

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

June 14, 2011

REGULAR MEETING

- 1.0 Chairman Kyle Galpin called the regular meeting of the Manchester Water District Board of Commissioners to order at 5:35 p.m. Present were Chairman Kyle Galpin, Commissioner Steve Pedersen, and Commissioner James Strode. Staff included Dennis O'Connell, Interim General Manager; Scott Wolf, Interim Operations Foreman; Jamie Hatton, Accounting Specialist; and Rick Gross, Attorney.
- 2.0* **Consent Agenda** – *Staff recommended approval of the consent agenda as presented.* If modifications are needed to any item, the item will be pulled from the Consent Agenda and placed on the Regular Agenda.
 - 2.1 **Approval of May 10, 2011, Regular Meeting Minutes.**
 - 2.2 **Approval of June 7, 2011, Special Meeting Minutes**
 - 2.3 **Approval of Vouchers.** Approval for payment of these vouchers included General Fund vouchers # 231-249; 250-263; 264-275; and 277-312; totaling \$31,846.14; and Street Light Fund voucher # 276 totaling \$1,933.18.
 - 2.3 **Approval of District Payroll Affidavit**

Commissioner Strode moved to approve the Consent Agenda. Commissioner Pedersen seconded. **The motion was unanimously approved.**

3.0 **Public Comment.** There was no public comment.

4.0 **Regular Agenda**

- 4.1 **Resolution 2011-01, Billing Dispute Policy** - Presented at our last meeting was a draft of a new Billing Dispute Policy. The purpose of the policy is to define a fair and consistent means of resolving billing disputes and corrections. Presented for the Board's consideration was Resolution 2011-01. This policy would clarify the expectation of reasonable due diligence on both the District and its customers to recognize, and seek action to correct such billing errors. The policy would apply to all reasonably ascertainable billing errors in favor of the District or its customers. An integral component of the policy is the methodology for customers to be informed of their right to a hearing before the Board if satisfaction cannot be met through standard procedure and practice. The policy would limit the number of previous billing cycles eligible for adjustment at eighteen (18) bi-monthly periods, or three (3) calendar years from the date the billing error is discovered. The general three-year statute of limitations regarding such matters is typical for domestic utility service providers. Additionally, the policy would limit the number of billing adjustments allowable at the discretion of the District's General Manager, and without prior Board action and approval, to

three (3) bi-monthly billing cycles or six (6) calendar months from the date of discovery. Attorney Rick Gross has reviewed the Resolution and policy addendum.

*Commissioner Strode moved to adopt Resolution 2011-01 as presented. Commissioner Pedersen seconded. **The motion was unanimously approved.***

- 4.2 **Property Liens Information & Discussion** – Included in Board meeting packet was a spreadsheet of accounts with liens applied, and a billing history report for the specific account with the highest dollar amount owed. Although typically applied only as a last resort, the District relies on its ability to lien properties for failure to pay for services rendered. The value of the lien includes late charges, door hanger and shut-off fees, and may even be applied to street light charges. Often, the properties are vacated. The account remains “active” and the minimum base charge is still applied. A 10-percent late fee is applied to the remaining balance due, and charges continue to compound. As part of our ongoing internal audit of customer billing, staff has found that for some accounts, lien fees, base rate charges, and continued late penalties have compounded to exceed the cost of a new service connection charge. One side effect of this practice is to discourage new owners from acquiring properties with significant balances due through liens and other charges. Customer service staff must rely on the discretion of the General Manager or Board to determine what fees, if any, can be waived prior to restoration of service. One possible solution to this dilemma would be to establish a maximum amount of charges that can be compounded. Once the maximum amount is reached, the status of the account would be “suspended”, the meter removed, and all additional charges would cease. Service to the property would not be restored until all applicable fees were paid in full. For example; the maximum compounded fees could be set to equal the current General Facilities Charge (GFC) component of a new service connection. This would in effect, “reset” the account for a new property owner, just as if connecting to the District for the first time.

Commissioner Strode expressed satisfaction with the idea of “resetting” the account for new property owners and asked staff to pursue this matter further. Commissioner Pedersen asked if our billing software could automatically flag such accounts. Staff will draft a policy to reflect these changes for consideration at a future meeting.

- 4.3 **Information Technology Services Agreement** – The District currently utilizes the services of Michael Whitehead of West Sound Utility District to assist with information technology (IT) services. Enclosed is a copy of an amendment to the original 2008 Interlocal Agreement and services contract. The enclosed amendment would increase the hourly rate to more accurately reflect Mr.

Whitehead's wages and benefits. These services are valuable to the District and are utilized on a strictly as-needed basis. Staff is seeking authorization for the Interim General Manager to execute the amendment as presented.

*Commissioner Pedersen moved to authorize the Interim General Manager to execute the amendment updating the original 2008 Interlocal Agreement. Commissioner Strode seconded, and **the motion carried unanimously.***

4.4 **Developer Extensions & Capital Improvement Projects Update** – Staff has been approached with inquiries into the Minnesota Street Project originally submitted in 2008. Plan review and current connection fees were discussed to service a tract of 28 homes in the Manchester Heights area, east of Nevada Avenue. Staff attended a pre-construction meeting with Kitsap County and Quigg Brothers Construction to review sequencing for the Southworth (Curley Creek) Bridge project. Work is set to begin on June 23, 2011.

4.5 **Port of Manchester Update** – Presented at the meeting were project updates for the replacement of the south dock and improved park lighting.

4.6 **Review of Financials**

4.6.1 **Water Sales Data.** The Board and staff reviewed the water sales & usage report through May 2011.

4.6.2 **Income & Expense Report** - The Income & Expense Report through April 2011 was enclosed for review.

5.0 **Miscellaneous**

5.1 **Operations Update** - All water samples submitted in May tested satisfactory. Staff did one emergency service line repair on Olympiad Drive since last report. Staff also installed an isolation valve on Southworth Drive, west of Curley Creek Bridge in support of the bridge replacement project. The District produced 16,808,000 gallons in May; which is 96,000 gallons less than the same reporting period in 2010.

5.2 **Administrative Update** – Following the most recent Planning Session a week prior to this regular meeting, staff had nothing further to report.

5.3 **Board of Commissioner Comments** – No additional comment was offered.

6.0 **Executive Session** – The Board requested we move into executive session to discuss personnel issues and staffing assignments. The session lasted approximately 20-minutes and no action was taken.

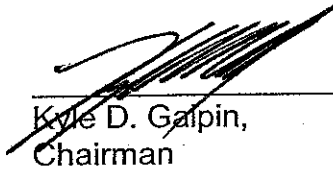
7.0 **Future Meeting Dates**

7.1 July 12, 2011, 5:30 p.m. – Regular Meeting, Manchester Library


7.2 August 9, 2011, 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.



Kyle D. Galpin,
Chairman



James E. Strode,
Secretary



Steve Pedersen,
Commissioner