SPANAWAY WATER COMPANY

2019 ANNUAL MEETING COMPANY REPORT

November 18, 2019

Welcome, your interest and participation in your water company is appreciated. This report and the annual meeting are intended to provide you with information about the past year's activities and planning for future years. The Company, as a "non-profit Mutual Corporation", is owned by you, the property owners, who in turn elect the Board of Directors that govern the operations of the Company under our Articles of Incorporation and By-laws. The Department of Health and Environmental Protection Agency classify the Company as a "public" water system though "privately owned". Unlike many governmentally owned water systems, our single focus is "to provide safe, reliable and high-quality water, now and in the future, for domestic use and fire protection in an efficient and cost effective, professional and respectful manner".

TWO MAJOR ITEMS FOR YOUR INPUT AT THIS YEAR'S ANNUAL MEETING

ADOPTION OF THE 2020-25 WATER USE EFFICIENCY GOAL.

Under Washington law and Washington Department of Health regulations, "municipal" water suppliers are required to develop and implement a Water Use Efficiency Program and Goal every six years. 2019 ends our second six-year planning period under these requirements. A portion of this annual meeting is devoted to presenting information on the results of the 2014-2019 program and to discuss, and take comments on, the proposed 2020-2025 program and goal. Please refer to the Spanaway Water Company 2014-2019 Water Use Efficiency Program and Water Loss Control Action Plan documentation provided as we conduct this portion of the meeting.

2019 WATER USE AND WATER USE EFFICIENCY REPORT (WUE):

The 2019 summer was a bit unusual with a mix of nice and cloudy cooler weather, all the while being dry. For fiscal year 2019 we pumped a record 1,186,802,654 gallons while the average metered use was 208 gallons per day (GPD) slightly less than the past 12-year average of 213. This number is 25 percent lower than the 262 GPD average prior to our implementing water use efficiency in 2007. 2019 also set a record for the lowest peak day demand at 453 GPD, down from 599 GPD in 2018. For 2019 we met our WUE goal of 279.47 GPD, with actual value of 275.70 GPD.

Linked to the Water Use Efficiency is addressing water loss. We noted in 2018 that unaccounted for water was increasing. Utility Services Associates, Inc. completed a complete system leak detection. As of September, our field crew has repaired 186 leaks. Because most of these repairs were completed in the latter half of fiscal year 2019, our unaccounted-for water in FY 2019 rose to 19.5%. We anticipate a much lower percentage next year, with a goal of less than ten percent.

FEMA HAZARD MITIGATION PLAN – 2020 UPDATE

The Company initially prepared a Spanaway Water FEMA Hazard Mitigation Plan in 2010 with an update in 2015. We are preparing the 2020 update of our plan. These plans are required by FEMA of critical infrastructure providers to be eligible for pre and post disaster support funding. Previously the plans needed to address natural and somewhat limited man-made disasters. The new plan must directly include cyber-security and intentional human acts. While we will touch on these in the attached summary of hazards and their mitigation, for security reasons details are limited. Over the years the most critical and easier mitigation measures have been implemented. Many are on-going in nature or under engineering while others have been of lower priority, delayed, are technically difficult, or not cost effective without grants of adequate funding. Please see attached summary. Your comments are welcome.

ANOTHER BUSY YEAR WITH PROJECTS AND PLANS:

ENGROSSED SUBSTITUTE SENATE BILL 6019 the HIRST / FOSTER FIX:

In January 2018, the legislature passed ESSB 6091, now called the Streamflow Restoration Act. This bill sets up "Watershed Restoration and Enhancement" committees. The work of these committees will impact future water right permit exempt wells and water rights like those being sought by the Company. The committees are to develop actions that will improve stream flows and aquatic habitats while also address the consumptive water use of new exempt wells over the next twenty years. These actions will overlap efforts by Spanaway Water and may lead to mutually beneficial partnerships.

