

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

September 14, 2010

REGULAR MEETING

Chairman Kyle Galpin called the regular meeting of the Manchester Water District Board of Commissioners to order at 5:30 p.m. Present were Chairman Kyle Galpin, Commissioners James Strode and Steve Pedersen. Staff included Alan Fletcher, General Manager, Dennis O'Connell, Operations Manager, Jamie Hatton, and Rick Gross, Attorney.

1.0* **Consent Agenda**

- 1.1 **Approval of August 10, 2010, Regular Meeting Minutes.**
- 1.2 **Approval of August 17, 2010, Special Study-Session Minutes.**
- 1.3 **Approval of Vouchers.** Approval for payment of these vouchers includes Street Light Fund voucher #413, 490, totaling \$3,885.78; General Fund vouchers #414-489, 491-502, totaling \$95,923.18.
- 1.4 **Approval of District Payroll Vouchers.**

Commissioner Strode moved to approve the consent agenda. Commissioner Pedersen seconded the motion. **The motion was unanimously approved.**

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

3.0 **Regular Agenda**

- 3.1* **Proposed 2011 Rate Adjustment & Project Financing.** Staff reported that at the August 17, Work Session, the Board leaned toward a rate increase to help bolster revenues and noted the general recognition that due to poor water sales, few new service connections, and pending capital needs, such as replacement of the Curley Creek Bridge and Banner Tank projects, that additional money was needed for projects.

Reflective of the Work Session, staff presented a preliminary budget and draft newsletter that reflect a \$2.00 per month increase to the District's base service-charge. Also, staff contacted James Blumenthal, Martin Nelson Company, regarding a possible bond issue. Mr. Blumenthal developed scenarios of long-term financing options to compare with a Public Works Board loan.

There was extensive discussion regarding rates, bonds, and loans, as well as the work required by Kitsap County due to replacement of the failing Curley Creek Bridge, which holds a transmission pipeline. The Board agreed that in the last few years, it will have spent about \$400,000, in utility projects that are required when Kitsap County rebuilds roads. While supportive of safe bridges and roadways, these unfunded mandates place a financial burden on our customers.

The Board further explored its interest in a rate adjustment and wanted to alert the public of a possible increase, and that such notice should be via a newsletter in the October and November water bills. This would alert all customers of a public meeting, discussion, and likely action at the November Board meeting. The Board acknowledged that district-wide notification provides the opportunity for folks to write in and/or attend the meeting to speak for or against an increase. Commissioner Pedersen moved to direct staff to provide public notice of a possible rate increase via a district-wide newsletter. Commissioner Strode seconded. **The motion was unanimously approved.**

- 3.2* **Resolution No. 2010-03, Appointment of Agent to Receive Claims.** Rick Gross reported that last year Washington law was amended regarding the requirements a District must meet in aiding individuals who claim injury (personal injury or damage to their property) as a result of District action. Previously, prior to bringing a claim for personal injuries or property damage against the District, an aggrieved individual was required to serve their claim with the District's Claims Agent at least 60 days prior to filing an action in court. The law, however, provided no real guidance as to what the "claim" was to contain. He noted that has been rectified in RCW Chapter 4.96, and new requirements on the District have been imposed. RCW 4.96.020 mandates the District provide claimants with Standard Tort Claim forms, including instructions on how to complete and present the claim to the District's Claims Agent. The new mandates also provide additional tools as a claimant must now submit more detailed information than in the past. The Board reviewed the proposed documents to comprise the District's "Standard Tort Claim Packet" and discussed the importance of responding to customers when claims exist. Commissioner Pedersen moved to approve Resolution No. 2010-03, Appointing Alan Fletcher the Agent to Receive Claims for Damages and adopting the Standard Tort Claim Packet. Commissioner Strode seconded. **The motion was unanimously approved.**
- 3.3* **Approval of Curley Creek Bridge Design Services Agreement.** Staff reported that the District needs to prepare for a new pipeline crossing on the Curley Creek Bridge. In discussion with Kitsap County, we have agreed to two actions. First, the County is preparing an Interlocal Agreement for including the pipeline crossing in their bid package for the project. The Agreement will be similar to the one entered into for the Mile Hill Road work a few years back. Second, the District will develop its own plans and specifications for the crossing. RH2 Engineering, Inc. was contacted to put together a Scope of Work pricing for the project. Staff distributed and reviewed a proposal from RH2 Engineering that details the project approach at an estimated cost of \$17,653. If approved, a standard engineering Services Agreement will be developed and reviewed by the District attorney. Commissioner Pedersen moved to approve an Engineering Services Agreement between the district and RH2 Engineering, Inc. for the Curley Creek Bridge Pipeline Replacement and to authorize the General Manager to execute the agreement after successful review by the District's attorney. Commissioner Strode seconded. **The motion was unanimously approved.**
- 3.4* **Public Service Announcement (PSA) - Friends of Manchester Library (FOML) Fundraiser.** Staff reported that the FOML have requested a public service announcement in the water bill for their upcoming fundraising dinner on October 10. Commissioner Pedersen moved to approve the PSA for the FOML fundraiser. Commissioner Strode seconded. **The motion was unanimously approved.**
- 3.5* **Authorization of PWTF Pre-construction Loan Closeout.** Staff explained that in 2008, the District received a Public Works Trust fund Loan (PWTF) for the engineering and design of the Banner Road Tank & Transmission Main. In March of 2010, the pre-construction project was complete. Final permitting, bidding, and construction of the project are conditioned upon project financing, and currently, the District is in good position to receive a PWTF low interest loan, if approved by the legislature in the upcoming regular session. Staff reviewed the project Account Summary and noted that formal action is required to close-out the loan. Commissioner Pedersen moved to authorize the closeout of PWTF Loan PR08-951-098. Commissioner Strode seconded. **The motion was unanimously approved.**
- 3.6 **Developer Extensions & Capital Improvement Projects Update.** Staff updated the Board on the Southworth Road project.

