



## Highline Water District Board Workshop Meeting Minutes August 23, 2016

<b>ATTENDEES</b>		
<b>COMMISSIONERS</b> Todd Fultz Daniel Johnson Vince Koester George Landon Kathleen Quong-Vermeire	<b>HWD STAFF</b> Matt Everett, General Manager Jeremy DelMar, Engr./Operations Mgr. Debra Prior, Administrative Manager Mary Fossos, Project Coordinator, CIPs	<b>HWD ATTORNEY(S)</b> John Milne, Insllee Best  <b>VISITORS</b>
<b>Strikeouts indicate absence</b>		

### 1. CALL TO ORDER

Secretary Fultz called the meeting to order at 9:00 a.m.

### 2. APPROVE AGENDA

Motion duly made and seconded to approve the Agenda as presented. The motion carried unanimously.

### 3. CONSENT AGENDA

Motion duly made and seconded to approve the Consent Agenda as presented. The motion carried unanimously.

Consent Agenda Items are considered to be routine and non-controversial and are generally approved as a group with one motion. Any Commissioner may remove any item from the Consent Agenda for separate discussion and action. Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.080 have been recorded on a listing, which was made available to the Board of Commissioners.

**Minutes:** August 17, 2016 Regular Meeting

#### WARRANTS

Fund Name	Fund No.	Warrant Date	Vouchers	AMOUNT
Maintenance	09-075-0010	08/17/16	20356 - 20356	\$ 5,000.00
Maintenance	09-075-0010	08/25/16	20357 - 20379	\$ 32,058.10
Construction	09-075-3030	08/25/16	901913 - 901914	\$ 7,641.92

#### ELECTRONIC TRANSFER FUNDS

Description	Fund No.	Period Ending	EFT Transfer Date	AMOUNT
Payroll Tax	09-075-0010	08/12/16	08/19/16	\$ 25,704.05
Direct Deposit – Payroll	09-075-0010	08/12/16	08/19/16	\$ 63,478.88
Dept of Retirement	09-075-0010	08/12/16	09/15/16	\$ 16,178.28
Dept of Retirement - Deferred Compensation	09-075-0010	08/12/16	08/19/16	\$ 4,073.00
Health Equity (KC-BEN96)	09-075-0010	08/12/16	08/19/16	\$ 256.96
Health Equity (KC-BEN105)	09-075-0010	08/12/16	08/19/16	\$ 101.18
HRA VEBA (KC-BEN60)	09-075-0010	08/12/16	08/19/16	\$ 5,672.72
Dept of Revenue - B&O Tax	09-075-0010	07/31/16	08/26/16	\$ 93,848.05

#### CONSENT AGENDA RESOLUTIONS

Item #	Resolution #	Description
None		



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**3A. WATER CONNECTION CHARGES PUBLIC HEARING  
PROPOSED 2017 GENERAL FACILITY CHARGES (GFC)**

Secretary Fultz opened the Public Hearing at 9:04 am. The purpose of the hearing was to give the public an opportunity to comment on the proposed adoption of the new GFC rates for 2017.

Jeremy DelMar, Engineering and Operations Manager, gave a PowerPoint presentation (attached and incorporated herein by this reference) on the water connection charges. No members of the public attended the hearing. Jeremy answered questions of the Board. Discussion ensued. The public hearing ended at 9:34 am and the regular meeting resumed.

Action Taken: Reference Item No. 5, Resolution 16-8-23A.

**4. PUBLIC INPUT**

No members of the public attended the meeting.

**5. RESOLUTIONS/MOTIONS**

Resolution 16-8-23A authorizing the General Manager to increase the General Facility Charge per ERU from \$3,521 to \$4,000, effective 1/1/17 and all District policies, procedures, and resolutions are hereby amended and or superseded to be in accordance with the effective date set forth. Motion duly made and seconded. After discussion the motion carried unanimously.

**6. STAFF/COMMISSIONERS/ATTORNEY**

**Jeremy DelMar**

6.1 2017 Water Main Replacement Projects – Jeremy is working with Gray & Osborne to prepare a scope of services for main replacements at 2nd Ave SW and 16th Ave S by Des Moines Creek. A resolution to authorize a consultant agreement with Gray & Osborne will be presented at a Board meeting in September.

6.2 Tyee Well Redevelopment Update – The Tyee Well is operating 12 hours a day at 500 gpm. Discussion ensued.

6.3 8/17/16 Brush Fire on I-5 – The fire went up the hillside on the west side of the freeway and burned the grass around the District's Mansion Hill Tank site.

