

SAMMAMISH PLATEAU WATER & SEWER DISTRICT
1510 228TH Ave. S.E., Sammamish, Washington 98075

Minutes
November 9, 2009

Commissioner Mary Shustov, President of the Board of Commissioners, called the Sammamish Plateau Water and Sewer District Board of Commissioners special meeting to order at 9:39 a.m. A quorum represented by Commissioners Mary Shustov, Lloyd Warren, Robert Brady, Robert Abbott and Tom Harman was present. Also present were District staff Ron Little, Jay Regenstreif, Lisa Tobin, Scott Jonas, and Asea Sandine. .

WELCOME

Commissioner Shustov opened the meeting by introducing Rhonda Hilyer, Agreement Dynamics Facilitator. Shustov stated the purpose of the meeting was to conduct the Board's retreat and other District business. Shustov introduced the agenda and called for any additions.

ADDITIONS/ALTERATIONS TO THE AGENDA

- Commissioner Brady called for public input because the retreat was a public meeting. No public was present.

A. MISSION/GOALS/VALUE

Hilyer advised in reviewing the website and the packet materials and advised that she noticed there is a Board mission statement and the District has a mission statement also.

Commissioner Abbott advised he did not understand why the Board mission statement would be different from the District mission statement. Commissioner Warren advised that the Board vision statement was taken from the Retreat Final report dated March 18, 2008 and he felt it was more appropriate as a goal. The strategic plan dated June 11, 2008 was developed by staff for internal use. The Board agreed that the mission statement from the Retreat final report was a goal and not the mission statement of the Board.

The Board made refinements to the mission statement to reflect the first sentence as the mission and the remainder was to be incorporated into goals of the District.

Action: The Board directed staff to wordsmith the revised mission statement and goals and return the two items to the Board for approval.

Action: Add to the goals in the strategic plan to include Customer Service "in an equitable manner."

B. LONG TERM PROGRAM VISION & IMPLICATIONS

Commissioner Warren shared he would like to see the Board make some decisions on the repair and replacement program before the budget session so the Board is not reinventing policy during the budget sessions and also look at the drivers of the District for the next 10 years or more. Initially the District's concern was how to keep up with growth. Now growth has slowed down and the challenges before the District are the repair and replacement program, serving un-sewered areas and constructing a new maintenance facility. Commissioner Abbott expressed that the Long Term Capital Reinvestment plan projected rates of 8% through 2015 and if the District has not been following that plan he is concerned about the challenges the District will face in playing catch up for the repair and replacement program. Commissioner Abbott felt that it was better to have an annual adjustment. Commissioner Harman inquired if there were any major utility lines that would need to be

replaced or enlarged. Regenstreif advised that eventually the District will need to get more water transmissions up the hill from Issaquah and that will be a big expense.

The Board determined the following programs would need to be funded: 1) Repair and Replacement; 2) extending services; 3) Operations Facility expansion; 4) Capital money other than repair and replacement; 5) Capital money needs driven by other agencies; and 6) level of service and technological advances. The Board concluded discussion by reaching consensus on not making any changes to the repair and replacement program at this time.

C. INTERLOCAL AGREEMENT AND GOVERNANCE ISSUES

John Milne, District legal counsel, and James Tupper, special counsel, joined the meeting at 11:00 a.m.

