

This issue of "the Flow" is devoted to current events and happenings at the District. We also want to tell you, our ratepayers, about some of our projects and accomplishments. We hope you find this issue informative. Thank you.

## Commissioner Kinnon Williams

Commissioner Kinnon Williams' current term in office will end on December 31, 2007. Due to personal reasons, he has decided not to seek re-election. The District has benefited from Commissioner Williams' expertise and leadership during the past twelve years. We thank him for his faithful service to the Northshore community.

## Sale of surplus property

The District's former headquarters located at 18120 68th Ave NE was recently sold to the City of Kenmore at the appraised value of \$3.1 million. The 1.6 acre site will become the home of the new City Hall.

## Technology front

The District is in the process of converting to radio-based telemetry. A telemetry system communicates monitoring information such as reservoir levels back to the control center. Because the new system does not rely on phone lines, it eliminates the need for the line lease at a cost of \$1,000 per month. The District has also scanned all of its permanent records such as meter applications, side sewer permits, easements, as-builts, etc. All scanned images are available system-wide including truck-based laptops. Almost all of the planning, design, development and implementation work for these and the Geographical Information System projects were done in-house by existing staff or interns.

## Annual audit & fiscal health

The District is audited annually by the Washington State Auditor's Office for compliance with the various laws and regulations and for the fair representation of its financial statements. The District has always had clean audit reports. For the latest audit, the State Auditor's Office skipped the customary exit conference because our report was completely clean and they had no suggestions to offer.

The District is in excellent fiscal shape. The extensive collective experience of the District's governing Board and its emphasis on long-term planning have impressed the credit rating agency. We were awarded a "AA" rating from Standard and Poor's for our last bond issue.

Because the District is well managed, our ratepayers enjoy comparatively low service rates.

Depending on where they live, ratepayers of King County utilities adjacent to our District pay on average \$30 to \$50 more for their bimonthly water and sewer services.

## Emergency response

We take pride in providing prompt and courteous 24-hour emergency response, ensuring minimal disruption to water and sewer services. Since the beginning of 2006, we have spent approximately 3,500 hours responding to many localized and wide spread emergency events ranging from water and sewer line breaks, private water and sewer service failures, damaged fire hydrants and customer plumbing related emergencies. A customer recently wrote, "I was so impressed with the smooth and efficient way they handled the situation. It was an amazing team... and it was extremely impressive to see them work. We are moving in a couple of weeks and we are pleased to be remaining in the District." We continually train to improve our emergency response procedures and prepare for disasters, often bringing in experts to work with our staff and certify our readiness. We take great pride in serving our community.

*Depending on where they live, ratepayers of King County utilities adjacent to our District*

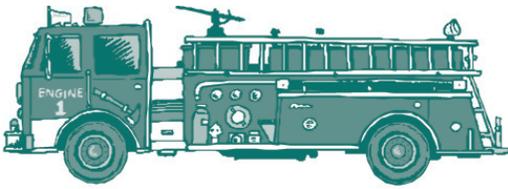
*pay on average \$30 to \$50 more for their bimonthly water and sewer services.*

## Long-term water supply

The District recently signed a 58-year long-term water supply contract with Seattle Public Utilities for an average daily usage of up to 8.55 million-gallons. That quantity of water is sufficient to meet the District's growth for the coming decades.

In addition to the supply contract, the District is a partner in a 36 million-gallon water right certificate. The District's interest in the partnership entitles it to an instantaneous flow of ten million-gallons from the Snohomish River. This certificated water right is planned for development over the next 50 years.





## Interlocal co-operation

The Board of Commissioners of Northshore Utility District believes in cooperation with other local agencies for the benefit of the citizens of our community. Besides being a party to a region-wide mutual-aid agreement, the District works closely with local cities and agencies. For example, the District's Fleet and Facilities Department provides fleet maintenance services to the Northshore Fire Department, the City of Kenmore and the City of Lake Forest Park.

Currently, the District is responsible for maintaining total of 100 vehicles and over 50 pieces of small and heavy equipment. Of these vehicles, 39 are in the District's own fleet. The others include Northshore Fire Department's four fire engines and 20 ambulance and other vehicles. The remaining vehicles are used by the cities for public safety, public works and administration purposes.

***"I no longer have to deal with complaints from our officers about their vehicles. Northshore is providing superior fleet services to the City and at lower costs."***

Besides maintenance services, the District is also responsible for record keeping. We also purchase fuel under a Washington State Contract for supply to these municipal partners. The District prides itself in workmanship and fast turn-around time. The cost-effective and proper maintenance of public vehicles will benefit and keep this community safe. In the words of Lake Forest Park's police chief, "I no longer have to deal with complaints from our officers about their vehicles. Northshore is providing superior fleet services to the City and at lower costs."

## Emergency preparedness

The District distributed 6,000 cases of emergency water at the end of 2006. These "Emergency 8-packs" with a five-year shelf life, is enough to supply 2-3 people for three days. The District hopes this program will help get families started on household emergency preparedness.

Besides the emergency water program, the District has devoted seven million dollars since 2001 for the seismic upgrades of its water storage facilities. The reinforced system is expected to better withstand earthquakes. In addition, District management and senior staff members have recently completed National Incident Management System (NIMS) required training, sponsored by the Department of Homeland Security. Public works agencies are now considered to be first responders and need to have procedures set in place in case of a disaster. This training program consists of on-line lessons along with a four-day session conducted by certified trainers from the King County Fire and Police Departments.

The District is taking steps to prepare staff by having them receive training and supplies to better enable them to respond in the case of a major emergency.

## Credit card acceptance

Since the beginning of the year, NUD has been accepting Visa and MC in the office and online through our webpage. To date, 1,500+ out of 22,000 customers have signed up to pay their accounts online. We have had complaints regarding our security system and complexity of the online bill paying. We have incorporated many suggestions and continue to improve our website. One of the most recent changes is allowing the site to send us your e-mail address instead of having to call your address into the office. We continue to improve our site and we hope to make this process more user-friendly over time.



## Postage savings

For many years, and like many companies who send out large mailings, the District has looked for ways to reduce our postage costs. A few years ago, the best postage rate we could receive was only a few cents below the normal 1st class rate. When we installed our new Utility Billing System software, we added a postal addressing bar code. This process prints a bar code on the billing statement that is based on the customers zip code, street address and house number. This allows the District to receive the USPS's best rate, the Automation Letters postage rate - currently 9.8 cents below the standard 41 cent rate. This saves NUD nearly \$1,000 a month on postage.

## Sewer service may be coming to you

Approximately ten years ago, the District implemented a program to extend sanitary sewers into areas of the District that are presently without service. The ultimate goal of the program is to make sewer service available to all properties within the District by approximately 2025. This program is intended to benefit our community by eliminating aged and failing on-site septic systems, which represent a threat to public health and pollute our local creeks, streams and other bodies of water.

We have developed a plan that identifies all of the projects needed to complete the sewer system build-out and will be implementing the projects through the Capital Improvement Projects.

If you are interested in knowing more about this program, please contact Stephen Dennehy at 425-398-4405.



**Sewer extension under construction**

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