

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF MANCHESTER WATER DISTRICT

May 13, 2014

REGULAR MEETING

- 1.0 **Call to Order** - Board Chair Steve Pedersen called the regular meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:32 p.m. Commissioner James Strode and Commissioner Appointee Paul Drotz were present. Also present were Attorney Ken Bagwell; Dennis O'Connell, General Manager; Erin Civilla, Accounting Specialist; and Scott Wolf, Operations Foreman. Public in attendance was Joe Guariz.
- 2.0* **Oath of Office** – Attorney Ken Bagwell administered the oath of office to incoming Commissioner Appointee Paul Drotz.
- 3.0* **Consent Agenda** – *Staff recommended approval of the consent agenda as presented.*
 - 3.1 **Approval of April 8, 2014, Regular Meeting Minutes**
 - 3.2 **Approval of April 22, 2014, Special Meeting Minutes**
 - 3.3 **Approval of Vouchers** – Approval for payment of these vouchers included General Fund vouchers totaling \$47,714.58, and Street Light Fund vouchers totaling \$2,106.90.
 - 3.4 **Approval of District Payroll Affidavits.**

Commissioner James Strode moved to approve items 3.1 and 3.2 as presented. Board Chair Pedersen seconded the motion and Commissioner Drotz abstained. **The motion carried.** Commissioner Strode then moved to adopt items 3.3 and 3.4, Commissioner Drotz seconded, and **the motion carried unanimously.**

- 4.0 **Public Comment** – No public comments were offered.

5.0 Regular Agenda

- 5.1* **Resolution 2014-05** – Presented for Board consideration was Resolution 2014-05 establishing a dedicated fund account through the Kitsap County Treasurer's Office for the purpose of amortizing future heavy equipment replacement costs over multiple fiscal years. The Board has determined that the District needs specialty machines for the repair and maintenance of its distribution system and facilities. Heavy equipment such as backhoes, excavators, Vactor trailers, and dump trucks require a substantial investment, but offer extended service life expectations over typical service trucks. In the past, the District has purchased heavy equipment as part of its capital outlay program, with all funds allocated in a single year. Budgeting for such an expense can be challenging and may cause unintended delays in replacing equipment in a timely manner. During strategic planning sessions in 2013, and as part of the adopted FY-2014 Budget; \$20,000 seed money has been set aside for future heavy equipment replacements. Over the coming years, this initial investment will be augmented with similar deposits to build a substantial heavy equipment replacement fund. When the

need arises, new equipment can be purchased with minimal impact to cash flow in any one fiscal year. After further discussion regarding the current condition of the District's heavy equipment and future replacement strategies, Commissioner Strode **moved to adopt Resolution 2014-05** as presented. Commissioner Drotz seconded and **the motion carried unanimously.**

- 5.2 **Spring Street Workshop Update** – In October of 1999, the District purchased property at 2082 Spring Street. Included in the sale was a single-wide mobile home and wood-framed storage shed. The property is across the street from what is now the District Field Operations Building. The property was purchased with the long-term goal of expanding District facilities with an operations workshop and equipment storage facility in the future. On May 2, 2014, Commissioner Strode and District staff met with representatives of the Kitsap County Department of Community Development (DCD) to discuss a proposal to construct a new Field Operations workshop on the Spring Street site.

To fund expanded facilities, the Board had discussed the possibility of selling bonds. The District would need to acquire a bond rating from Standard & Poor's, and then contract with a financial services group to sell the bonds. In order to acquire the best possible bond rating, Standard & Poor's suggests the District obtain a series of opinion statement financial audits verifying sound fiscal policy and oversight. Staff presented the Board with an estimated cost for an opinion audit contracted through the state auditor's office of between \$6,000 and \$10,000. Commissioners Strode and Drotz expressed concern over the cost of the audit given the District is not committed to seeking a bond rating in 2014. The Board directed staff to not request an opinion statement audit at this time.

As a follow up to meeting with DCD, staff presented talking points and visual depictions to the Board of the proposed workshop in a PowerPoint presentation. According to DCD staff, the concept presented is allowable under current zoning for the property. All new construction will require a Conditional Use Permit (CUP) and a Site Development Activity Permit (SDAP). A stormwater recovery and management system will have to be added, but water may be conveyed to District owned property directly across the street. To ensure current setback regulations are met, and to aid in the design concept moving forward, staff has contracted N.L. Olson Engineering to survey the site and existing structures. Staff will be demolishing all structures on the property in the coming weeks.

Commissioner Drotz questioned whether the site is sufficient in size to meet future needs of the District. Staff explained that with careful planning, the facility could serve the District for decades. In the coming months, staff will explore the feasibility of phasing in the project over a multi-year period with financing from the General Fund. N.L. Olson provided an estimate for all engineering services needed to complete the project totaling \$73,000. After further discussion about concept design, desired amenities, and the history of the project, it was determined that a tour of the facility would be beneficial. The Board will schedule a facilities tour later in the year.

5.3 **Review of Financials**

5.3.1 **Water Sales Data** – Staff reviewed the water sales & usage report through April, 2014.

5.3.2 **Income & Expense Report** – Staff reviewed the Income & Expense Executive Summary Report for the period ending March 31, 2014, including the fund account summary totaling \$601,198.08.

6.0 **Miscellaneous**

6.1 **Operations Update** – All water samples submitted in April were satisfactory. Staff repaired two service line leaks on Olympiad Drive and on Marjorie Lane. The crew also relocated a blow-off assembly on Banner Road. The District produced 14,066,000 gallons in April, 4-percent less than the same reporting period in 2013.

6.2 **Capital Improvement Project & Developer Extension Update** – No further updates were offered.

6.3 **Administrative Update** – General Manager O’Connell reported that the Seasonal Worker position opening has been posted. By the next Board meeting, a candidate will be selected.

6.4 **Board of Commissioner Comments** – Board Chair Pedersen reiterated the importance of a facilities tour in the coming months and asked the members to please check their calendars for a possible late August or early September tour.

6.5 **Executive Session Option** – No executive session was requested or called.

7.0 **Future Meeting Dates**

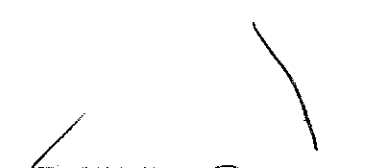
7.1 June 10, 2014, 5:30 p.m. – Regular Meeting, Manchester Library

7.2 July 8, 2014, 5:30 p.m. – Regular Meeting, Manchester Library


7.3 August 12, 2014, 5:30 p.m. – Regular Meeting, Manchester Library

8.0* **Adjournment**

There being no further business to come before the Board, the Commissioners moved to adjourn the meeting at 7:45 p.m.



Steve Pedersen,
Chairman



James E. Strode,
Secretary



Paul Drotz
Commissioner