Interlocal Agreement

Little reported Tupper had been invited to attend the meeting to address the proposed interlocal agreement and other matters involving the City of Issaquah. Tupper gave a history overview of the Lower Issaquah Infiltration Reid. Tupper advised the environmental review of the Port Blakely property occurred in the 1990s. To expedite the project the City developed the major development review team (MDRT). As development of Grandridge proceeded, Issaquah discovered early on they had a misunderstanding of the geology and hydrology of the project. Issaquah's plan was to infiltrate storm water runoff but realized their assumptions were not correct and this resulted in the Camp Creek slide. In 2001 Issaquah determined to plumb water off plateau to the LRIG and discharge the storm water to the groundwater. In June of 2005 CDM and District staff raised concerns that the LRIG would not adequately filter runoff and it was too close to the District's Wells 7, 8 and 9. The District appealed Port Blakeley's renewal of its Nation Pollution Discharge Elimination System permit due to the system's failure to treat storm water pollutants and the potential contamination of the aquifer. In 2007 the District, Port Blakely and Ecology reached an agreement. Port Blakely was to construct comprehensive water monitoring wells surrounding the LRIG and complete a 2 year groundwater/surface water study. Port Blakely then failed to construct the monitoring wells called for under the agreement after the City of Issaquah refused to issue permits. Thereafter the City of Issaquah took ownership of the LRIG complex and failed to construct the monitoring wells. In December 2007 the District appealed Issaquah's Phase II municipal storm water discharge permit to the Pollution Control Hearings Board (PCHB) due to continuing concerns of contamination of the aquifer. In July 2008 the Department of Ecology issued an enforcement order requiring the City of Issaquah to install monitoring wells as agreed to in 2007 and begin monitoring water quality of its storm water runoff and filtration at the LRIG. In spring of 2009 the City asked for continuance for settlement discussions. The City of Issaquah and the District drafted a memorandum of understanding (MOU) which was signed by the Mayor and the Board President. In June 2009 an interlocal agreement was drafted. The City was on a parallel track negotiating with Ecology for an agreed order. In September 2009 Ecology took the position that Ecology would not wait any longer and issued the City a draft amended order and advised the City could not resume discharge to groundwater. That process proceeded through three drafts. In November 2009, the Department of Ecology agreed order was signed by the City of Issaquah. After the 2 year study period, Department of Ecology will issue an order of acceptance, or issue an order for waste storm water permit.

Action: The Board determined that the Interlocal agreement was no longer needed due to the City's acceptance of the Department of Ecology agreed order. The Board did not take any action on dropping the appeal. The Board would like to discuss that matter in Executive session at the Board meeting on November 16, 2009.

Governance Issues

Milne advised the Board of the process whereby a city can attempt to assume a water or sewer district under RCW 35.13A - Water or Sewer District Assumption of jurisdiction. Milne advised the Board that some cities that have utilities have sought to transfer the utility to water or sewer district. Other cities view assumption as a means to generate revenue for the general fund thru a utility tax. Some cities feel that they should be ultimate provider. In 1997 Growth Management Act amended the statute to read "in general cities are most appropriate to provide urban utility services". Commissioner Shustov posed the question, "what problem would assumption and increased rates be solving for the rate payers". Commissioner Warren shared that some cities want to

assume because of policy issues. Commissioner Brady stated that he felt the ratepayer needs were first and foremost. He was not opposed to sitting down to have governance discussions with the cities. However, the Board needed agreement of what would be discussed before doing so. He further stated that there should be no assumptions in discussion. Commissioner Harman shared he is concerned about the possibility of increased rates if a city assumption occurred. Commissioner Abbott shared that the City of Issaquah is expecting the District to respond to the assumption issue. He felt that a discussion needed to take place but like Brady without any pre-determined assumptions.

Action: The Board determined there is value in the discussion of governance but is not sure if the discussion will be with both cities. The Board's message to Issaquah would be that they are amenable to a collaborative discussion with no pre-determined conclusion. The Board will develop a policy document for the discussion process i.e. process, framework and objectives prior to the governance meeting.

D. SUCCESSION PLANNING

General Manager Hiring Process

Little shared with the Board he intended to retire at the end of his contract which expires December 31, 2010. Little suggested the Board determine the hiring process for the next general manager. Some issues to consider are: 1) Does the Board want to appoint a selection committee; 2) Determine timeframe and budget; 3) Review job description and salary range. Commissioner Abbott inquired if there was a natural succession. Little advised that Regenstrief would be the natural succession but it was his understanding that Regenstrief was not interested in position. Little advised the current job description requires the general manager to hold a Class 4 Water Distribution Manager License and that has been shifted to the operations manager position. Little advised when Jonas was hired he obtained the Class 4 Water Distribution Manager License. Therefore by having a person on staff, that obligation is met.

The Board discussed the option of hiring a consultant. However, after discussion the Board felt that in house may be sufficient. The Board felt that hiring a consultant was more beneficial in aggressive searches or highly technical fields. With regards to the salary the Board would like an internal review done. The Board inquired of what fit the Board should be looking for. Little shared he felt that the Issaquah discussion of assumption will be one of the most critical tasks for the next general manager and that person needs to be some who can interact well. Commissioner Shustov inquired of the employment law regarding the requirement to advertise internally etc. Little advised the employee manual indicates the District will advertise internally. The Board would also like to see the position posted on the American Water Works Association (AWWA), Association of Washington Cities (AWC) and the Washington Association of Water and Sewer Districts (WASWD) websites.