In the "Foster" section of the bill, Spanaway Water Company is identified as one of five water utilities in the State to pilot possible actions that would allow new water rights. The pilots are to provide guidance to the legislature on actions that would either replace potential surface water impacts with 1) water for water, in time, in place or 2) water for water, in time, but not in place (Spanaway's project), or 3) water for water to the extent possible but addressing any shortfalls through habitat improvements.

The Company is seeking to determine if additional new water rights may be available from the very deepest aquifers if any identifiable surface water impacts can be addressed through retiring other existing water rights in combination with supplementing surface water flows possibly with a portion of the water withdrawn from the deep aquifers. The key in this pilot process is the USGS's work updating the 2010 Chambers/Clover Creek Ground Water Model. As an initial step toward surface water mitigation, Spanaway Water purchased the Brookdale Golf Course Water rights and placed them in temporary trust for instream flows. These rights will either be used as part of a larger water right mitigation package or transferred to one of the Company's existing wells.

It is important to understand that Spanaway Water has a legal obligation to supply public water to all properties within the Company's designated service area. While conservation can and does provide a water supply, with the growth occurring in the Company's service area, it is clear that the Company's current water rights will eventually not be sufficient to meet future demands. If possible, the Company intends to meet this future demand with its own new water rights and wells. If this is not possible, the Company will have to look to other wholesale suppliers including the City of Tacoma and/or Lakewood Water District.

CAPITAL PROJECTS for the Existing Water System with funding from Capital Project Fees:

Water Main Replacement Program (R&R) and Infrastructure Replacement (on-going projects): The third A/C (asbestos/concrete) main replacement project not related to County road or sewer projects was completed this spring. The fourth R&R project will be the reconstruction of the water system on B St E between 155th and 159th Sts E and will also include 156th, 157th, 158th, and 158th St Ct E. These projects replace aging, near end of useful life, 4 and 6 inch A/C mains, rebuild water services, and replace fire hydrants and other system infrastructure. Additional future R&R projects will first address know areas with problematic failing A/C mains, generally the oldest portions of the water system, or where coordination with other agencies will save expenses.

These projects seek to ensure the integrity of the infrastructure that supplies your water.

152nd St E and 22nd Ave E County Road Project (FY 2018/19): This County project included adding a stop light and installing curbs, gutters, and sidewalks. As part of this County project approximately 1,000 feet of main was relocated and replaced. When County projects require utility relocation, those costs are borne by the respective utilities.

Emergency Intertie with Tacoma Water (FY 2019): This emergency intertie was completed this year and is currently on-line if needed. At this time the intertie is not for the purchase of water from Tacoma wholesale water, rather it is strictly for emergency use. In the future, if required, the intertie can be convertible to accommodate wholesale water supply.

Well 9 Retrofit (FY 2019/20): Engineering and Dept. of Health were completed this year. The materials for the work have been delivered or on hand. Construction, which began October 1st, is to be completed by April 1, 2020. The retrofit the of Well #9 with a Lowry system will eliminate the need for sodium

hydroxide addition for corrosion control. A similar retrofit for Well #3 is planned for FY 2021/22. These projects, rather than adding chemicals to the water, will remove dissolved carbon dioxide from the water and provide continued corrosion control.

Secondary Booster Pump Station (FY 2019/20): Final engineering and pump selection for this booster station is nearing completion. The easement required for the station has been obtained. Though the existing booster station has multiple pumps and a stand-by generator, incidents have occurred where upper zone pressures have dropped to less than 30 pounds per square inch (PSI). The secondary booster system will provide critical redundancy and allow shut down of the primary booster station for maintenance and any required repairs. As an existing system improvement, the project will be funded by existing system capital projects fees.

Tank 1 Altitude Valve (FY 2019/20): As with several projects scheduled for 2019, this project's engineering and design have taken longer than anticipated. Since this control system will be directly connected to Tank #1 we will be adding a seismic adaptor to the project and will likely install the valve assembly above ground in a structure. In normal operations, the valve will close when Tank 1 is full but still allow system wells to run, maximizing storage capacity in the existing water storage tanks and future tank 4. The valve would effectively force water to any tank which is not already full. A second role for the valve involves saving the tank's stored water in the event of an earthquake. Should an earthquake occur, the valve would close, isolating the tank and saving water for emergency supply that might otherwise be lost through system leaks. Finally, this valve will close automatically, isolating the tank should tampering occur with the access hatch.

