

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

November 24, 2014

SPECIAL MEETING – FY 2015 PLANNING SESSION

1.0 Board Chair Steve Pedersen called the special meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:37 p.m. Commissioners James Strode and Paul Drotz were also present. District staff members in attendance were Dennis O'Connell, General Manager; Accounting Specialist Erin Civilla; and Scott Wolf, Operations Foreman. No public guests were present.

2.0* **"Housekeeping"** – At the request of Accounting Specialist Erin Civilla, additional Board signatures were gathered for items approved, but not signed during the regular business meeting of the Board on November 18, 2014.

Board signatures were gathered with no further action taken.

3.0 **FY 2015 Budget Review** – Presented for review were slides from previous meetings and planning sessions of FY 2015 Budget proposals, with corrections and revisions.

No Board action was requested.

4.0 **"Follow the Money"** – Staff presented slides depicting the flow of money from initial customer payment, through deposits and transfers, and then back out to pay District expenses. The intent was to provide a clearer understanding of how various fund accounts are replenished and utilized; and how the annual budget is created.

No Board action was requested.

5.0 **Fund Balances** – Presented for Board review and discussion was an overview of each of the five separate District fund accounts maintained at the Kitsap County Treasurer's office. Via a voucher request and approval system, these funds are used for all accounts payable and were each created for a specific purpose. After considerable discussion and a review of various identifying terms for the total sum of all accounts, such as "unappropriated fund balance" or "unrestricted fund balance"; the sum total of all of these funds will now be referred to in the budget process as "balance forward". This total will be listed in the Budget's Income & Expense Executive Summary in place of the current "FY 2014 Retained Earnings" listing. In monthly Income & Expense reports, the sum of all fund balances will be referred to as the "Total Fund Balance".

In previous discussions, the Board considered what would be an appropriate amount to maintain as a total fund balance. Presented for Board consideration was a report on best practices from the Government Finance Officers Association (GFOA). In that report, GFOA recommends a minimum unrestricted fund balance of "no less than two months of regular general fund operating revenues or regular fund operating expenditures". This recommendation also suggests that each government situation may be different, and these are minimum levels

that should be maintained. For comparison, staff presented the sum of operating revenues for the months of August, 2014, and September, 2014, plus the total debt service amount to be paid in FY 2015; and the operating expenses for the same two months with the debt service added. They are as follows:

| EXAMPLE | | EXAMPLE | |
|---------------------|----------------------|---------------------|----------------------|
| Period | Revenue | Period | Expenditures |
| August 31, 2014 | \$ 127,063.75 | August 31, 2014 | \$ 123,099.63 |
| September 30, 2014 | \$ 147,876.88 | September 30, 2014 | \$ 89,631.61 |
| Minimum Fund Total | \$ 274,940.63 | Minimum Fund Total | \$ 212,731.24 |
| Annual Debt Service | \$ 140,000.00 | Annual Debt Service | \$ 140,000.00 |
| Our Minimum? | \$ 414,940.63 | Our Minimum? | \$ 352,731.24 |

The proposed FY 2015 Budget has a total fund balance of \$395,000. The appropriate amount of unrestricted funds available is for the Board to determine and it may vary from year-to-year based on District need. The GFOA recommendation was presented as a guide to help the Board make their determination in all future planning.

No Board action was requested.

- 6.0 **Schedule of Fees & Charges** – The District maintains a Schedule of Fees & Charges (Schedule) listing amounts charged for various services offered, new service connection fees, and our rate structure from which our regular water utility billing is calculated. The Schedule is reviewed annually and adjusted or amended as needed. For the rate structure component of the Schedule, staff presented multiple rate models with various adjustments, and the impact of each adjustment on a typical 1200 cubic foot water bill. Staff also presented a history of rate modifications at the District dating back to 2002. This presentation was intended to offer the Board examples of possible adjustments to consider ahead of our regular business meeting on December 9, 2014. Further discussion regarding all aspects of the Schedule will be presented then.

No Board action was requested.

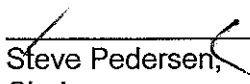
- 7.0* **Executive Session Requested** – General Manager O’Connell requested a 30-minute executive session to discuss personnel issues and staffing strategies for FY 2015. Board Chair Pedersen called the executive session to order at 7:48 p.m. Following their discussion, the executive session was adjourned at 8:26 p.m. with no action taken by the Board.

8.0 **Future Meeting Dates**


- 8.1 December 9, 2014, 5:30 p.m. – Regular Meeting, Manchester Library
- 8.2 January 13, 2015, 5:30 p.m. – Regular Meeting, Manchester Library
- 8.3 February 10, 2015, 5:30 p.m. – Regular Meeting, Manchester Library

9.0* **Adjournment**

There being no further business to come before the Board, the Commissioners moved to adjourn the meeting at 8:32 p.m.



Steve Pedersen,
Chairman



James E. Strode,
Secretary

Paul Drotz
Commissioner

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