Action:

- 1) The Board requested an internal salary review and job description to clearly articulate what the job entails, qualifications and minimum salary review to be completed by December 1, 2009.**
- 2) The Board would like the advertisement for the position to begin in February for an October 1, 2010 hire date.**
- 3) Interviews for the General Manager to take place in March or April of 2010. The Board suggested interviews could take place around the Spring Conference time for anyone attending the conference. It was also suggested the Board hold a public meeting for the interviewee to come and meet staff and the Board.**
- 4) July 1, 2010 General Manager is selected this incorporates 3 months of notice for the new General Manager.**

Succession Planning

Little shared that the District is participating in succession planning however, the District does not have formal document and he would like to see a formalized document for staff to be able to plan and train to attain positions. Currently Little feels that staff is handpicked for positions. Commissioner Abbot shared that you

want to invest in staff giving them the opportunity for growth but by investing in staff with training, you may lose staff seeking better opportunity. He inquired if the District could operate without serious interruption for six months if someone were to leave. Barton gave an example of Regenstreif knows the ins and outs about the District however, if she were to leave would anybody be able to find the information they needed. Part of planning for this is to ensure experienced and capable employees are prepared to assume the roles as they become available.

Action: The general manager should create a plan and report back to the Board regarding progress.

E. PERFORMANCE MEASUREMENT

The Board discussed that they are tracking performance measures and benchmarks. However, the Board has not established goals to make the data. Commissioner Brady shared he would like to see benchmarks for the top 10 projects in the Gantt style format. Commissioner Harman shared staff used to prepare monthly engineering reports regarding project information and he would like to see something similar. Commissioner Warren would like to see a more systematic process in conveying information back to the Board in the form of an Annual Work Plan and agenda.

Action: The Board will review, update and establish performance goals and benchmarks to be measured.

F. MEETING CONDUCT AND INCREASING EFFICIENCY

Currently the Board is working well. However, felt it was important to assess if any changes needed to be made in the following areas: 1) enhancing the meeting efficiency; 2) level of formality and conduct desired; 3) can decision making be improved; and 4) What type of information from staff is most helpful.

The Board discussed using Robert's rules to improve efficiency but felt that the goal of this Board was how the customer is treated and determined that the most beneficial change would be setting a time frame on public comment during the meeting and advising the customer of that. In addition, if staff works towards resolving matters before it comes to the Board this could keep the Board from anguishing over the issues. The Board also discussed how the agenda is put together and suggested that the times for each topic are more accurately scheduled. The Board felt that the information from staff was working well. However, the Board would like to be better informed of projects. Commissioner Brady suggested the use of Gantt charts. Commissioner Harman also shared that he would like to see a new president-elect each year and is in favor of rotating.

Action: 1) Staff is to draft language restricting public comment to 3 minutes and provide the draft policy to the Board for approval and inclusion on the agendas; and 2) Add commissioner comments to study session meetings.

G. TECHNOLOGY

Commissioner Shustov shared she wanted to encourage staff to be innovative and be aware of technological advances. Little shared that staff are seeking grants for a green project that would convert water into electricity at the Well 15 site. Jonas shared with the Board that with the CMMS program staff has the ability now to track 45000 assets and this is an example of a good use of technology.

FUTURE STUDY SESSIONS


At the conclusion of the retreat the Board prioritized the following topics for future Study Sessions.

- 1) Governance Issue
- 2) 2010 Legislature Agenda meeting
- 3) General Manager Evaluation
- 4) Committee Assignments
- 5) Rate increase and assumption implications
- 6) General Manager Hiring process

- 7) Policy direction on capital funding other than the repair and replacement program and policy regarding capital needs driven by agencies.
- 8) Extending sewers and review the Local Facility Charge Policy.
- 9) Succession planning
- 10) Update and set performance measurement goals and benchmarks
- 11) Dr. Rossman Presentation

ADJOURN

As there were no further persons to be heard, or business to discuss the meeting was adjourned at 3:50 P.M.


Robert Brady, Secretary