Meter Replacement Program: Over 1,000 new Kamsrtup AMR/AMI ultrasonic meters have been installed with the second meter order delivery scheduled for early January. This will be a six-year, 2,000+ meters per year, replacement process. These new meters register flows as low as 0.01 gallon per minute (GPM) rather than the AWWA minimum standard of 0.25 GPM for mechanical meters. A water use efficiency benefit should be a five to ten percent decreases in unaccounted water as documented by other water systems. After 4,000 meters have been installed, three meter reading collectors will be installed allowing conversion to a remote meter read AMI system. Once functional, this system will provide alerts of potential leaks within 48 hours if continuous flow is recorded. Customers can then be notified of the continuous flow. Customers will also have the ability to log into their account and monitor their water use. The new meter technologies offer many benefits to both the customer and the Company.

Billing System Upgrade: The upgrade to the UMS SQL based billing system has been completed. As with any major transition many "bumps in the road" had to be addressed. The new system should address the Company's need well into the future even with significant system growth.

CAPITAL PROJECTS related to growth with funding from new Membership System Development Fees:

Additional Primary Water Rights (FY 2019-2022): With on-going growth within our service area and the difficulty of obtaining additional water rights, the Company is actively pursuing additional supply under the Foster legislation. Understanding that any new rights will require mitigation of any and all surface water impacts, the Company purchased the Brookdale Golf Course water rights. These rights will be used as mitigation or transferred to existing wells.

Well 11 (FY 2022-2023): The best location for this new well, permitted by the Department of Ecology, will be determined once the updated USGS Chambers/Clover Creek groundwater model is completed. The well permit has a construction period through 2029. The exact timing of this well may change as it depends on the results of the Foster pilot and available growth-related funds.

Wholesale Water Options (FY 2017-2023): Again, with the Company facing on-going growth, limited water rights, and difficulty or impossibility of obtaining additive water rights, the Company continues to closely examining possible wholesale water supply to supplement existing water rights. If required, wholesale water may be obtained from Lakewood Water District or Tacoma Water. Critically, the long-term costs of either option will be forecast and analyzed for at least a 50-year period.

The decision to and timing of the any needed purchase of wholesale water is uncertain at this time due to the status of the Foster pilot, on-going conservation, and growth uncertainty. The Company wants to avoid potential stranded costs that might be incurred if wholesale water is purchased before needed.

New Tanks 4 (FY 2020-2022): This growth driven tank will provide gravity storage to the main pressure zones. Land above Clover Creek Elementary School for Tank 4 was purchased in 2016. This location meets elevation requirements and should greatly ease county permitting. This tank will provide approximately two million gallons of additional storage for the main pressure zone to both address future growth and back-up storage for the entire water system. Tank 4 will be constructed using both existing system and growth-related capital reserves as the tank will serve both existing customers and growth in the main pressure zone.

All of these projects address both current and long-term needs. As the projects move forward the Company works to ensure that growth pays for growth while existing customers support the needs of the existing system.

REGULATORY ISSUES:

Unregulated Contaminant Monitoring Rule IV (UCMR 4): This fourth round of testing includes 20 unregulated contaminants (two metals, eight pesticides plus one pesticide manufacturing byproduct, three brominated haloacetic acid [HAA] disinfection byproducts groups, three alcohols, and three semivolatile organic chemicals [SVOCs]. Sampling under UCMR 4 must be completed in the 2020 monitoring period and involve two sets of samples taken 5 to 7 months apart. Spanaway has never had issue levels of any contaminant under UCMR 1, 2, and 3. We do not expect issues under UCMR 4 testing.

