

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

November 22, 2016

SPECIAL MEETING

- 1.0 **Call to Order** - Board Chair Steve Pedersen called the special meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:34 p.m. Commissioners Paul Drotz and James Strode were also present. District staff members in attendance were Dennis O'Connell, General Manager; Kyle Galpin, Operations Manager; and Erin Civilla, Accounting Specialist. Attorney Ken Bagwell was excused, and no guests from the public were present.
- 2.0 **FY 2017 DRAFT Budget Summary Review** – Based on Board input from previous meetings and planning sessions, staff presented a draft Income & Expense Summary (Summary) for the Fiscal Year (FY) 2017 Budget. Capital improvement projects planned for 2017 include design and construction of the Spring Street Workshop, replacing the SCADA System computer workstation, and soliciting a request for proposals to treat Well 10 effluent for manganese removal. Among capital outlay expenditures planned is the replacement of a medium-duty service truck, continued smart meter conversions, and contingency funds for emergency replacements of computer, construction, and pumping plant equipment, as needed. Also included in the Summary was projected new meter sales revenue of \$ 120,000. This figure is based on historical sales data and new service connection fees that became effective on July 1, 2016. The information presented was discussed briefly, and no formal Board action was taken.
- 3.0 **FY 2017 Schedule of Fees & Charges** – The District has established a Schedule of Fees & Charges (Schedule) consisting of a list of all fees charged by the District for services provided. Included in the Schedule is the rate structure for water service, new service connection fees, account maintenance service fees, hourly labor rates, and miscellaneous charges for other services rendered.

Staff presented a proposed Schedule for FY 2017, which included Board input regarding rate modifications discussed during their regular business meeting of November 8, 2016. The Board proposed a \$1.00 per month increase to the base rate charge component of the District's current rate structure. The increase would apply equally to all District customers and each commodity rate tier would remain unchanged. Staff presented example bills using the proposed base rate demonstrating that regardless of consumption, all customers would pay \$1.00 more per month, or \$2.00 more per two-month billing cycle.

Staff then presented examples of new service connection fees last modified effective July 1, 2016. New service connection fees consist of three major components; the

Meter Installation Fee, the General Facilities Charge (GFC), and a Local Facilities Charge (LFC). The Meter Installation Fee is based on the average actual cost of parts and labor to install a service, including excavation and connection to the water main, meter and meter box, and associated permit fees. Based on the average cost of meter installation during 2016, staff proposed an increase in the meter installation component of new service connection fees to \$2,045.00. The GFC component is the capital improvement contribution for construction of wells, reservoirs, and pump stations required to maintain overall system capacity to serve all customers. The GFC amount is indexed annually based on the Engineering News Record (ENR) cost of construction inflation rate. For 2016, the ENR index is 3.4 percent. Adjusting the existing GFC charge by 3.4-percent would increase the GFC amount to \$4,755.00. The Local Facilities Charge (LFC) is the contribution to the main replacement fund for repair and replacement of water mains and appurtenances that comprise the system distribution system. Staff proposed the LFC component remain unchanged.

Finally, staff presented data on the average hourly labor cost of a District Service Technician, including benefits and taxes. Based on current costs, staff recommended adjusting the hourly labor rate charged for District employees to a minimum of \$43.00 per hour. After further discussion, the Board recommended a rate of \$44.00 per hour to ensure that ratepayers recover the full cost of labor for contracted services performed through the coming year.

After considerable discussion, staff agreed to incorporate Board input in the FY 2017 Schedule and adopting resolution to be presented at the next Board of Commissioners' regular business meeting on December 13, 2016.

No formal Board action was requested or taken.

4.0 Future Meeting Dates

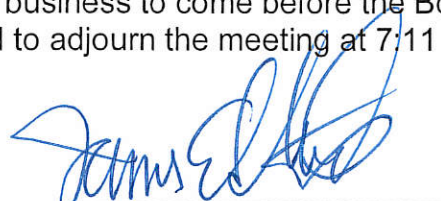
- 4.1 December 13, 2016, 5:30 p.m. – Regular Meeting, Manchester Library
- 4.2 January 10, 2017, 5:30 p.m. – Regular Meeting, Manchester Library
- 4.3 February 14, 2017, 5:30 p.m. – Regular Meeting, Manchester Library

5.0* Adjournment

There being no further business to come before the Board, the Commissioners moved to adjourn the meeting at 7:11 p.m.



Steve Pedersen,
Chairman



James E. Strode,
Secretary



Paul Drotz
Commissioner