

## **PUBLIC WORKS BOARD MEETING NOTES**

**March 4, 2007**

Radisson Hotel (SeaTac, Washington)

### **Board Members Present Board Members Absent Staff Members**

Dennis Hession – Chair

Pete Capell

Roger Flint

Mark Hoppen

Kathleen Keene

Dennis Kendall

Darlene McHenry

Don Montfort

Tim Simpson

Steve Stuart

Rebecca Francik

Kathryn Gardow

Merrill Ott

Kelly Snyder, ED

Myra Baldini

Bill Cole

Terry Dale

Terry Davis

Steve Dunk

Cecilia Gardener

Isaac Huang

Heather Youckton

**Guests Present:** Kristin Annette Evans-Forsman, Aquarius Utilities, LLC; Leslie Farrell and lady, Concerned Citizens of Great Diamond Point, Aquarius; Jan Marie Ferrell, Department of Community, Trade and Economic Development; Paul Hersh, Attorney representing concerned citizens serviced by Aquarius Utilities; John Kounts, Washington Public Utility Districts Association; Karen Larkin, Department of Community, Trade and Economic Development; Gregory Roats, Aquarius Utilities, LLC; Kitty Weisman, Department of Health, Office of Drinking Water;

### **DRINKING WATER STATE REVOLVING FUND (DWSRF) UPDATE**

a) Cathy Brockmann reviewed changes to the DWSRF Contract. The PWB Assistant Attorney General has reviewed the contract. Staff will be holding a meeting to make recommendations on what amendments come to the Board for approval and how it will fit with the new CTED Contract Processing Unit.

**Action taken.** Tim Simpson moved to approve the DWSRF Municipal and Non-Municipal contracts as presented. Dennis Kendall seconded the motion. Motion passed. (Vote 9-0. Capell, Flint, Hoppen, Keene, Kendall, McHenry, Montfort, Simpson, Stuart. No – None.)

## **DRINKING WATER STATE REVOLVING FUND (DWSRF) UPDATE CONTINUED**

b) DOH Final Recommended Loan List: updated handouts were provided. Kitty Weisman summarized the DWSRF loan list.

The loan list can be evaluated as 19 projects in Eastern Washington or 1/3 of total funding and 27 projects in Western Washington or 2/3 of total funding.

2 projects have been recommended for bypass.

This year's list is a double round of funding for approximately \$40 million.

c) Terry Davis briefed the Board on the updated memo. 4 items were added to the memo. None of the items affect DOH or PWB staff recommendations.

Bliss Industries is listed on the loan list as City of Enumclaw, 2007-007.

Iliad Water Services is listed as Alder Lake Community Water System, 2007-034.

Desert Canyon Utility Company is listed as Desert Canyon Domestic Water System, 2007-023.

***Aquarius Water Systems has met all DOH threshold requirements. PWB staff***

***reviewed the financial statements and did not find a reason to bypass the loans***

***requested. Aquarius will be requesting the Utility and Transportation Commission***

***(UTC) to approve a rate increase. Handouts were provided related to Aquarius Water Systems' income and expenses.***

*\* Board member Stuart requested information regarding an appeal process for DWSRF loans. Kelly Snyder stated there is no appeal process set at this time. Staff will seek advice from the Assistant Attorney General.*

***\* Paul Hersh, representing Concerned Citizens of Diamond Point, provided testimony regarding the loans for Aquarius Water Systems. He stated that the***

***citizens have concerns regarding the Water System Action Plan submitted in***

***January 2008. They believe WAC 246-290-100, the Public Hearing condition,***

***has not been met. In addition, the citizens are concerned that the water system is***

***taking on an additional \$2 million in debt and will be unable to repay the loan.***

***\* Gregory Roats, representing Aquarius, provided testimony. He stated the Water***

***System Action Plan was submitted and approved in good faith that the public***

**hearing condition had been met. Upon further review, DOH determined it had not been met and will be holding a public meeting on March 11, 2008. The system is currently entered into negotiations with Clallam County regarding the franchise tax.**

*\* Terry Davis reviewed roles of DOH and PWB staff regarding DWSRF loan recommendations. DOH accepts the applications and reviews threshold. PWB reviews financial viability, profit, loss, and cash flow.*

*\* Kitty Weisman stated the Water System Action Plan was approved in January 2008. She concurred with Gregory Roats' testimony as stated above. DOH will make any appropriate amendments necessary after the public hearing held on March 11, 2008.*

*\* Board member Stuart expressed concern that if the requirement as listed in WAC 246-290-100 has not been met, the water system plan and loans should not be approved. Kitty Weisman stated DOH stands behind the water system plan approval.*

*\* The Board discussed options for approving the DWSRF loan list.*

**\* Action taken.** Don Montfort moved to approve the forty-six DWSRF loans totaling \$46,215,138 from the original list of applicants as shown on the 2007 DWSRF Final Prioritized List. This recommendation is conditioned upon applicant's providing proof of compliance with the conditions listed on pages 33 and 34 of the Board packet before a loan is executed. **If any applicant is unable to comply with these conditions within ninety days (June 4, 2008) the application will be recommended for by-pass.** The motion includes bypassing loans for Edwall Water Association, 2007-025, and Scott D. Shoudy of Beachwood Water Company, 2007-054, in the total amount of \$1,370,105. The motion **also includes an additional condition on Aquarius Utilities to resolve the water system action plan with the Diamond Point System and DOH follow up and participation in the public meeting.** Tim Simpson seconded the motion. Roger Flint recused himself from the following applicants: City of Everett Public Works, 2007-073; Seattle Public Utilities, 2007-055; and Toppenish Water Department, 2007-076. Tim Simpson called for the question. Motion passed. (Vote 9-0. Yes – Capell, Flint, Keene, Kendall, Hoppen, McHenry, Montfort, Simpson, Stuart. No – None. Recusal as listed above.)