PFAS Per- and polyfluoroalkyl substances: PFAS has had extensive reporting in the media and active consideration in Congress. Spanaway Water sampled for PFOS and PFOA, the two major legacy compounds, as part of the UCMR 3 with no detections at any of our wells. This testing was at 30 and 40 parts per trillion PPT detection limits and reflects the EPAs health advisory. We anticipate requirements to test down to a few PPT. Department of Health staff has not found any water system with no detections under UCMR 3 that exceed the 70 PPT with even these lower testing limits.

WATER RATES:

For 2020, the Capital Projects Fee will increase one dollar from $22 to $23. This increase will continue to provide infrastructure replacement funding. The Base and EPA treatment charges are unchanged. The water usage rate steps will increase as noted below:

2019		2019	
$1.00/100 cubic feet	0-1,500 cubic feet	$1.00/100 cubic feet	0-500 cubic feet - no change
$1.10/100 cubic feet	500-1,500 cubic feet	$1.15/100 cubic feet	500-1,500 cubic feet (+ 0.05/CCF)
$1.45/100 cubic feet	1,501-2,500 cubic feet	$1.50/100 cubic feet	1,501-2,500 cubic feet (+ 0.05/CCF)
$1.90/100 cubic feet	2,501-4,000 cubic feet	$2.00/100 cubic feet	2,501-4,000 cubic feet (+ 0.10/CCF)
$2.45/100 cubic feet	4,001-7,500 cubic feet	$2.60/100 cubic feet	4,001-7,500 cubic feet (+ 0.15/CCF)
$2.85/100 cubic feet	7,501+ cubic feet	$3.05/100 cubic feet	7,501+ cubic feet - (+ 0.20/CCF)

(One CCF = 100 cubic feet = 748 gallons)

With these changes the average bi-monthly water bill will increase 2.8% from $ 68.64 to $ 70.58, or $0.97 per month. Even with this increase, our rates continue to easily remain in the lower third of local utilities. Attached is a spreadsheet with a comparison of local utility water rates, most of which will also increase for 2020.

GENERAL WATER ITEMS:

USGS Modeling Update Project: The update of the geo-hydraulic model of the Chambers/Clover Creek, now merged with the Lower Puyallup, basin is nearing completion. These USGS models are considered the best available science, the "gold standard" of ground water models and will be used by Spanaway Water, Dept. of Ecology, Pierce County and many other entities

Pierce County Coordinated Water System Plan: Over the past year the update of the 2001 County wide plan for water systems and supply was been progressing. The plan is mandated under the Revised Code of Washington and primarily addresses service areas, service area obligations, design standards, population and demand forecasts, boundary review, joint projects, water use efficiency, fire flow requirements, procedures to address failing water systems, and includes all individual water system plans. Reclaimed water for recharge and/or streamflow mitigation and storm water injection wells are also topics to be addressed.

Watershed Restoration and Enhancement Plans: These legislatively mandated plans (ESSB 6091) are being developed under Dept. of Ecology direction. The plan developed must provide streamflow enhancement related to permit exempt wells over the next twenty years. Spanaway is actively participating in this planning process to help assure that the plans do provide partnership opportunities that result in benefits to the streams and aquatic habitat while also addressing the needs on public water systems. These partnerships may be critical for future water rights.

America's Water Infrastructure Act of 2018: This federal law requires among many other items, that public water systems develop Risk and Resilience Assessments and updated Emergency Response Plans. For Spanaway Water, the FEMA Hazard Mitigation Plan will provide the basis for this work. This work is to be completed by systems Spanaway's size and certified to the EPA by June 30, 2021

Local Water Organizations: Your water Company remains active with the Regional Water Cooperative of Pierce County, Central Puget Sound Water Suppliers Forum, Washington Water Utility Council, American Water Works Association, and DOE's Water Rights Advisory Committee in "behind the scene" activities as we try to address the water needs of the Company's members.

