

REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES

June 1, 2000

The regular study session of the Des Moines City Council was called to order by Mayor Thomasson at 7:30 p.m. in the Council Chambers, 21630 11th Avenue South, #B.

ROLL CALL - Present: Mayor Scott Thomasson, Mayor Pro Tem Bob Sheckler, Councilmembers Terry Brazil, Dave Kaplan, Dan Sherman, Gary Towe and Don Wasson. Also present were City Manager Bob Olander, Assistant City Manager Tony Piasecki, City Attorney Gary McLean, Finance Director Scott McCarty, Public Works Director Tim Heydon and City Clerk Denis Staab.

DISCUSSION ITEMS

Water Utility Assumption Study

Councilmember Wasson referenced a letter received by Council from Commissioner Mealy of Water District #54. He announced that he wishes to be on record as being ashamed of being associated with this assumption process system. He objected to the report being brought to the Council at a study session which does not afford an opportunity for the public to comment. He noted that Water District #54 has been in successful operation for 65 years. He concluded by requesting that before Council takes any action on staff's report, that the utility districts be allowed to furnish full reports or rebuttal for Council's consideration.

City Manager Olander noted that this report is being furnished to Council at its request. He thanked Highline Water District and Water District #54 for their cooperation in staff's efforts to bring this report before Council. He further noted that this report is not highly technical in nature but will review financial analysis, legalities, engineering/technical issues, as well as some benefits and concerns. He noted that should Council choose to move forward there will be ample opportunity for public comments, as well as from the utility districts.

Staff proceeded to detail the assumption study for Council as noted.

Assistant City Manager Piasecki reviewed the following highlights:

- Water District #54
 - Formed in 1939
 - Serves Central Des Moines, 3,700 citizens and 75 homes in Normandy Park
 - Groundwater
- Highline Water District
 - Formed in 1946
 - Made up of several small systems
 - 26 square miles in south King county serving 58,000 people
- Lakehaven Utility District
 - Large district in SW King County serving 97,000 people
 - Serves Woodmont Redondo west of 16th Avenue south

City Attorney McLean proceeded to review legal issues highlighting the following:

- Statutory Authority for the City of Des Moines to Assume Utility Districts
 - Water Districts generally subordinate to City government
 - Comp plans of water districts subject to City Council approval

- Water Districts subject to City zoning and building code authority
- Cities may assume water districts, reverse not possible
- RCW 35.13A.030 - 60% of area or valuation, would apply to Water District #54
- RCW 35.13A.020 (Water District #54)
 - Assets, rights & property of District belong to City, subject to financial, statutory or contractual obligations tied to such assets
 - City has power to manage, control & operate assets & property & to fix service charges
 - District's contractual obligations shall not be impaired
 - Debts satisfied with revenue from customers, not general City revenues
 - City Council becomes legislative body
 - Revenues & taxes from customers used to pay off bonds/purposes for which collected only
- RCW 35.13A.040
 - Whenever the portion of a district included within the corporate boundaries of a city is less than 60% of the area of the district & less than 60% of the assessed valuation of the real property within the district, the city may elect to proceed under the provisions of RCW 35.13A.050 (Highline Water District)
- RCW 35.13A.050
 - City may assume jurisdiction of all parts of District's system within City limits
 - After assumption, facilities serving customers outside the new service area must continue to do so at a reasonable rate
 - District can ask entire district to vote whether the entire district should be operated by the city
 - City Council becomes the governing body, subject to preexisting contractual obligations
 - Properties & customers in old district territory still liable for payment of proportionate share of outstanding district indebtedness
- Boundary Review Board Process
- Threshold Criteria
 - Water District #54 meets over 60% criteria
 - Highline Water District meets under 60% criteria

City Attorney McLean continued by reviewing factors in RCW 36.93.170, RCW 36.93.157 and GMA Planning Goals, BRB objectives in reference to RCW 36.93.180, and Water District 54 v. BRB in 1973. In conclusion, he noted Council has the following options:

