

Approved May 2, 2016 Amy Cole, secretary

Minutes: Special Meeting of the Westside Water Association

Date: March 28, 2016

Location: Havurat Ee Shalom

Board Members Present: Judy Olson, Theo Eicher, Bob Jones, Jennifer Pratt,

Also Present: immediate Past President Pat Call, System Manager Doug Dolstad

Meeting was called to order at 7:04 pm.

- WWA Members in attendance: 6
- A handout was distributed that showed a map of WWA pipelines, their approximate age and a related spreadsheet showing when they will reach the end of their expected lives and their estimated replacement costs.

Brief Overview:

The meeting was called by the board to answer questions regarding the new water rate structure that goes into effect with the May 2016 billing (reflecting use during March and April).

Jones presented an introductory overview of the process of responding to the call at the 2015 Annual Meeting to investigate whether or not WWA was saving enough reserves for its longer term capital replacement needs (through 2030). Over the course of the fall, the Asset Replacement Schedule was revised. It was determined that WWA should be saving \$30,000 per year for asset replacement and saving \$12,500 per year for repairs. An increase in rates was needed to meet this level of savings. A Rate Committee was formed this winter to make recommendations on reaching this savings goal. Immediate Past President Pat Call volunteered to head the committee, to consist of both board members and WWA members. The Rate Committee recommended that rates increase by 8% (2% inflation for the years 2012 - 2015 + 6% step-up in rates across all the consumption tiers). The committee also recommended that the consumption-based Washington State Public Utility Excise Tax (currently 5.029%) be passed on to the WWA members. At its March 2016 meeting, the board voted unanimously to adopt the committee's recommendations effective with the May 2016 billing.

It was stated that a more detailed description of the above process can be read in the January 2016 and March 2016 Newsletters, found on the WWA website.

(Q.) Questions and (A.) Answers

Q. According to the Vashon Emergency Operations Center, water system operations need to have sufficient diameter pipes for emergency situations. Does WWA's water pipes have sufficient diameter? How do you determine what is adequate?

A. WWA has water pipes with diameters from 2"- 8" and the size is sufficient for its location and use. A 2" pipe can flow a 100 gal/min. We look for a balance of water pressure. You don't want water that is moving at too high of a rate because it's too powerful. You also don't want water moving too slow because it creates stagnant water. Considerations on diameter are based on the current need as well as possible growth in that area. There are 2 fire hydrants connected to 8" pipe that have a capacity of 1000 gal/min. in case of an emergency. The fire department knows where these are.

Approved May 2, 2016 Amy Cole, secretary

Q. Is an increased rate of 8 % sufficient at this time to avoid any anticipated rate increase for capital project cost changes in the near future? Will this 8% increase keep the reserve fund from being depleted quickly? Are you confident the rate increase will cover WWA's needs?

A. Estimation can be difficult. To the best of our knowledge, the cost estimate to replace what we have is reasonable. The items needing replacement will not need replacing all at once, but over a 20 year period. WWA is committed to continuing the practice of annual readjustment based on inflation during the previous year. There has been a 2% increase in inflation from 2012 to now.

Q. Does WWA have an association of rural water utilities for comparison or guide lines?

A. There are agencies that support systems for small utilities (including water and sewer) that WWA consults with. WWA also consults with an engineer, and with King County Department of Health. All the consultants have interest in water system purveyors being financial viable. A review of financial planning is expected every 5 years.

Q. What does the federal excise tax contribute to WWA members?

A. WWA has been paying for the excise tax since about 2006 for its members while some other water districts passed on this tax directly to their customers. If the rate committee had not recommended passing the excise tax on to the members to pay (cost based on water use), then the rate increase would have been higher.

Q. Would paying a lump sum up front instead of implementing a rate increase be more beneficial?

A. WWA has taken a big step forward in planning for the future. WWA's goal is to make sure that needed rate increases go up steadily rather than a sudden high increase like 13+%. Annual review and adjustment in finances is necessary to keep it from getting complex or unmanageable. WWA needs to practice successful financial planning so that the current board and future boards can move forward with an adequate reserve for repairs, maintenance, and future capital improvements.

Q. Do you have a sense of support in general of the membership?

A. There has been no opposition with regards to the rate increase to date.

Q. Was anyone on the Rate Committee in opposition of the rate increase?

A. No. The members, who came from a cross section of varied economic incomes, didn't have any opposition to the rate increase. Members commented that the proposed rate increase was not punitive or out of line with the needs of the Association.

Q. What water rights to Shinglemill Creek does WWA hold in case of an emergency like an earthquake?

Approved May 2, 2016 Amy Cole, secretary

A. WWA has the rights to Shinglemill Creek and all its tributaries and springs, including surface water and ground water. WWA also has water rights to the Anderson Well.

Q. Will there be a #2 Anderson Well assessment?

A. Yes, the rate committee recommended that it be about the same bi-monthly charge as the first Anderson Well assessment. The final assessment schedule will be determined once the project is completed.

Q. How will the rate increase and the cost of the #2 Anderson Well assessment affect funds for the reserve account?

A. Funds from the assessment will cover the cost of the well. Drawing from the reserves is not an option to cover this new capital project.

Q. Was there an open competitive bidding process for the second Anderson Well?

A. All drilling companies that were willing to come to Vashon, qualified, and familiar with the topography of Vashon, were invited to submit bidding proposals. WWA received 5 bidding proposals to review.

*Meeting adjourned at 8:01 PM
Recorded by Jennifer Pratt, Vice President*