

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

November 27, 2018

## 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 5:40 p.m. Commissioners Paul Drotz and James Strode were also present. District staff members in attendance were Dennis O'Connell, General Manager, Erin Civilla, Accounting Specialist, and Operations Foreman Scott Wolf. Attorney Ken Bagwell was excused. No members from the public were present.
- 2.0 2019 Budget Review** – Staff began the meeting by presenting a review of financial projections for the remainder of 2018, and projected income and expense totals for 2019. Staff used these projections to develop a budget for fiscal year 2019 (FY 2019). An executive summary of the proposed FY 2019 budget is as follows:

| <b>FY 2019</b>                                       |                             |
|------------------------------------------------------|-----------------------------|
| <b>Income &amp; Expense Executive Summary Report</b> |                             |
| FY 2018 Balance Forward                              | \$ 638,749.00               |
| <b>REVENUE</b>                                       |                             |
| Water Sales                                          | \$ 1,400,000.00             |
| Street Lighting                                      | \$ 27,000.00                |
| Investment Income (Interest)                         | \$ 1,000.00                 |
| Satellite System Management                          | \$ 2,500.00                 |
| Port of Manchester                                   | \$ 10,000.00                |
| Rental Revenue (Communications Leases)               | \$ 40,000.00                |
| Jobbing Labor                                        | \$ 500.00                   |
| New Meter Sales                                      | \$ 176,400.00               |
| Developer Extension Payback                          | \$ -                        |
| Miscellaneous Revenue                                | \$ 5,000.00                 |
| Loan Proceeds                                        | <u>\$ -</u>                 |
| <b>TOTAL REVENUE</b>                                 | <b>\$ 2,301,149.00</b>      |
| <b>EXPENSE</b>                                       |                             |
| Human Resources                                      | \$ 817,000.00               |
| Professional Services                                | \$ 20,000.00                |
| Street Lighting                                      | \$ 27,000.00                |
| Port of Manchester                                   | \$ 10,000.00                |
| Administrative                                       | \$ 185,000.00               |
| Operations & Maintenance                             | \$ 250,000.00               |
| Capital Outlay                                       | \$ 100,000.00               |
| Capital Projects                                     | <u>\$ 200,000.00</u>        |
| <b>TOTAL EXPENSE</b>                                 | <b>\$ 1,609,000.00</b>      |
| <b>INCOME BEFORE DEBT SERVICE</b>                    | <b>\$ 692,149.00</b>        |
| <b>Debt Service</b>                                  | <u><b>\$ 102,000.00</b></u> |
| <b>PROJECTED TOTAL FUND BALANCE</b>                  | <b>\$ 590,149.00</b>        |
| <i>(Unrestricted Fund Balance)</i>                   |                             |

**3.0 Schedule of Fees & Charges** – Pursuant to RCW 57.08, the Board has established a Schedule of Fees & Charges (Schedule) to fund the daily operation and future needs of the District. The Schedule is reviewed annually and modifications to the Schedule must be adopted by resolution. Staff presented information on the three major categories of the Schedule and solicited input for each section.

**3.1 Rate Structure** – The District uses a tiered rate structure to determine appropriate charges for each water bill. The structure consists of a base rate, which is applied equally to all customers for each billing cycle, as well as a four-tiered rate structure for consumption. In addition to base rate and consumption charges, the District also bills customers residing within designated street lighting districts for the cost of operating community street lights. Staff presented information on current and historical rate structures; and presented various models of proposed rate modifications. The impact of various rate modifications on individual water bills was also presented.

**3.2 New Connection Charges** – Service connection charges are applied once for each new water service installed in the existing distribution system. These charges are separated into three categories including; General Facilities Charge (GFC) intended to fund capital improvements benefitting all District customers; a Local Facilities Charge (LFC) to fund maintenance and repair of water mains and appurtenances serving each property; and a Meter Installation Charge reflecting the actual cost of labor and material to install a typical service line and water meter. The GFC and LFC components of new connection charges should be adjusted annually to reflect construction industry inflationary trends. Staff presented information on projected all three components of the new service connection charges.

**3.3 Labor & Service Fees** – In addition to one-time connection fees and ongoing water rates, the District collects fees and charges for specific services provided on an hourly rate. Staff presented information on the current cost of a District Service Technician's compensation to determine an average cost per labor hour. The District also assesses penalties for specific infractions of District policy, such as late payments. All fees and charges were reviewed and input solicited from the Board on any recommended modifications.

*No formal Board action was taken on Items 1 through 3.*

**4.0 Board of Commissioners' Comments** – No additional comments were offered.

## 5.0 Future Meeting Dates

- 5.1 December 11, 2018, 5:30 p.m. – Regular Meeting, Manchester Library
- 5.2 January 8, 2019, 5:30 p.m. – Regular Meeting, Manchester Library
- 5.3 February 12, 2019, 5:30 p.m. – Regular Meeting, Manchester Library

## 6.0 Adjournment

There being no further business to come before the Board, the commissioners moved to adjourn the meeting at 7:12 p.m.

  
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Steve Pedersen, Chairman

  
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James Strode, Secretary

  
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Paul Drotz, Commissioner