- Water District #54
 - Take no action
 - Assume & dissolve the District, bring staff under supervision of the City & operate as a regular City function
 - Assume & dissolve the District but contract with another entity to operate the utility until the City is ready to take on such responsibility
- Highline Water District
 - Take no action
 - Assume District assets in City & merge such operations with other City water system(s)
 - Assume assets in City, contract back with Highline to operate some or all
 - Assume assets in the City & enter into Operating Agreements with other cities that may also assume parts of Highline that lie within their city

Public Works Director Heydon proceeded to review some of the Engineering Technical Issues as follows:

- Highline Water District Infrastructure & Facilities Serving Des Moines
 - 3 pressure zones
 - 2 pump stations
 - North Hill Tank
 - Well & iron/manganese treatment plant
 - Mansion Hill storage tanks located in SeaTac
- Highline Water District Operations & Maintenance
 - Daily performance appears adequate
 - Main replacement & looping
 - Water main breaks
 - Emergency response/communications (1 hour delay 16th Ave. S/Kent-Des Moines Road main break)
 - Since 1994, 11 main breaks, 30 leaks
- Highline Water District Water Quality
 - Water quality adequate
 - Good quality sources
 - Looping pipe/mains
- Highline Water District Water Supply
 - Future supplies are a concern
 - Seattle vs. smaller cities & water districts
 - Cascade Water Alliance vs. Water Supply Association (King County)
 - Additional groundwater sources & recharge
 - Cost of acquiring new supplies
- Highline Water District Storage Capacity
 - Shortage currently exists
 - Crestview Reservoir is currently under construction with 7.6 million gallon capacity, and a portion will serve the Pacific Ridge area, to be completed Fall 2000
- Highline Water District Fire Flow
 - Adequate
 - Piping improvements
 - Crestview Reservoir
- Highline Water District Ability to Physically Separate
 - Pressure Zones 490 & 560
 - Conduct engineering study or negotiate agreement with Highline
 - Mansion Hill Tanks
- Water District #54 Infrastructure & Facilities Serving Des Moines
 - All facilities in Des Moines, except for lines serving Normandy Park customers
 - Tank & wells next to City Hall
 - 1 pressure zone
 - All groundwater - no treatment or disinfection
 - Intertie with Highline Water district deactivated - no agreement
 - 33% of mains A.C. 56% <8"
- Water District #54 Operations & Maintenance
 - 2 staff dedicated to operations & maintenance of water system
 - Emergency response concerns
 - Routine maintenance concerns
 - No main replacement program
 - Since 1994, 4 main breaks & 7 leaks

- Water District #54 Water Quality
 - No disinfection - concern in upper end of system & concern if long-term use of chlorinated supply
 - Manganese
- Water District Water Supply
 - 3 wells provide all water (#s 4, 5 and 6)
 - Problem with Well #6 - no water right
 - Problem with Well #4 - can't produce needed volume
 - District drilling new well too close to current wells
 - Extent of aquifers unknown
 - Supplies to handle growth unknown
- Water District #54 Storage Capacity
 - Tank on 11th Avenue South only storage facility with 250,000 gallons
 - Inadequate to meet fire flow needs, future growth, high demand periods and equipment (well) failure
 - Intertie not activated
 - Additional at-grade storage proposed as expensive solution
- Water District #54 Fire Flow
 - Storage tank problem
 - Small mains - 6 inch vs. 8 inch
 - Fire flow model
 - Intertie not activated

Finance Director McCarty proceeded with a financial analysis overview reviewing components consisting of rate structure, outstanding debt cash reserves and economies of scale.

Assistant City Manager concluded staff's review of the assumption study by detailing the following:

- Benefits
 - Reduces layers of government
 - Consolidates most water services
 - Improves coordination of public improvements
 - Provides opportunity to address fire flow issues
 - Provides opportunity to address water supply issues on a citywide basis
 - Improved long range planning/better development control
 - Supports GMA and Countywide planning policies
 - Shared use of equipment
 - Reduces administrative costs
 - Potential for lower future rate increase
 - More efficient local government
- Concerns
 - Additional issues to address, including assumption costs, what to do with District staff and spacing needs
- Future Direction
 - Does the City want to continue the process to assume responsibility for provision of water services?
 - Does the City want to pursue assumptions concurrently?
 - What governance option does the City want to consider?
 - Operate as City function or contract?