**Matt Everett**

6.4 Cost of Living Adjustment (COLA) - June 2015 to June 2016 – The COLA (2%) is included in the Local 32 contract for 2017. Matt requested the same for non-union employees.



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There being no further business of the District, Secretary Fultz concluded the meeting at 10:00 a.m.

**BOARD OF COMMISSIONERS**

\_\_\_\_\_  
**Vince Koester**, President

\_\_\_\_\_  
**Todd Fultz**, Secretary

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**Daniel Johnson**, Commissioner

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**George Landon**, Commissioner

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**Kathleen Quong-Vermeire**, Commissioner

# Water Connection Charges Public Hearing

HWD Board of Commissioners Workshop  
August 23, 2016



# RCW 57.08.005 (11)

A District shall have the following powers:

*“ ...to fix rates and charges for water, sewer, reclaimed water, and drain service supplied and to charge property owners seeking to connect to the District’s systems, as a condition to granting the right to so connect, in addition to the cost of the connection, such reasonable connectors shall charge as the board of commissioners shall determine to be proper in order that those property owners shall bear their equitable share of the cost of the system.”*



# HWD Connection Charges

HWDC 6.04 connection charges include:

- **General Facility Charge**
  - Applies to all new connections based on meter size
- **Site Facilities Charges**
  - Charge for the installation cost of meter and service line (service installation, meter drop fee, permitting if applicable)

# (Current) 2016 General Facility Charge (GFC)

A GFC is a one time charge imposed on new development (or existing expansion) to promote equity between new and existing customers. The revenue provides a source of funding for capital projects and cannot be used for M&O costs.

GFC based on meter size and Equivalent Residential Unit (ERU).  
1 ERU = \$3,521.00

An ERU is a unit of measure used to equate non-residential or multi-family residential water usage to a specific number of single-family residences

CURRENT GENERAL FACILITY CHARGES		
Meter Size	ERU Factor	General Facility Charge
3/4"	1	\$ 3,521.00
1"	2	\$ 7,042.00
1.5"	5	\$ 17,605.00
2"	8	\$ 28,168.00
3"	16	\$ 56,336.00
4"	25	\$ 88,025.00
6"	50	\$ 176,050.00
8"	80	\$ 281,680.00



# HWD GFC Rates 2003-2017

- 1/2003 - \$2,100/ERU (GFC + \$0.40/sq. ft. LFC)  
Changed GFC to meter base equivalency factor for non residential services
- 1/2009 - Raised to \$2,886/ERU (GFC + \$0.65/sq. ft. LFC)
- 1/2014 – Combined GFC and Local Facilities Charge = \$3,521/ERU
- 1/2017 – Under Consideration