- The Regional Water Cooperative of Pierce County now has 26 members and is unique in the state. The Co-op benefits members through group purchase price reductions, representation of public water interests at state and local governmental levels, member shared equipment, water quality and technical coordination, and information sharing. The Co-op actively represents the area's public water purveyors through participation in the Washington Water Utility Council, and as needed in legal issues including preparing amicus briefs for Supreme Court cases.
  The 2020 legislative session is expected to include a "Dig Law" update, possible county authority to tax utility use of rights of way (ROW), and trust water right revisions.
- The Central Puget Sound Water Suppliers Forum completed work on water system and supply resiliency throughout the region. This work will continue in coordination with the Department of Homeland Security.
- The Washington Water Utility Council (WWUC) continues activities on the statewide level representing public water systems before the legislature, state agencies, and the courts. The WWUC developed an amicus brief in the Crown West Court of Appeals case and the King County ROW case currently before the Supreme Court.
- Pacific Northwest Section of the American Water Works Association is a valuable resource that provides required training to maintain Department of Health operator certifications and a forum for information sharing. We are proud that Ronda Farmer, Spanaway's IT and Billing Support Specialist, is the Chair-Elect for the Section representing Washington, Oregon, and Idaho.
- South Sound Subsection of the AWWA serves the southern sound area and is active in providing continuing education classes and support for the AWWA's international "Water for People" and the Living Access Support Alliance through a regional golf tournament.

Your Employees at work: The management team would like to recognize the hard work of the Company employees. Most of the work completed by staff goes unnoticed by the customers we all serve. The office staff processed bi-monthly billing for over 11,500 accounts, over 1,300 move ins and outs, nearly 3,000 meter/register change outs, nearly 900 work orders, while also responding to a wide variety of customer calls. These are never ending jobs which we all appreciate.

Similarly, the field crew completed over 800 work orders, physically changed nearly 3,000 meters/registers, flushing hundreds of main blow-offs, tested and maintained a thousand fire hydrants, while also fixing 186 leaks, completing construction inspection, and installing meters. The water quality

department maintains daily source inspections, on-going preventative maintenance, weekly analyzer calibrations, and collects hundreds of water quality samples from the eleven wells and distributions system.

The Company really is a partnership of employees dedicated to providing a rarely seen silent service that is essential to ensure you have safe water delivered to your home twenty-four hours a day three hundred and sixty-five days a year.

IN CONCLUSION:

We hope the annual meeting and this report serves to keep you informed of Company activities and issues. We continue this effort through the Company's Water Quality Report. Newsletters, News Notes, Phone Tree, billing notes, and the Company's website at spanaway-water.org. Most importantly, we strive to provide you with safe reliable water with as little chemical addition as possible at as low a rate as possible. While concurrently meeting our responsibilities to our members, Pierce County, the Washington Departments of Health and Ecology, and federal EPA. Thank you for your interest in your Water Company.

Summary of Water Company operations for 10/1/2018 to 9/30/2019:

- 42 new meters were installed, but those meters serve 212 residential service. We have seen our first large apartment complex added to the system.
- As of Sept. 30, 2019, we served a total of 11,091 residential and 453 non-residential units through 10,143 and 339 meters respectively.
- 1,186,802,654 gallons of water were pumped from Oct. 1, 2018 to Sept. 30, 2019 – a 2.17% increase from 2018 and an all time record high production.
- Single family metered use decreased from 2018's 214 GPD (gallons per day) to 198 GPD in 2019, about an 8.1% decrease! Well done
- Peak day use of 5,232,507 gallons, 1.61 times the average daily use. This is a record low, again well done.
- Major non-growth expenses and non-development main extensions included: R&R #3 A/C main replacement and related engineering and permitting, 152nd & 22nd main replacement, meter replacements, billing system upgrade, Tacoma emergency intertie, well site telemetry replacement, Well #4 chlorine generator replacement, Well #9 aeration system engineering, and continued GIS mapping development.
  Totaling: $ 1,874,851
- Major growth-related expenses included: Brookdale GC water right purchase, 192nd 12" main extension, Tank 4 engineering, Foster pilot modeling and legal, and Lakewood water right contract.
  Totaling: $ 570,911.64
- Cash flow profit/loss summary for 10/1/2018 to 9/30/2019:

Existing System: (non-growth)

Operations and Maintenance	Income:	$ 3,820,100.47
	Expense:	$ 3,282,687.48
Capital improvements	Income:	$ 1,453,423.05
	Expense:	$ 2,031,751.94
Existing System net for year		$ -40,915.90*

New System Additions: (growth)

Capital improvements	Income:	$ 1,212,930.00
	Expense:	$ 597,180.60
Construction	Income:	$ 160,980.00
	Expense:	$ 86,898.04
Growth System net for year		$ 689,831.36**

Total net for the 10/1/2018 to 9/30/2019	$	648,915.46

*Added or deducted from existing system reserve. (non-growth)
** Added or deducted from new system reserve. (growth)

- Company field staff - hours were used as follows:

Operations	=	5,875.5 hours	32.06 %
Maintenance	=	10,657.0 hours	58.15 %
Capital Improvements:			
For existing System=	1,098.0 hours	5.99 %	
For new growth	=	6.0 hours	0.03 %
New Construction	=	689.0 hours	3.76 %
Totals:	=	18,326.0 hours	100.00 %

Planned operations and improvements for 2020:

Existing System Improvements:

- Continue Main Replacement Program for 4 and 6 inch A/C mains; B St between 155th and 159th and side lateral streets, $800,000 from existing system capital projects funds. On-Going
- Install 12" main on Waller Rd from 165th to 173rd in coordination with new Bethel School District elementary school and Pierce County sewer work. Budget of $240,000 from growth funds. 2020
- Well # 9 Lowry System air stripping engineering and construction for replacing the sodium hydroxide system, budgeted, $960,000 from existing system capital projects funds. 2019/20
- Secondary Booster Station for upper zone / Tank 3, and possibly other pump down sites if trailer mounted, budgeted, $150,000 from existing system capital projects funds. 2020
- Install a 16-inch altitude control valve with automatic seismic shut down at Tank 1 to allow better utilization of existing wells and storage and to preserve stored water in the event of an earthquake. Budgeted, $120,000 from existing system capital projects funds. 2020
- Well site and base SCADA equipment and programming upgrades, budgeted, $150,000 from existing system capital projects funds. 2020 & 21
- Meter Replacement Program as a six-year process with Kamstrup AMR/AMI electronic meters, budgeted from existing system funds $700,000 per year 2019-24
- Main Office addition, work cubical and two rooms in unfinished upstairs, budgeted $60,000 from existing system funds. 2020
- Tank # 3 Recoating minimum inside and evaluating exterior, budgeted $350,000 from existing system funds. 2020/21
- Replace on-site chlorine generation and corrosion control system components as required if unit is unserviceable, budgeted $60,000 from existing system capital projects funds. 2020
- Install "Shake Alert" system linked through telemetry system for well and tank shut down in the event of a major earthquake, budgeted $30,000 from existing system funds. 2020
- Replace 1995 Ford pick-up and 2003 Fork Utility Truck, budgeted, $70,000 from growth and existing system capital projects funds. 2020

Growth Related Improvements:

- Tank 4, engineering and required site studies, budgeted, $50,000 from growth and existing system capital projects funds. 2020
- Complete geohydrology analysis for new well 11 at the office/shop, well 3 or 8 sites under water right consolidation permit received in 2015. Dependent on updated USGS model. Budget for $50,000 from growth funds. 2020

- Proceed with "Foster" Project feasibility under the Joint Legislative Task Force seeking additional primary water rights with surface water impacts mitigated directly or indirectly. Budget $65,000 in 2020 and if feasible $125,000 from growth funds. 2021-22

2020 Budget:

- Anticipated 2020 Budget: (based on water rates as discussed above.)

