

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

November 18, 2014

REGULAR MEETING

- 1.0 Board Chair Steve Pedersen called the regular meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:30 p.m. Commissioners James Strode and Paul Drotz were also present. District staff members in attendance were Dennis O'Connell, General Manager; and Scott Wolf, Operations Foreman. Attorney Ken Bagwell was also present. Accounting Specialist Erin Civilla was excused. There were no guests from the public in attendance.

Before beginning to address agenda items, Board Chair Pedersen asked for a moment of silence to acknowledge the passing of Kristin Bilodeau on November 14, 2014. Kristin was a beloved coworker and Customer Service Representative for the District for nearly eight years.

- 2.0* **Consent Agenda** – Staff recommended approval of the consent agenda as presented.

- 2.1 **Approval of October 14, 2014, Regular Meeting Minutes**
- 2.2 **Approval of October 27, 2014, Special Meeting Minutes**
- 2.3 **Approval of Vouchers** – Approval for payment of these vouchers included General Fund vouchers totaling \$ 38,913.68 and Street Light Fund vouchers totaling \$ 2,126.61.
- 2.4 **Approval of District Payroll Affidavits.**

Commissioner Paul Drotz moved to approve the consent agenda as presented. Commissioner James Strode seconded, and **the motion carried unanimously.**

- 3.0 **Public Comment** – General Manager O'Connell presented a letter to the Board dated November 17, 2014, from William Palmer Consultants. Palmer will be representing property owner Dixie Fox in petitioning Kitsap County for a comprehensive plan amendment to change the zoning for property adjacent to District-owned property at 2160 Garfield Avenue SE (Wells 6 & 7). The plan amendment would change the zoning in the area from Rural Protection to Rural Residential. Palmer is asking whether the District would like to be included in the plan amendment proposal. Historically, the Board has not advocated for any cause or action that does not present an advantage for District ratepayers. After review and consideration of the request, no Board action was taken.

4.0 **Regular Agenda**

- 4.1 **Project Update - Spring Street Workshop** – Pursuant to a Board directive issued October 14, 2014, staff has notified Mr. and Mrs. Wilcox of 7980 Hemlock St. E., of the District's intent to remove the cedar tree located in the northwest corner of the District-owned Spring Street Workshop site at 2082 Spring St. E. The Wilcox Family owns the property directly north of the job site address. Notification that the tree would be removed on or after November 10, 2014 was sent via certified mail. Included in the letter

was a request to notify the District within 14 days if there were questions or concerns regarding removal of the tree. The District has received no response to the notification and is prepared to move forward. As discussed in previous meetings and stated in the letter to the Wilcox Family, the decision to remove the tree was based primarily on two concerns:

- The District reasonably believes that the tree will present a substantial hazard and impediment to the new structure(s) planned for the property and needs to be removed prior to construction activities
- Due to the planned construction activities, the tree will present a potential hazard to the property and structures located on the neighboring property directly west and adjacent to District property

District staff will coordinate removal of the tree with Briggs' Tree Service of Port Orchard.

No Board action was requested.

- 4.2 **PWTF Loans Update** – Manchester Water District currently has three outstanding loans with the Washington State Public Works Trust Fund (PWTF). These low-interest loans are used to add or replace critical infrastructure improvements to the District's distribution system. The most recent example is a loan for the replacement of our Banner Road Tank. Contractually, the loans require an annual debt service payment on July 1 of each year. Recently, the District was asked to modify their loan agreements on two loans that would change the annual due date from July 1st to June 1st. In a letter dated September 15, 2014, the State of Washington Department of Commerce states that this change is "being taken at the direction of the legislature and the Office of Financial Management to better align the billing and budget projections with the state's biennial budget cycle." Prior to signing a modification of the contracts, staff consulted with Ken Bagwell, attorney for the District. As a result of those discussions, staff has not executed the contract modification. Presented for Board consideration was the letter requesting the contract modifications, and a second notification from Blair Burroughs, Executive Director of the Washington Association of Sewer & Water Districts containing editorial opinion on the matter. After brief discussion and further input from Attorney Bagwell, no action was taken on the matter.

