

**UTILITY ADVISORY BOARD  
MEETING  
MAY 26, 2020**

**MEMBERS PRESENT:** Bil Tucker, Chairman  
Cynthia Blondin, Dennis Cafaro,  
Mike Dougherty, James Hoffman,  
Paul Jones, George Ruchti

**OTHERS PRESENT:** City Manager, Howard Kunik  
Tom Jackson, Utilities Director  
Charles Pavlos, Interim Utilities Director  
Kristin Simeone, Finance Director  
Steve Leonard, Senior Utilities Project Manager  
Bill Harper

**CALL TO ORDER/ANNOUNCEMENTS**

- Mr. Tucker called the meeting to order at 9:00 a.m.
- A. Roll Call
- B. Next Scheduled Meeting
- 1. June 29, 2020
- Ms. Blondin expressed uncertainty as to whether she could attend the June 29, 2020, meeting.
- Mr. Tucker presented Mr. Tom Jackson, Utilities Director, with a resolution and plaque from the Board in recognition of his service.
- Mr. Charles Pavlos, Interim Utilities Director, introduced himself to the Board and provided a brief overview of his professional background.
- Messrs. Ruchti and Cafaro introduced themselves as new members to the Board.

**CITIZENS COMMENTS ON AGENDA ITEMS ONLY**

- None.

**APPROVAL OF MINUTES**

- A. Review and Approval of Minutes from February 24, 2020
- Mr. Hoffman MOVED, Mr. Dougherty SECONDED approval of the February 24, 2020, minutes. MOTION CARRIED UNANIMOUSLY.

**REPORTS**

- A. Utilities Operational Data: Review of Water and Wastewater Flows from April 2020
- Mr. Jackson provided a detailed review of the April 2020 reports from the agenda material, noting the Shell Creek Reservoir had not reached no flow conditions this year. He commented water usage had been high due to dry conditions increasing outdoor irrigation; however, same would decrease as the rainy season had commenced.

- B. City Council Action on Utilities Agenda: Utilities Agenda Items Presented to City Council in May 2020
- Mr. Jackson announced City Council approved the Utilities turnover packages for Phase 2D of Waterford Estates and for West Olympia Development, and two new members were appointed.
- C. Utilities Financial Report
- Ms. Kristin Simeone, Finance Director, reviewed the February, March and April 2020 reports from the agenda material, noting grant reimbursements were still being received. She explained additional revenues received this year could be related to the drier season, concluding the utilities budget was approximately \$1 million above what was originally forecast.
  - Mr. Dougherty noted approximately 200 to 300 new customers were added to the City's utilities system within the previous 12 months.

#### **UNFINISHED BUSINESS**

**NOTE: R.O. Plant Status Update was heard following FY 2021 Utilities Draft Budget.**

- A. R.O. Plant Status Update
- Mr. Hoffman inquired as to the rescheduled start date for the Reverse Osmosis (RO) Water Treatment Plant.
  - Mr. Steve Leonard, Senior Utilities Project Manager, replied final completion date was changed to July 2020, explaining complications with some equipment had caused delays. He stated the plant was operating every second day, concluding staff was working to resolve the remaining issues.
  - Mr. Dougherty questioned whether there were any updates regarding complications with the degassing tower.
  - Mr. Leonard responded the tower was remanufactured and reinstalled; however, cracking had begun around the base, which engineers would be examining.
  - Discussion ensued regarding complications with the degassing tower, with members confirming the RO Plant could not operate without same.

#### **NEW BUSINESS**

- A. FY 2021 Utilities DRAFT Budget: Review of Utilities Departmental Operations Budget DRAFT) and Capital Improvement Projects (CIP) for FY2021.
- Ms. Simeone provided a presentation on the proposed budget for the Utilities Department's funds, as delineated in the agenda materials. She began with a review of the Utilities Construction Fund Proforma for Fiscal Years (FYs) 2020/2021 through 2024/2025, detailing funding for replacement and rehabilitation, wastewater and water projects. She stated a rate study was in progress, noting the current proforma

did not include any rate increase. She then reviewed the Utilities Operations Fund Proforma for FYs 2020/2021 through 2024/2025, reiterating revenue assumptions included no rate increase, annual growth of 0.5% and additional wastewater revenues in FYs 2023/2024 and 2024/2025 from septic-to-sewer conversion customers. She then reviewed expense assumptions, which included personnel and operating expenses, continued use of current revenue and operating reserves to fund the 5-year Capital Improvements Program and estimated debt service for the Reverse Osmosis Water Treatment Plant (RO) project beginning in FY 2020. She reported a minimum \$3.1 million operating reserve would be maintained along with a \$1.5 million R&R capital reserve, providing a brief review of the Utilities Fund considerations. She concluded revenues had not yet been negatively impacted by the COVID-19 pandemic; however, long-term effects were still unknown.

- Ms. Blondin requested the finance reports be provided to members sooner.
- Mr. Hoffman MOVED, Mr. Dougherty SECONDED to recommend to City Council approval of the proposed budget. MOTION CARRIED UNANIMOUSLY.

**NOTE: Item A: Unfinished Business was heard following Item A: New Business.**

#### **STAFF COMMENTS**

**NOTE: Mr. Tucker requested Mr. Bill Harper's comments be included under Staff Comments.**

- Mr. Harper provided a brief overview of the history of the City's utilities system, presenting new members with a book regarding same. He noted this would likely be the last meeting he attended.
- Mr. Jackson commented Mr. Harper suggested groundwater RO was the best regulatory and cost-effective solution for improving the City's water approximately 21 years ago.
- Mr. Ruchti confirmed he would schedule a tour of the Utilities' Department facilities.

#### **COMMITTEE/BOARD COMMENTS**

- None.

#### **CITIZENS' COMMENTS**

- None.

#### **ADJOURNMENT**

- Meeting Adjourned: 10:45 a.m.

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Bil Tucker, Chairman

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Leah Pues, Recording Secretary