



UTILITY ADVISORY COMMITTEE
REGULAR MEETING
WEDNESDAY, NOVEMBER 14, 2018
5:00 PM – 7:00 PM
CITY HALL
COUNCIL CONFERENCE ROOM
280 MADISON AVENUE NORTH
BAINBRIDGE ISLAND, WA 98110

AGENDA

1. CALL TO ORDER / ROLL CALL / ACCEPT OR MODIFY AGENDA /
CONFLICT OF INTEREST DISCLOSURE
5:00 PM

CO-CHAIR: ANDY MARON

CO-CHAIR: JEFF KANTER

MEMBERS: CHARLES AVERILL NANCY NOLAN
 STEVE JOHNSON EMILY SATO
 TED JONES

LIAISON: RASHAM NASSAR

2. ACCEPTANCE OF MEETING NOTES – OCTOBER 24, 2018 – 5 MIN.
3. PUBLIC COMMENT – 5 MIN.
4. DISCUSS GROUNDWATER MANAGEMENT PLAN RECOMMENDATIONS BY
THE ENVIRONMENTAL TECHNICAL ADVISORY COMMITTEE (KRATZER –
ETAC CHAIR) – 45 MIN.
5. PROPOSED CODE CHANGE TO ALLOW GREEN INFRASTRUCTURE FOR
BUILDINGS IN WATER/SEWER SERVICE AREAS (BARRY LOVELESS) – 5 MIN.
6. SYSTEM PARTICIPATION FEES RATE STUDY - (BARRY LOVELESS) – 60 MIN.
7. COMMENTS FOR THE GOOD OF THE ORDER
8. ADJOURNMENT
7:00 PM

Minutes

Committee members present: Andy Maron, Jeff Kanter, Co-chairs; Nancy Nolan, Emily Sato, Charles Averill

Absent: Steve Johnson, Ted Jones

CC Liaison: Rasham Nassar (absent)

Also present: Barry Loveless, COBI Director of Public Works

The meeting was called to order at 5:06 PM by Jeff Kanter, Co-chair.

Minutes: The meeting minutes of October 3, 2018 and October 10, 2018 were unanimously approved as corrected.

Public Comment: There was no public comment.

Tour of City Utilities: Andy and Jeff reported on the City Council's tour of the city utilities. All council members except Matt Tirman and Sarah Blossom attended. Of the UAC, Andy, Jeff and Charles were present.

Proposed Code Change to Allow Green Buildings in Water/Sewer Service Areas: Barry presented a proposal that had been brought into the Public Works department from the Living Building Challenge group (www.living-future.org) who would like an exception to the ordinance requiring connecting to sewer for their project on Winslow Way West, a proposed "green" hotel. Instead, they would like to build an environmentally friendly on-site septic system and a gray-water system that would provide water treatment to a level equivalent to that of a WWTP. Competing goals were discussed (promoting innovation vs. ensuring adequate capacity and capitalization of the existing sewer district). The discussion concluded with the UAC suggesting that we might recommend a limited exception that would require treatment to a higher standard and a partial connection fee (to pay for the reserve capacity). The UAC did not think that requirement to hook up to the municipal water system should be waived, however.

System Participation Fees Rate Study: Barry led a review of the draft System Participation Fees Rate Study by FCS Group. The committee reviewed the content of the draft report and made several suggestions to make the report easier to understand. Barry will communicate the suggested changes to Chris.

SPF Memorandum: The committee reviewed the memorandum and made further revisions to reflect the recent CIP approval.

Comments for the Good of the Order: Andy led a discussion of the upcoming meeting schedule and the schedule for the rate study presentations to City Council. Andy then showed the committee resources available on the COBI website.

Adjournment: The meeting was adjourned at 6:38 pm.

The next UAC meeting will be November 14, 2018.

BACKGROUND INFORMATION

- BI has an abundance of information on its groundwater resource
 - USGS models (BI 2011; Kitsap County 2014), geologic mapping (2005 map by Haugerud), and other reports (Dion and others 1988)
 - Aspect (hydrogeologic assessments and modeling scenarios)
 - KPUD (monitoring; 1991 Kitsap County GWMP)
 - COBI (monitoring)
 - Kato and Warren, Inc. and Robinson and Noble, Inc. (2000 groundwater assessment report)
- Water Balance (Inflows – Outflows = Change in Storage)
 - Inflows: recharge from precipitation (85-90%); recharge from septic systems (5-10%); off-island aquifer flow to BI from Kitsap Peninsula (5%)
 - Outflows: pumping (5-10%); discharge to BI surface waters (50-60%); discharge to Puget Sound (30-40%)
 - Change in Storage: reflected in (calculated from) change in water levels
- USGS/Aspect Modeling and Future Scenarios
 - 50% increase in pumping; 20% decrease in recharge
 - 29% decrease in discharge to Puget Sound
 - 40% decrease in discharge to BI surface waters
 - The interaction of surface water and groundwater needs to be better defined in this future scenario because Aspect's reported change in storage was very small. However, without a larger reduction in water levels, the discharges to Puget Sound and to BI surface waters should not be affected so drastically, since the water levels are the driving force for these changes.

