-2026
- Rate revenue
 - Water – 2019 revenue levels based on historical usage and COVID considerations
 - Sewer – 2020 budget maintained as revenue more stable
- Preliminary 2021/2022 biennial budget used as baseline for expenses
 - City tax increase to 8% in 2021 and 2022 back to 5.3% in 2023
 - Applied on top of customer bill
- Incorporated City provided Capital Improvement Plan

- Focus is on prioritizing critical infrastructure

Water Revenue Requirement:

- 2021-2026 Operational Costs - \$5.5 to \$6.6 million
- 2021-2026 Capital Plan - \$33.1 million in total escalated spending
- Revenue Requirement Summary – 5.25% Increase

Sewer Revenue Requirement:

- 2021-2026 Operational Costs - \$8.5 to \$10.3 million
- 2021-2026 Capital Plan - \$20.6 million in total escalated spending
- Revenue Requirement Summary – 4% Increase

Stormwater Revenue Requirement:

- Financial Policies to help guide the financial management of the City:
 - Operating Reserve
 - Capital Reserve
 - System Reinvestment Funding
 - Debt Service Coverage
- 2021-2026 Capital Plan – total escalated CIP of \$8.5 million
- Revenue Requirement Summary – 5.5% Increase

It was moved by Milton; seconded by Majewski to:

Recommend to City Council a 5.5% increase to stormwater rates for 2021-2022 biennium

A roll call vote was conducted, and the results were as follows:

Passed 7-0

FOR: 7 (DeBoer, Majewski, Marshall, Milton, O'Connell, Pokorny, and Thomas)

It was moved by Marshall; seconded by Pokorny to

Recommend to City Council a 5.25% increase to water rates for 2021-2022 biennium

A roll call vote was conducted, and the results were as follows:

Passed 7-0

FOR: 7 (DeBoer, Majewski, Marshall, Milton, O'Connell, Pokorny, and Thomas)

It was moved by DeBoer; seconded by Milton

Recommend to City Council a 4% increase to sewer rates for 2021-2022 biennium

A roll call vote was conducted, and the results were as follows:

Passed 7-0

FOR: 7 (DeBoer, Majewski, Marshall, Milton, O'Connell, Pokorny, and Thomas)

Review Utility Board Work Plan

The next regular video meeting will be on Tuesday, November 10 at 5 pm.

Director Kintner provided a brief overview of the November 10 Agenda:

- Recology Solid Waste Annual Report
- SCADA Project Update
- Booster Station & Water Vulnerability/Risk Assessment Project Updates

ADJOURNMENT

There being no additional business, the Special Video Meeting adjourned at 6:25 pm.

Attest:

Tim O'Connell, Chair

Deborah A. Estrada, City Clerk