

**NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY**

**SPECIAL MEETING**

**MAY 29, 2008**

Board Members: Richard Schroeder Tom Downer  
R.D. Williams Brad Weatherby

Absent: Jim Hagen

Water District: Brian Sheldon Gwen Brake

President Williams opened the meeting at 6:00 PM at the North Beach Water Office. Also in attendance was NBPDA General Manager Michael Berlien.

Discussion centered on the Public Hearings held May 12th and 19th and the proposed rate increase submitted by Manager Michael Berlien. Michael reiterated the need for funds to cover any unforeseen catastrophic event, build Operational and Capital Reserves. President Williams pointed out that with our insurance coverage, we are responsible for the first \$500,000, which is our deductible, and if we do not have adequate reserves, our insurance coverage could potentially be dropped. We also have an obligation with our Water Revenue Bond to have adequate Reserves

Manager Berlien pointed out that in 2012, much of our infrastructure in the ground will be hitting the 50-year-old mark and we just don't know what kind of problems we will encounter as the pipe continues to age. Brad Weatherby commented that he favors the first rate option presented and that we should be prepared to take the heat for the increase. People don't want a rate increase, but they expect good service and good water. Only by continuing the looping program can we potentially eliminate many complaints we now have of dirty water. Michael also suggested that we could begin quarterly flushing to clean up the water. He pointed out that as we do the looping, we may need to cut pavement or buy easements and that could further increase the cost.

Gwen Brake expressed a strong desire to base rates on conservation pricing – meaning the price per gallon would go up the more you use. Further, she sees the need to offer a senior program for those who are on fixed incomes. President Williams stated; our Ready to Serve fee is based on the cost of operating and maintaining the infrastructure and system, the Cost of Water is the reflection of our true costs to produce the water we sell. If we increase fees for consumption only, people will conserve water but we would not be able to generate enough cash to maintain the system.

Tom Downer felt we needed to take the 3% alternative with the option to take an increase if a catastrophic event were to occur. He noted he had seen an increase in sales of well points and pumps at his store and hopes that the wells are being used for irrigation, which would indicate a conservation move. He felt that most customers were not seeking well

permits from the County. Michael suggested the 4% alternative. Brian Sheldon stated that we are just playing with numbers at that point.

Gwen felt it would be important to offer a conservation rate plan at some point, as well as a senior plan, but realizes that there is no time to look at such a structure today. Tom Downer stated this is similar to a young couple buying their first home – that we have lots of debt and very little capital.

RD reported that he had made an inquiry to the Washington State Water and Sewer Association regarding a drug policy and that the responses are “all over the place”, but feels we have some examples we can share with Counsel.

Brian reported that he has been talking with the attorney to complete the necessary paperwork for the transition to the Utility to the Water District. It looks like the likely date will be October 1; the end of the 3<sup>rd</sup> quarter.

It was agreed that the Water District Board will make a recommendation on the rate increase to the Public Development Authority after their District Meeting to be held June 2, 2008.

The meeting adjourned at 7:50 PM.

Respectfully submitted,



RD Williams, President



Celsa Johnson, Secretary