

**CITY OF BLACK DIAMOND
CITY COUNCIL
WORKSTUDY NOTES
October 23, 2008**

Council Chamber, 25510 Lawson Street, Black Diamond, Washington

Mayor Botts called the meeting to order at 7:00 p.m.

PRESENT: Mayor Botts, Councilmembers Hanson, Bowie, Boston, Olness and Mulvihill.

ABSENT: None

Staff present: Gwendolyn Voelpel, City Administrator; Dan Dal Santo, Utilities Supervisor; Seth Boettcher, Public Works Director; May Miller, Finance Director; Tom Guilfoil, City Attorney; Loren D. Combs, City Attorney and Brenda L. Streepy, City Clerk.

Guests: Leonard Smith, PacWest Engineering

Water User Rates Study

Leonard Smith, PacWest Engineering discussed that his firm has been retained by the City to complete a water rate study and recommend updated rates for adoption by Council. Mr. Smith explained that significant growth is anticipated to occur within the City following the removal of the current development moratorium and in order to ensure that the City's water rates adequately cover existing and projects costs associated with operating a water facility and providing adequate water service to its customers the City will need to adopt new rates.

Mr. Smith explained the City's water rates are comprised of two components, 1) User rates based on monthly meter rates and charges based on actual consumption, and 2) Connection charged which fund system improvements required as a result of growth.

Key Topics/Points of Discussion

1. Analysis methodology
2. Water funds structure and reserve recommendations
3. Current rates
4. Budget requirements
5. User rate analysis – Alternatives A, B, and C
6. User rate recommendations
7. Budget analysis

8. Jurisdictional comparison of user rates

Following discussion there was Council consensus to move forward with Alternative C – Conservation rates plus debt service, which would have fixed rates and a tiered commodity rate system to encourage conservation efforts and 15% increase over three years and debt service being partially subsidized by existing fund balance.

Stormwater User Rates Study

Leonard Smith, PacWest Engineering presented to Council the stormwater user rates study he prepared. Mr. Smith explained the City currently operates under a National Pollution discharge Elimination System (NPDES) Phase II Municipal Stormwater Permit that requires educating the public, monitoring and documenting the stormwater quality efforts of the City. With this additional work load Council has asked to pursue and adopt a Stormwater Utility fund.

Mr. Smith discussed the user rates in the study have been analyzed for a three year period from 2009 to 2011 and recommended a rate study be conducted in the future for years beyond the planning period, as many assumptions were incorporated into these rates based on projections of new development.

Also noted by Mr. Smith was an annual population growth rated of 2.85% has been utilized for projections with the existing developed City for the period following the removal of the development moratorium. Additionally, the addition of new customers has been projected based on conversations with YarrowBay due to the fact that significant development is anticipated to occur within the City of Black Diamond during the period of analysis covered by this Stormwater Rate Study.

Mr. Smith further mentioned that the customer basis for stormwater utility is different that the customers for either the water or sewer utility billings as stormwater rates will be imposed on all developed properties with the City of Black Diamond regardless of the purveyor for water and/or sewer service.

Key Topics/Points of Discussion

1. Analysis methodology
2. Rate structure and reserve recommendations
3. Budget requirements
4. User rate recommendations
5. Jurisdictional comparison of user rates

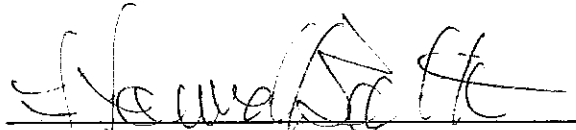
Following discussion there was Council consensus to impose a \$13.00 monthly rate for Single Family residences within the City limits and all businesses being assessed

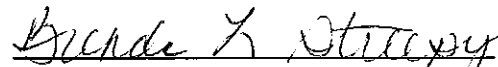
according to the comparable amount of impervious area to a single family home (2500 sq. ft.).

ADJOURNMENT:

The workstudy ended at 8:41 p.m.

ATTEST:


Howard Botts, Mayor


Brenda L. Streepy, City Clerk