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**MINUTES OF A REGULAR MEETING OF
THE BOARD OF COMMISSIONERS OF
RONALD WASTEWATER DISTRICT**

January 22, 2013

A regular meeting of the Board of Commissioners of Ronald Wastewater District was convened at the District office at 5:30 p.m. on Tuesday, January 22, 2013 by Board President Wadekamper. In attendance were Commissioners Brian Carroll, Arnold Lind, Richard Matthews, Robert Ransom and Arthur Wadekamper. Also present were General Manager Michael Derrick, Maintenance Manager George Dicks, Accounting Manager Jen Chen, District Consulting Engineer Scott Christensen, and District Counsel Joe Bennett. Members of the public present: none.

ADMINISTRATIVE

Additions/Adjustments to Agenda?

The Board agreed to take Item 8 out of order.

Handouts

- A. Summary of 2012 random drug and alcohol testing report of District employees: all negative (i.e. not positive for drugs). Commissioner Ransom suggested that the District expand random drug testing beyond CDL employees.
- B. Seattle Daily Journal of Commerce article dated 1/17/13 regarding CSO program.

PUBLIC COMMENT

None.

1. Approval of Contracts with Hendricks – Bennett, PLLC and CHS, LLC. The Board considered the professional services contracts with the District's general counsel (Hendricks – Bennett, PLLC) and engineers (CHS, LLC). Upon motion of Commissioner Matthews and second by Commissioner Carroll, the Board voted 5-0 to approve the contracts and authorized President Wadekamper to sign on behalf of the District.
2. Cost Estimate for Lines South of North 145th. Mr. Christensen gave the explanation of the District's liability shared lines with the City of Seattle south of 145th. The District's share of repair/replacement of these lines is 40% of Seattle's construction costs which are calculated to be over twenty-four million (\$24,000,000.00) dollars. The District would be required to pay over nine million

(\$9,000,000.00) dollars if the all the lines were repaired/replaced as one project. The project costs will increase because the lines will not be replaced/repared as one project but most likely will be replaced/repared over many years. It was pointed out by the engineer that the District's project multiplier costs are lower than that of the City of Seattle and other cities in general. The repair/replacement costs would be significantly lower if the District were to do the construction work because of the lower overhead costs special districts have compared to larger governments such as cities and counties. Commissioner Carroll recommended that this be reported as a contingent liability in a footnote to the District's financial statements.

Mr. Christensen left the meeting at 6:00 p.m.

3. Vouchers. Mr. Derrick presented and the Board discussed vouchers in the aggregate amount of \$954,130.83 broken down as follows: (a) AP Vouchers #0130040 through #0130090 in the amount of \$906,842.66; (b) ACH Payroll of \$28,018.94; (c) Payroll taxes of \$10,622.60; and (d) State of Washington DOR, Excise Tax (2nd PR only) in the amount of \$8,646.63. Upon a motion by Commissioner Carroll and second by Commissioner Matthews the Board approved all of the vouchers presented by a vote of 5-0.

4. Journal Adjustments. Upon motion by Commissioner Carroll and second by Commissioner Matthews, the board voted 5-0 to approve the journal adjustments in the amount of \$1,347.77. The commissioners then initialed the adjustments.

5. Financial Report; Accounts in Collection and Bankruptcy. Mr. Derrick presented the financial reports and balance sheets for the month of November of 2012. He also presented the fund balance of the District's investments in the King County Investment Pool for November 2012. Mr. Bennett stated that the collections report would be presented at the next meeting.

6. Consumption Sewer Based Billing: Report. Mr. Derrick explained the background and the frequent questions from customers asking why the District does not bill based on water consumption. Mr. Derrick presented a comparison of other sewer utility charges in the greater Puget Sound area. He analyzed what RWD sewer billing would be based on different water usages. The result is that most customers would pay more for consumption-based usage. In addition, customers would likely reduce water consumption to lower their water and sewer bills, which would in turn necessitate the District charging higher rates to make up the revenue difference. He also stated that most customers prefer the predictability of flat rates to the variable rates of consumption-based billing. Commissioner

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Ransom suggested the District think about a \$1 surcharge on the sewer bill for high water usage.

7. Combined Utility Bill with Shoreline Water: Board Authorization. Mr. Derrick requested authority to develop a letter of understanding for combined sewer/water billing with Shoreline Water District for the 4,000 customers who are served by both districts. Commissioner Carroll asked whether the District could combine billing with the City of Seattle. Mr. Derrick requested authorization to proceed and devote the necessary staff time to develop the letter of understanding and the process leading to a combined bill. Upon motion by Commissioner Carroll and second by Commissioner Matthews, the Board voted 5-0 to authorize Mr. Derrick to develop a letter of understanding that will later be submitted for Board approval. Commissioner Matthews stated that there is a benefit for all consumers.

9. Public Outreach: Sindelar Communications . Mr. Derrick presented a memorandum recommending expanding the scope of the Sindelar Contract in an amount not to exceed \$10,000. Upon motion by Commissioner Carroll and second by Commissioner Lind, the board voted 5-0 in favor of the expanded scope and price of the Sindelar contract.

LEGAL REPORT

None.

PERSONNEL

None.

MAINTENANCE REPORT

Mr. Dicks reported on a proposal for a 400-unit apartment building adjacent to Aurora at the Westminister Triangle. Mr. Dicks explained that sewer maintenance is not appreciably impacted by cold weather.

COMMISSIONERS' COMMENTS AND REPORTS

Commissioner Lind recommended including a note to customers from the commissioners on sewer bills. Mr. Derrick explained what could be done in-house and what would have to be done by the billing contractor. Commissioner Carroll reported on the City's study of Storm Creek and Boeing Creek. Commissioner Matthews reported on Mr. Derrick's presentation with Diane Pottinger to the Shoreline Rotary last week. He suggested that this is the kind of presentation the two districts should continue to do. He also reported on discussions with the city manager. Commissioner Lind reported on the upcoming MWPAAC meeting and the members applying for leadership and committee chair positions.

GENERAL MANAGER'S REPORT

Mr. Derrick reported on his recent meetings with other utility general managers. He has yet to hear back from the City of Lake Forest Park.

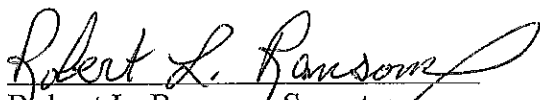
TOPICS FOR FUTURE DISCUSSION/CITY REPORT

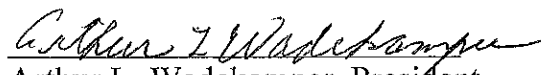
None.

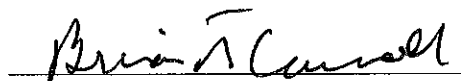
CONCLUSION

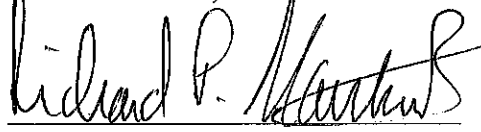
There being no further business, President Wadekamper concluded the meeting at 7:04 p.m.

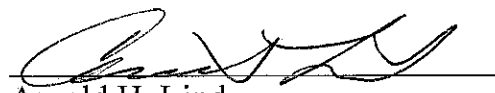
APPROVED in open meeting this 12 day of February, 2013.


Robert L. Ransom, Secretary
Commissioner, Position 1


Arthur L. Wadekamper, President
Commissioner, Position 2


Brian T. Carroll, Vice President
Commissioner, Position 3


Richard P. Matthews,
Commissioner, Position 4


Arnold H. Lind,
Commissioner, Position 5