Existing System: (non-growth)		
Operations and Maintenance	Income:	$ 3,834,167
	Expense:	$ 3,424,874
Capital improvements (Cap. Proj. Fees)	Income:	$ 1,524,680
	Expense:	$ 3,756,304
Existing System net for year		$ - 1,822,331*
New System Additions: (growth)		
Capital improvements (new memberships)	Income:	$ 388,701
	Expense:	$ 589,093
Construction	Income:	$ 141,205
	Expense:	$ 172,381
Growth System net for year		$ -231,568*
Total net for the 10/1/2019 to 9/30/2020		$ - 2,053,899*

*The deficit or excess income will be withdrawn or placed in the respective existing system and growth accounts.

Planned operations and improvements for 2021-28:

- Continue to fund main/service replacement program for approximately 10,500 feet of main per year (70-year life cycle). Emphasis on smaller, older A/C mains. On-going, budgeting annual increasing amount until fully funded, approximately $1,000,000 per year in 2019 dollars.
- Well #3 Lowry System air stripping engineering and construction replacing sodium hydroxide system, budgeted, $650,000 from existing system capital projects funds. 2020/22
- Complete engineering and construction on main zone storage tank #4, approximately 3.2 MG storage with 2.0 MG usable storage. 2019-21 budgeted $3,100,000 from growth and existing funds.
- Complete well site and base SCADA equipment and programming upgrades, budgeted, $150,000 from existing system capital projects funds. 2021
- Complete Meter Replacement Program as a six-year process with Kamstrup AMR/AMI electronic meters and conversion to AMI utilization, budgeted from existing system funds $700,000 per year 2019-24
- Construct a new well 11 at the site determined in 2020 under water right consolidation permit received in 2015. Budget for $1,950,000 from growth funds. 2022-23
- Continue to coordinate with Lakewood Water District and/or Tacoma Water on possible wholesale supply. 2020-23, work will be budgeted from growth funds.
- Seek additional primary water rights for Spanaway Water's well system and possible new well 12. This will likely require mitigation utilizing a portion of Lakewood or Tacoma wholesale water to meet stream mitigation requirements. Alternatively, in coordination with Pierce County Sewers, consider possible mitigation through treated water stream flow augmentation or aquifer recharge. Process will utilize the updated USGS model. 2021-23+. $150,000 initial budget will be from growth funds.
- Redevelop Well # 10 with line shaft turbine pump and on-site chlorine generation, budget, $400,000 from existing system capital projects funds. 2024-25

- Install manganese filtration at Yakima Well site (3 wells). This project will also eliminate the need for corrosion control and cost of using sodium hydroxide for well 1. 2021-23, Budgeted $500,000 from existing system capital projects funds.
- Drill, design, engineer, and construct new well 12 in southeast portion of the water system. 2023-25. $2,050,000 budget will be from growth funds.
- Continue participation in the Regional Water Cooperative of Pierce County, Washington Water Utilities Council, and Central Puget Sound Water Suppliers Forum. These groups continue to work toward resolution of water issues that affect the public. The 2020 and future legislatures will see proposals to address Foster JLTF recommendations, resolve the Court King County and Crown West Appellate Court decisions, water and fee related legislation involving possible annual water right fees, exempt wells, water right processing fees and reform, water related growth management requirements, and other water matters. On-going
- Continue to monitor road and sewer projects, County, School District, and developer planned, to take advantage of system improvement opportunities. Prepare to address the planned county road projects for 22nd Ave. E. beginning in 2021+. Again, note, water system relocation costs for County-initiated projects are **not** reimbursed by the County and are funded from existing system funds. New main installations for growth completed in coordination with sewer extensions are funded from new connection fees. On-going
- Continue to monitor the timing of capital, operation, and maintenance expenses in relationship to Company revenue/reserves. Review water rate structure considering inflation, increasing regulations, and timing of capital expenses. Monitor income and expenses to minimize water rate increases. On-going
- Finally, continue to work with other utility groups, the County Council, and State elected representatives on water related issues. On-going