RECOMMENDED ACTIONS

- Develop a GWMP for BI
- Continue and expand GW and SW monitoring programs on BI

GWMP OUTLINE (from WAC 173-100)

- Section 1: Area Characterization
 - General description of topography, climate, population, land use, and water resources
 - Description of BI's hydrogeology
 - Description of BI's groundwater use, quality, and projected future use
 - Detailed breakdown of categories of water use, including residential (indoor and outdoor), commercial, industrial, and agricultural
 - Breakdown of pumping from larger COBI, KPUD, or community wells and from small exempt domestic wells
- Section 2: Problem Definition
 - Discussion of land and water use activities that could affect the groundwater quality of quantity on BI (commercial, municipal, and industrial discharges; leaking tanks; waste disposal; stormwater disposal; agricultural activities; improperly constructed or abandoned wells)
 - Aquifer over-utilization causing seawater intrusion, other contamination, water table declines or depletion of surface waters

- Section 3: Identifying water quantity and quality goals and objectives which
 - Recognize existing and future uses of the aquifer
 - Are in accordance with relevant water quality regulations
 - Recognize annual variations in aquifer recharge and other hydrogeologic factors
- Section 4: Alternatives
 - Outline various land and water use management strategies for achieving the goals and objectives in Section 3 while addressing each of the groundwater problems discussed in Section 2
 - Each alternative strategy shall be evaluated in terms of feasibility, effectiveness, cost, time and difficulty to implement, and degree of consistency with local comprehensive plans and water management programs such as the coordinated water system plan
- Section 5: Recommendations
 - Management strategies from Section 4 that are recommended for implementation
- Section 6: Implementation
 - Provide a detailed work plan for implementing each aspect of the groundwater management strategies presented in Section 5, including a listing of responsible parties and a schedule for implementation
 - Where possible the work plan should also include recommended policy statements, interagency agreements, and proposed amendments to local comprehensive plans, coordinated water system plans, and others as appropriate.

GWMP PROCESS AND BUDGET

- In-house option using WAC 173-100 guidelines that were written for an Ecology-approved GWMP process, but without going through Ecology: \$400K over 3 years (\$238K for first 2 years)
 - 0.5 FTE COBI Hydrologist for 3 years
 - Continue COBI groundwater and surface water monitoring programs at present level of funding
 - Supplement COBI groundwater monitoring to add wells near shoreline
 - Contract for additional specific model scenarios (USGS/Aspect), including a more robust modeling of the groundwater/surface water interactions
- Information mining in year 1 to complete Sections 1 and 2
- Use advisory committee in years 2 and 3 to assist with Sections 3 through 6, along with contracting for modeling support

POSSIBLE RECOMMENDATIONS FROM A GWMP

- Continue and expand groundwater and surface water monitoring program
- Consider creation of aquifer conservation zones based on assessed impacts of proposed activities on streams and wetlands that are sustained by groundwater discharge
- Develop a water conservation program
- Develop a program to incentivize and facilitate innovative methods for homeowners and business owners to use stormwater and grey water
- Develop a community-wide education program on the aquifers of BI

MEMORANDUM

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TO: City of Bainbridge Island City Council

FROM: Utility Advisory Committee

DATE: ~~October 24~~ November 14, 2018. (Draft 11/120/22/18)

SUBJECT: Recommendation on City's Water and Sewer Utilities' System Participation Fees and Preliminary Report on Water and Sewer Rate Study

The City is in the midst of a study of the rates and fees charged by its water and sewer utilities. The Utility Advisory Committee ("UAC") is recommending approval of the first ~~part~~ findings of the ~~at~~ rate study, ~~—that being~~ the utilities' "System Participation Fees" (or "SPFs"). The UAC has received and reviewed the report from the consultant, ~~a copy of which is enclosed~~ dated November 2018, and is recommending adoption of the fees contained therein.