Assistant City Manager Piasecki concluded by noting that the next steps to be considered by Council are:

1. Staff will prepare two ordinance authorizing assumption at a future meeting.
2. Discuss the possibility of “friendly” assumptions with District #54 and Highline.
3. File two notices of Intent to Assume with the Boundary Review Board.
4. Continue discussions with Normandy Park and Burien.

City Manager Olander advised Council that the next steps for staff would be to prepare SEPA documents. He suggested July 13th Council meeting for public comments, and continued discussions with both utility districts and allow for further written and verbal comments from the districts.

At 9:05 p.m. Mayor Thomasson called for a 10 minute break.

Councilmember Towe commented that the City has been successful in working with Lakehaven Utility through the Comprehensive Plan process. He questioned why this cannot be accomplished with Highline and Water District #54.

City Attorney noted that State law requires that the District’s present their comp plans to Council for approval, however, he noted this has not been done by District #54 in his recent memory. He advised Council that if the utility districts never submitted a comp plan for Council’s approval, it could be ruled invalid.

Public Works Director Heydon noted that Highline Water District will be submitting their updated plan in the near future and Water District #54 is currently working on an amendment to their plan.

City Manager Olander reminded Council that once the utility district’s comp plans are approved, the City has little authority to enforce the plans.

Councilmember Sherman felt the study as presented has been very instructive, but he is not ready to have staff dedicate more time to the process until other questions have been answered.

Councilmember Wasson commented that an intertie agreement between Water District #54 and Highline is in place, and a vote by Highline Commissioners is expected shortly as a price has been agreed upon. He also noted that although #54 has only 2 full time employees, mutual aid agreements for temporary assistance are in place.

Mayor Thomasson stated that he is in the water supply profession and would recommend assumption of Water District #54. He advised that he has concerns with District #54 and feels that they are gambling with lives and property. He felt that if there were ever a large fire in downtown Des Moines it could be a disaster in the making as he does not feel there is an adequate water supply or fire flow available.

MOTION was made by Mayor Thomasson, seconded by Councilmember Brazil, to direct staff to prepare an ordinance for assumption of Water District #54 to be brought to Council for consideration at the June 8th Council meeting.

Considerable discussion ensued with some of Council's questions to staff, and other items to be addressed, as follows:

- How many employees would be effected at Highline Water District, what are the total of the salaries and benefits?
- Financial picture not clear enough - Want detail on rates and debt service ratios, costs to City for absorbing utility staff, equipment and what kind of space needs would there be?
- What would the City do about addressing specific problems that Water District #54 did not do i.e. manganese, intertie, asbestos pipe? When would we do it? How much would it cost and who would pay? Is this really going to benefit the citizens?
- Would like a presentation from Fire Marshall regarding fire flows in the downtown area if two, three or more hydrants needed to be opened at the same time.
- Pipe replacement program needs to be studied and is the system looped properly? (Water District #54)
- Would like to hear response from Water District #54 regarding some of the problems brought out this evening.

City Manager Olander noted that the study presented tonight was not intended to cover all the details. However, the water utility would pay for itself. No money would be used from the City's general funds. Details on how to proceed concerning water problems would be dealt with through the Comprehensive Plan, after assumption is complete and Council develops an operating budget.

Councilmember Brazil felt the briefing this evening was enlightening, but he does not want to make any decisions tonight. He also noted that he has grave concerns over Water District #54 being able to handle a fire in the downtown business district, the large condominiums, or at the Marina.

MOTION was made by Councilmember Sherman, seconded by Councilmember Kaplan, to table the original motion to allow for more information, for no more than three months. Motion passed 6 to 1 with Councilmember Towe voting NO.

NEXT MEETING DATE

Mayor Thomasson announced the next meeting will be Thursday, June 8, 2000.

ADJOURNMENT

The meeting was adjourned at 10:30 p.m.

Respectfully submitted,

Denis Staab
City Clerk