- 4.3 **FY 2015 Draft Budget Presentation** – As part of our series of autumn meetings and planning sessions, staff presented a draft of the proposed FY 2015 Budget document. Staff also presented slides comparing the proposed FY 2015 Budget with the District's FY 2014 Budget. This resulted in a productive exchange of ideas between the Board and General Manager O'Connell. Staff was seeking further input in preparation for the planned adoption of the FY 2015 Budget at our regular business meeting on December 9, 2014.

No formal Board action was requested.

General Manager O'Connell asked the Board Chair to move to Item 5.5 on the agenda at this time.

4.4 **Review of Financials**

4.4.1 **Water Sales Data** – Water sales data through September 30, 2014 was reviewed.

4.4.2 **Income & Expense Report** – Staff reviewed the Income & Expense Executive Summary Report for the period ending August 31, 2014, including the fund account summary totaling \$561,807.81.

5.0 **Miscellaneous**

5.1 **Operations Update** - All water samples submitted for analysis in October were satisfactory. Staff also repaired a service line leak this month, and relocated the fire hydrant at the northwest corner of Spring Street and Main Street as part of the new County Stormwater Project. The District produced 13,834,000 gallons in the month of October.

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

5.3 **Administrative Update** – Staff reminded the Board that the next Planning Session meeting scheduled for November 24th is a Monday evening.

5.4 **Board of Commissioner Comments** – No additional comment was offered

5.5 **Executive Session Option** – The General Manager requested a 30-minute executive session to discuss personnel issues and a separate potential litigation concern. Chair Pedersen called an executive session to order at 6:35 p.m. The executive session was adjourned at 7:14 p.m. No Board was action was taken.

With the regular business meeting reconvened at 7:14, the following non-agenda item was addressed.

Kitsap County Settlement Agreement – In March of 2012, Kitsap County Public Works reopened Southworth Drive between Locker and Banner Road following completion of replacement of the Southworth Bridge over Curley Creek. Included in the bridge replacement was a new water main installation. The original bid price for the water main improvement was \$56,119.05. The District was billed a total of \$123,544.88. Since that time, the original bid amount was paid by the District; but cost overruns totaling \$67,425.95 have been in dispute. Following negotiations between special counsel for the District and Kitsap County legal representation, and pursuant to a settlement offer submitted on behalf of the District; Kitsap County representatives have agreed to release the District of all further claims regarding this matter upon receipt of a one-time payment of \$50,000. Commissioner Strode moved to execute the settlement agreement as presented. Commissioner Drotz seconded, and **the motion carried unanimously.**

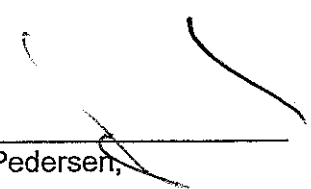
Following this action, the meeting resumed with item 4.4 on the agenda.

6.0 Future Meeting Dates

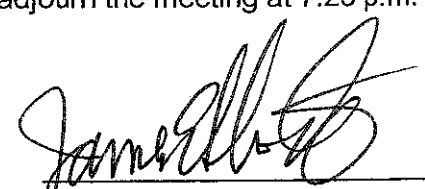
- 6.1 November 24, 2014, 5:30 p.m. – Special Meeting, Manchester Library
- 6.2 December 9, 2014, 5:30 p.m. – Regular Meeting, Manchester Library
- 6.3 January 13, 2015, 5:30 p.m. – Regular Meeting, Manchester Library

7.0* Adjournment

There being no further business to come before the Board, the Commissioners moved to adjourn the meeting at 7:25 p.m.



Steve Pedersen,
Chairman



James E. Strode,
Secretary

Paul Drotz
Commissioner