The UAC is also providing this preliminary report on the status of the remaining portions of the rate study.

I. Background of Rate Study

Studies of the rates, charges, and fees of ~~a~~ utility systems are usually conducted ~~on a~~ at periodic intervals to ~~ensure~~ they provide adequate revenue for the utilities, and to insure the rates, charges, and fees are, ~~and continue to be,~~ in conformance with state law. Such studies are frequently conducted following a utility's completion of periodic comprehensive system plans.

COBI completed updates to its Sewer System Plan in 2015 and its Water System Plan in 2016-7. In both ~~cases~~ utilities, it had been many years since previous ~~System~~ ~~P~~Plans had been adopted.

It had also been many years since the City's utility rates, charges, and fees had been evaluated and reconsidered. The City had performed a study to update rates in 2009, but never implemented them. (This was apparently due to the financial challenges experienced by the City during the recession.) As such, the current rate and fee structure has been in existence for a very long time without review. Therefore, in August 2017, the UAC recommended that a rate study be conducted (see the enclosed memorandum), and the City Council agreed and authorized the current study.

The ~~is~~ rate study actually includes an evaluation of six different City rates and fees. They are:

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- Winslow water system rates
- Rockaway Beach water system rates
- Winslow sewer system rates
- South Island sewer system rates
- SPF's for both water systems
- SPF's for both sewer systems

In March 2018, the City hired a consultant, Financial Consulting Solutions Group, to evaluate the utilities' rates and make recommendations to City management, the UAC, and ultimately the City Council.

The consultant developed preliminary recommendations which were first presented to the UAC on July 11, 2018. Since that time, the consultant has met with the UAC on August 11 and 22, September 12 and 26, ~~and~~ October 3, ~~and~~ 10, and 24, and November 14, 2018.

II. Status of Water and Sewer Rate Study

- A. Water Rates. The consultant, staff, and UAC has analyzed and discussed the water rates in detail. There are a number of policy questions to be considered, such as system reinvestment percentages, consolidation of differential rates for Winslow and Rockaway Beach, and phasing any rate adjustments among classes. Additionally, the projects to be included in the ~~soon-to-be-considered-recently-adopted~~ 6-year Capital Improvement Plans will have major impact on the rates. ~~That CIPs have not yet been adopted.~~ Therefore, neither the consultant or the UAC is ready to make final recommendations on water rates.
- B. Sewer Rates. The consultant first submitted its analysis of the sewer rates to the UAC on October 3. There are similar policy questions for the sewer systems as there are for the water systems, and the consultant and UAC are continuing their analysis. Thus ~~the~~ sewer rates are not yet ready for council consideration.

III. Recommendation on System Participation Fees

However, the UAC is prepared to recommend approval of revised "system participation fees" (SPFs) as developed by the consultant.

An SPF is a one-time fee paid by a property owner connecting to a utility system. Essentially, a property owner "buys in" to the utility system by paying a fair share of the utility infrastructure.

SPFs vary by the size of a property owner's water meter. Currently, the SPF for a typical single-family home for water is ~~\$~~\$2,754 and sewer is \$5123. The consultant's analysis of the SPFs for both the City's water and sewer systems is that the SPFs for single-family accounts are significantly below where they should be, while the SPFs for multi-family, commercial, and irrigation accounts should be reduced. For comparison purposes, the consultant's calculation is that the typical single-family SPF should be raised to \$5733 for water and \$8208 for sewer.

The UAC has reviewed the consultant's analysis, and agrees with it's recommendations. The methodology appears to be consistent with industry practices, legal requirements, and the City's financial information regarding its capital infrastructure. The revised SPFs should be implemented as soon as possible.

IV. Conclusion

The consultant and UAC have not yet completed the analysis of the water and sewer rates. Both will continue to work on these subjects over the next few months, and likely will have recommendations ready ~~by the end of this year~~ early in 2019.

However, the consultant and UAC have concluded analyzing the SPFs, and recommend the council take up the proposed revisions now. The rates charged to existing water and sewer customers and the fees charged to newly-connecting property owners are different concepts and affect different city constituencies. They can, and rightly should, be considered independently of each other.

Accordingly, the UAC recommends that the consultant's proposed revisions to the water and sewer SPFs as contained in the November 2018 report be considered by the council soon, and adopted.

APPROVED BY UAC ON ~~OCTOBER~~NOVEMBER____, 2018

Andrew Maron and Jeff Kanter, Co-Chairs
Charles Averill, Steven Johnson, Ted Jones, Nancy Nolan, Emily Sato