

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF COMMISSIONERS OF
RONALD WASTEWATER DISTRICT
MAY 1, 2012

A Special meeting of the Board of Commissioners of Ronald Wastewater District was convened at the District office at 12:00 noon on Tuesday, May 1, 2012 by Board President Carroll. In attendance were Commissioners Brian Carroll, Robert Ransom and Arthur Wadekamper, General Manager Michael Derrick, Maintenance Manager George Dicks, Accounting Manager Jen Chen, and Joseph Bennett, District counsel. Also in attendance were Deputy Mayor Chris Eggen and John Norris of the City of Shoreline.

Additions/Adjustments to Agenda?

None.

1. Board Discussion of Proposed City Ordinance 634. Mr. Derrick discussed two spreadsheets that compared the City's proposed 6% utility tax to the current interlocal operating fee. Commissioner Carroll invited Deputy Mayor Eggen and John Norris to comment on the proposed ordinance. Mr. Eggen stated that the ordinance was specifically crafted to exempt utilities in good standing from the proposed utility tax. He stated that Ordinances 633 and 634 should be considered together. Mr. Norris stated that the City would not issue a utility tax bill to the District if the ordinance is passed. He stated that if a utility has an existing franchise agreement with the City, then there will be no utility tax on that utility. In response to a question from Commissioner Carroll, Mr. Norris stated that he will ask the City Manager and City Attorney about the District's concern that the ordinance will have an immediate financial impact. Commissioner Wadekamper expressed concern that the ordinance could have an unintended impact on other utilities such as the Highlands Sewer District.

EXECUTIVE SESSION

Upon motion by Commissioner Wadekamper, and second by Commissioner Ransom, the Board voted 3-0 to go into Executive Session for 10 minutes to discuss potential litigation pursuant to RCW 42.30.110(1)(i). The Board went into Executive Session at 12:05 p.m. At 12:15 p.m. the Board voted to extend for 10 minutes. At 12:25 p.m., the Board came out of Executive Session and went back into open session.

ACTION

Upon motion by Commissioner Wadekamper, and second by Commissioner Ransom, the Board voted 3-0 to direct Mr. Bennett to write to the City Attorney

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and propose that the City either amend ordinance 634 or Section 3.4.1 of the District's Interlocal Operating Agreement to make clear that the District would not have to pay any utility tax.

FURTHER DISCUSSION

Mr. Derrick stated that it appears the Highlands Sewer District would be subject to the proposed utility tax as well as Shoreline Water District. Commissioner Ransom stated that he did not think that the Highlands Sewer District has ever been part of the City's discussion of the utility tax. Deputy Mayor Eggen agreed, and said it would be useful to clarify that Ordinance 634 was not intended to apply to the Highlands Sewer District.

Mr. Derrick stated that the District has a long standing opposition to utility tax on sewer and water districts. Commissioner Carroll stated that the City may lack legal authority to impose utility taxes on other municipalities. Commissioner Ransom argued against the District taking a general position in opposition to the City's proposed utility tax.

EXECUTIVE SESSION

Upon motion by Commissioner Carroll, and a second by Commissioner Wadekamper, the Board voted to go into Executive Session for 10 minutes to discuss potential litigation pursuant to RCW 42.30.110(1)(i). The Board then went into Executive Session at 12:35 p.m. At 12:43 p.m., the Board came out of Executive Session and went back into open session.

FURTHER DISCUSSION AND ACTION

Commissioner Wadekamper moved that the District's letter to the City should include opposition to Ordinance 634. Commissioner Carroll seconded the motion. The Commissioners then discussed the motion. Commissioner Ransom stated that opposing a utility tax that will not affect the District raises political red flags. It is appropriate to ask for clarification to make sure that the District won't pay extra, but to go any further raises political red flags. He suggested that the District stay out of it. In response to questions from Mr. Derrick, Commissioner Ransom stated that opposition could sway city council members to conclude that the District is uncooperative. As a result, the City may be more inclined to take a hard-nosed stand against the District. He does not want the City to look at the District as an adversary. Commissioner Carroll stated that if the District is knowledgeable about an issue before City Council, and believes it to violate state law, then the District is obliged to bring it to the City's attention. To not raise issues that the Commissioners believe to be serious would be poor stewardship and a breach of fiduciary duty. Why not urge the City to reject the ordinance before tax dollars are spent defending a flawed law?

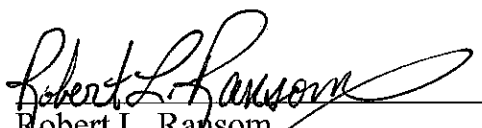
At the conclusion of the discussion, the Board voted 2-1 in favor of the motion and directed Mr. Bennett to write to the City and explain the District's opposition to Ordinance 634. Commissioners Carroll and Wadekamper voted YES. Commissioner Ransom voted NO.


Mr. Derrick commented that the representatives of the City have explained what the intent of Ordinance 634 is not (to impose a utility tax on the District). He asked Mr. Eggen and Mr. Norris if they could share what the intent is. Mr. Eggen declined on the grounds that the answer would include matters discussed in the City Council's Executive Session.

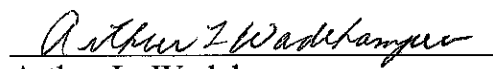
CONCLUSION

There being no further business, President Carroll concluded the meeting at 12:52 p.m.

APPROVED in open meeting: This 12 day of June, 2012.


Robert L. Ransom,
Secretary/Commissioner


Brian T. Carroll,
President/Commissioner


Arthur L. Wadekamper,
Vice-President/Commissioner