Utility Committee Members Rob Putaansuu, Jeff Cartwright (for John Clauson) and Cyndi Lucarelli met on January 10, 2014 at 7:30 a.m. at the Family Pancake House. Also present: Public Works Director Mark Dorsey, City Treasurer Allan Martin, Mayor Tim Matthes and Councilperson Bek Ashby (meeting was properly noticed.)

**State Department of Health 2013 Water System Sanitary Survey Response**
PWD Dorsey added this last minute agenda item to advise Committee members that pursuant to the 2013 Sanitary Survey Report results (dated October 17, 2013) an unbudgeted water system improvement design for City Hall Wells #4 and #7 and the associated Stillation Basin, will be “required” in 2014. Actual improvements will occur in 2015 pursuant to DOH acceptance of the proposed Corrective Action Plans. *To be continued.*

**Regional Decant Facility Retrofit – Consultant Selection:** PWD Dorsey summarized for Committee members an upcoming Council Action on the January 14, 2014 Regular Meeting Agenda regarding a $120,000 State Ecology grant award to retrofit the City’s current Decant Facility and discussed the design consultant selection process. In brief summary, the City will receive a grant to design a new state-of-the-art “regional” decant facility to be constructed in the near future. The consultant selection process involved sending RFP’s to 8 qualified firms, with only 2 responses received. Pursuant to independent scoring performed by 3 staff members, the results brought forth the firm with the most direct decant facility design and grant management experience. *No further action required.*

**Developer’s Handbook – Progress Report:** PWD Dorsey updated Committee members on the current progress of the updated Developer’s Handbook (Development Guidelines.) The handbook is currently at 99% completion with final edits expected to be completed prior to the February Work Study Session, where a presentation of its contents is anticipated. *To be continued.*

**McCormick STEP Conversion Program 2014 – Next Steps:** Committee member Putaansuu provided Council members Cartwright and Ashby with a brief historic summary of the McCormick STEP Conversion program. PWD Dorsey then updated Committee members as to the current status, whereby the City already has 11 positive carry-over conversion responses from last year and a current total positive response of 33, with 90 requests mailed out for the 2014 program year. Committee direction was to schedule a public meeting, but PWD Dorsey is requesting that “if” the City reaches the required 60 positive conversion responses within the current mailing, another public meeting would not be needed. *To be continued.*
**Water Meter Conversation:** PWD Dorsey and Treasurer Martin discussed with Committee members the unintended consequences of the EPA’s Lead Rule as it relates to the fabrication of water meters. For now, the City will need to upgrade to a higher cost Sensus Meter to maintain a meter base with bronze body and threading, rather than 1) accept the Sensus HDPE (all plastic) body alternative, or 2) switch vendors, which creates additional unintended consequences with program reading and utility billing. Dorsey and Martin also discussed the need to pursue a future (2015) meter upgrade program, to bring all current water meters to the current “touch read” standard and to research the potential labor/manpower savings associated with “drive-by” reads. *To be continued.*

**Well #9 Project Closeout – Update:** PWD Dorsey updated Committee members on the current status of the Well #9 Water Treatment Facility Improvement construction project close-out process and indicated that he is still working with PACE to resolve possible system design issues/concerns and to receive confirmation that there are no unresolved contractor related issues prior to the release of the I&E Construction Performance/Payment Bond. *To be continued.*

**SKWRF Operating Agreement – Discussion Continued:** As follow-up to the November 15, 2013 Utility Committee Meeting, Committee members again discussed the language in the December 23, 2013 Draft SKWRF Interlocal Agreement (with recent edits by City Attorney Jacoby) as prepared cooperatively by City Treasurer Allan Martin and WSUD General Manager Michael Wilson. For discussion summary, please see Utility Committee Notes dated 1/10/2014 as prepared by Treasurer Martin attached herewith. *To be continued at the January 15, 2014 SAC Meeting.*

**Next Meeting(s):** TBD - 7:30 AM at FPH
**Next SAC Meeting(s):** January 15, 2014 – 6:30 PM at SKWRF

Meeting adjourned at 9:05 a.m.

cc: Council, City Attorney, Mayor and Department Heads
2(i) this language clarifies that it is the responsibility of the city to take care of the marina pump station. The source document for this understanding is the May 1985 operation and maintenance manual for the Port Orchard / Kitsap County sewer district number 5 wastewater facility improvements. Prepared by Kramer, Chin and Mayo, Inc. The utility committee desires this clarifying language in the agreement.

4 (a) new language proposes to include financing standards referencing generally accepted accounting principles.

"Such budget shall be prepared in a manner consistent with the district’s financial management policies, which policies shall be reviewed and ratified by the advisory committee, in accordance with generally accepted accounting principles (GAAP) and State budget preparation standards.

4 (c) The city utility committee discussed the proportional share of the joint venture. The city’s annual financial report states in its notes to financial statements that the district and the city share 50% ownership in the facility’s total assets. Please see note 18. Joint Ventures page 65 Port Orchard 2012 annual report.

The utility committee discussed the draft language referencing ownership by ERU. The committee was resistant to agree to this language as drafted. The committee discussed leaving the agreement silent, or drafting language that references “the District and City share 50% ownership in the facility’s total ownership.”

4(d) (2) utility committee members sought to clarify the sole power to amend the SKWRF budget and to increase the ERU charger to the participants in a separate sentence. “... The district shall notify the advisory committee of budgetary amendments and to increases to the ERU charge rate to participants. It is the sole power of the Advisory Committee to amend the SKWRF budget and to increase the ERU charge to rate participants.”

Utility committee members discussed whether or not to include provisions that the budget and budget amendments needed to go before Council. Discussion centered around whether or not such a provision needed to be included in the agreement, or whether it could be the policy of the city and that the SAC members could act on behalf of the city; based upon a city policy that the city SAC members bring forth a recommendation to the full Council prior to final adoption of the budget, or amendment.

An option would be to add language at the end to say “It is the sole power of the Advisory Committee to amend the SKWRF budget and to increase the ERU charge to rate participant, after first authorization of Council.”
4(d) (3) the utility committee noted the reference back to 2(i)

12 The utility committee would like to have clarification from the district and plant operator on the federal requirements. Whether or not the standards are applicable today.

13 No comments other than to confirm with the district the understanding that there is no material change from the original language.

16 utility committee left open the term of the agreement. It is the desire of the members present that there be an opportunity to revisit the agreement at a set interval. The thinking is that a shorter-term allows for a sack committee review of the agreement and the success and challenges of the joint venture.