# How is GFC Calculated?

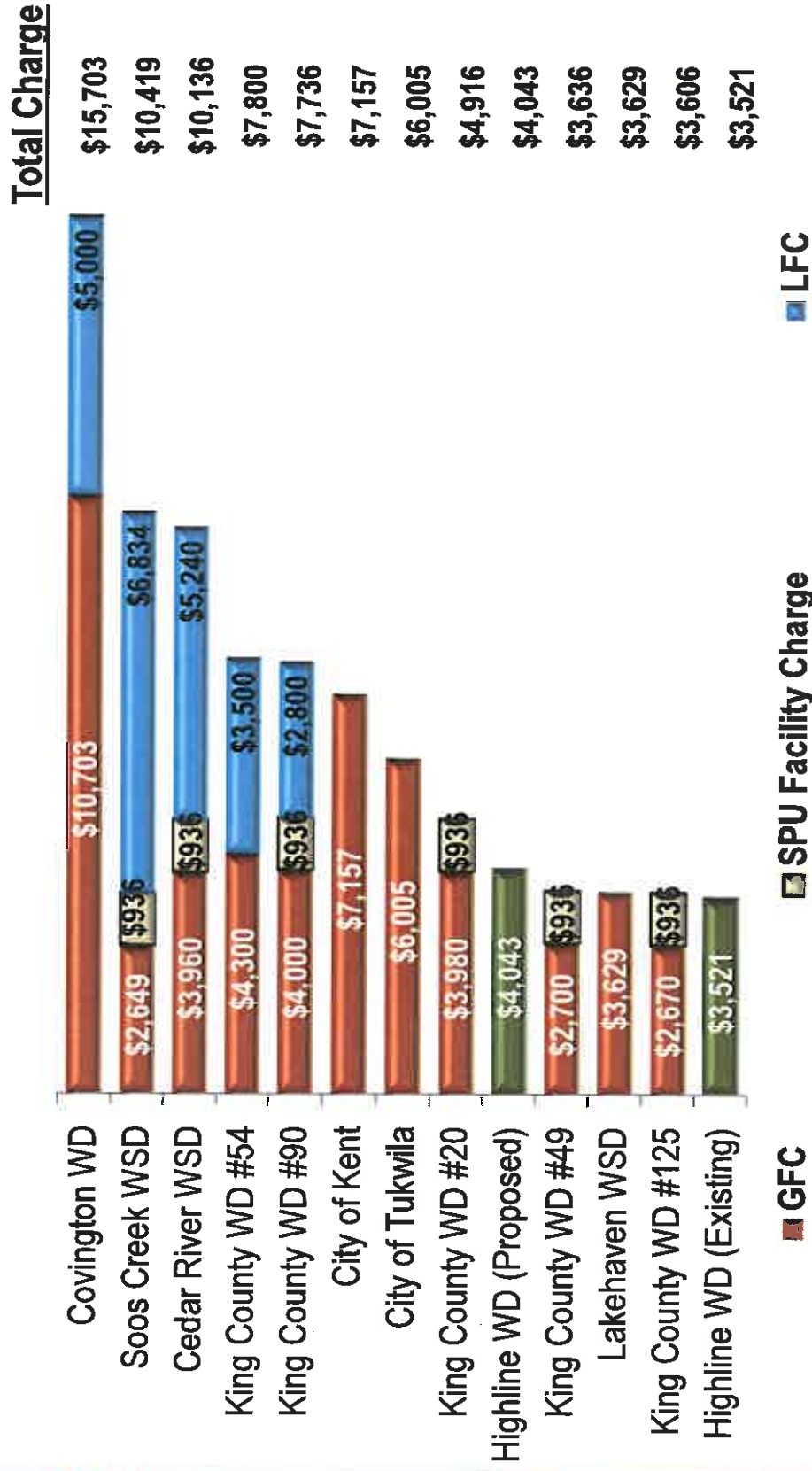
- Cost recovery of GFC includes existing and future facility costs
- Charge allowed under RCW 57.08.005(11)
- Guidelines State:
  - Charge must be based on adopted Water System Plan
  - Allowed to include up to 10 years of future costs related to growth
  - Maximum of 10 years of interest on existing assets
  - Excludes replacement projects funded by rates
  - Deduct contributions in aid of construction (CIAC)
- Other Deductions:
  - Deduct outstanding debt service (net of cash balance) to recognize some existing assets paid for through debt and collected from rates
  - Resultant costs for existing/future cost basis is divided by the existing and future ERU
- HWD does not pass on the SPU Facility Charge because of credit for own wells (\$936/ERU in 2016)

# GFC Calculation (FCSG 1/26/16)

$$\begin{array}{r}
 \text{Existing Cost Basis} \\
 \$125,776,558 \\
 \hline
 \text{Future Cost Basis} \\
 \$307,607 \\
 \hline
 \text{Existing + Future MEs} \\
 28,946 + 2,981 = 31,927 \text{ MEs} \\
 \hline
 \text{Future MEs} \\
 2,981 \text{ MEs} \\
 \hline
 \text{GFC} = \text{---} = \$4,043 \text{ per ME (ERU)}
 \end{array}$$

Meter Size	MCE Flow Factor	GFC
5/8" / 3/4"	1.00	\$ 4,043
1"	2.00	8,085
1.5"	5.00	20,213
2"	8.00	32,342
3"	16.00	64,683
4"	25.00	101,067
6"	50.00	202,135
8"	80.00	323,416

# GFC Comparison (FCSG 1/26/16)





## Staff GFC Recommendation

- Board may select any cost up to \$4,043/ERU
- Recommend increase from \$3,521 to \$4,000/ERU effective Jan 1, 2017
  - (net increase of \$479/ERU)
  - Easier to determine, predictable for developers, less than maximum authorized amount
- For small developers requiring a new  $\frac{3}{4}$ -inch meter, the reduced cost for the new meter/radio read device will help to offset some of the GFC increase (by approx. \$200)



# QUESTIONS?