3.7 **Port of Manchester Update.** Staff replaced broken cleats on the north dock and installed a new hydrant at the southwest planter of the parking lot. A total of \$3,594.42 was billed to the Port for routine administrative and parking lot expansion related services.

3.8 **Review of Financials & Study-Session Prep**

3.1 **Water Sales Data.** The Board reviewed the water sales & usage report through August 2010. It was noted that revenues continue to lag with last year's due to the cool, wet summer. Staff explained that this trend is consistent with other Kitsap area water providers.

3.2 **Income & Expense Report.** Financial reports for the fiscal year through August 2010 were reviewed. Staff plans to have updated financial information for the October Study-Session.

4.0 **Miscellaneous**

4.1 **Operations Update –** All water samples submitted in August were reported as satisfactory. Staff installed three (3) new services in August, bringing our total to 11 new services year-to-date. Staff also replaced two (2) defective fire hydrants, and cleared main easements throughout the District. We produced 24,736,000 gallons in August, down 1.8 percent from the same reporting period in 2009.

4.2 **Administration Update.** The General Manager noted that he was elected to the Enduris (insurance pool) Board of Directors, its policy making body. Enduris provides coverage and risk management services to 445 local governments and special purpose districts that "pool" resources to share risk and reduce cost. They meet quarterly in Spokane. All expenses for travel, room, etc. are paid for by the Pool, so there is no out of pocket expense for the District. The District and the Port of Manchester are both pool members.

4.3 **Board of Commissioner Comments.** Commissioner Pedersen inquired about any progress in the dealings at the Washington Association of Sewer & Water Districts. In addition, he addressed staff in general regarding the difficult decisions the Board must make due to budgetary shortfalls. He wanted to assure staff of his, and the Boards support for staff and the excellent job they do. Also, that while money is short, thus far the District has been able to keep folks fully employed and benefits intact.


5.0* **Future Meeting Dates**

5.1 October 5, 5:30 p.m. – Special Study-Session Meeting

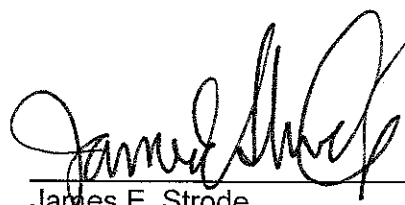
5.2 October 12, 2010, 5:30 p.m. – Regular Meeting, Manchester Library

5.3 November 9, 2010, 5:30 p.m. – Regular Meeting, Manchester Library

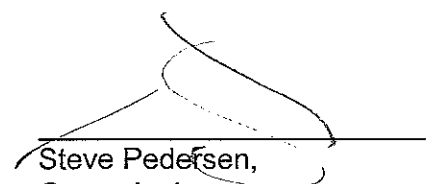
6.0* **Adjournment.** There being no further business to come before the Board, the Commissioners moved to adjourn the meeting at 7:15 p.m.



Kyle D. Galpin,
Chairman



James E. Strode,
Secretary



Steve Pedersen,
Commissioner