

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

June 9, 2009

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, Commissioner Steve Pedersen and James Strode. Staff present included Alan Fletcher, General Manager, Dennis O'Connell, Operations Manager, Jamie Hatton, and Rick Gross, Attorney.

1.0* **Consent Agenda**

- 1.1 **Approval of May 12, 2009, Regular Meeting Minutes.**
- 1.2 **Approval of Vouchers** - Vouchers that have been audited and certified by the Auditing Officer as required by RCW 42.24.090. Vouchers are recorded on a listing that is reviewed by the Board prior to the meeting. Approval for payment of these vouchers includes Street Light Fund voucher #271, totaling \$1,874.76; General Fund vouchers #216-236, 239-269, 272-280, totaling \$54,230.79; Capital Fund vouchers #237-238, totaling \$30,355.00; and Main Replacement Fund voucher #270, totaling \$161,223.08.
- 1.3 **Approval of District Payroll Vouchers.**

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

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

3.0 **Regular Agenda**

- 3.1* **South Kitsap School District Well Lease.** Staff reported that the South Kitsap School District (SKSD) has approached the District regarding irrigation of its fields at Manchester Elementary School. In 1989, the District leased to SKSD an unused well located on the California Tank site. The current agreement runs for another 10-year period, however, SKSD would need to make a large investment in new equipment to keep it operating. SKSD is interested in connecting to the water system; however, they have not budgeted for water purchases, connection fees, and reconnection costs and seek a cost-effective transition plan. The Board discussed the request asking for more information before making any decision regarding terms. Staff was directed to return at the next meeting with rate scenarios, usage, cost recovery, and well abandonment.
- 3.2* **Resolution No. 2009-03, Surplus Vehicle.** Staff noted that the new Ford 150 pickup truck has arrived and is being outfitted for service. The 2000 Ford Ranger pickup can now be sold and Resolution No. 2009-03, which declares the Ranger as surplus property and allows for its sale, was presented. The vehicle will be assigned to Stokes Auction or Craig's list for bidding. Stokes offers a hand-offs approach, while Craig's list will reach a wider audience, albeit, with District management time. We do not know if there is a dollar advantage to either. Commissioner Strode moved to approve resolution No. 2009-03, Declaring Surplus Property and providing for its Sale. Commissioner Pedersen seconded. **The motion was unanimously approved.**

3.3* Developer Extension Update

3.3.1 Trondson Construction, Inc. – Request for Release of Escrow Funds. Staff explained that last meeting the Board approved a Developer Extension Agreement with Trondson Construction. Trondson states they will not be building and has requested release of the funds placed into Escrow in lieu of providing a Performance Bond for the project. In addition, Trondson has requested refund of a meter purchase, which spurred the Performance Bonding. The meter has not been installed and the District has verified that no applications have been submitted to the Health District, so there have not been any misrepresentations made regarding service availability. Staff supports a refund of meter connection fees and release of escrow monies. Commissioner Pedersen moved to release escrow funds and refund meter connection fees. Commissioner Strode seconded the motion. **The motion was unanimously approved.**

3.3.2 Woods View II LLC, Request for Waiver of Performance Board. Staff met with the developer and utility contractor for the Woods View project. They are preparing to start work and are awaiting final funding and approvals. Due to the bond market, the contractors are having difficulty obtaining Performance Bond coverage and have requested a waiver of the performance bond for on-site improvements. The project is in two stages: Phase-1, the pipeline on E Washington Street, between Nevada and where the directional-bore piping (previously installed) begins; and Phase-2, being the on-site water system improvements within the platted subdivision. The Board has the ability to waive the Performance Bond, based upon an assessment of its risks. Staff feels that the Performance Bond requirements for Phase-1 (E Washington Street) improvements should remain a requirement, however, Phase-2 is the on-site improvements that are occurring on private property and pose lessor risk to the District if not completed and/or if bills are not paid. Obviously, lien releases and other standard assurances would need to be received prior to any acceptance of the improvements and/or the issuance of any Binding Water Availability Letters. The Board discussed the project and potential risks in not requiring a Performance Bond. It was noted that while the risks are lower for on-site improvements, the District would be viewed as a deep-pockets player in the development and coupled with the instability in the home building industry, that the District is best protected by staying with the original bonding requirements. Commissioner Strode moved to retain the performance bonding requirements as stated in the Developer Extension Manual. Commissioner Pedersen seconded. **The motion was unanimously approved.**

3.4 Port of Manchester Update. Staff reported on dock repairs and grant administration work performed for the Port.

3.5 Capital Improvement Project Updates. Staff reviewed the status of capital projects and capital outlays to date. The District has taken delivery of both the new Ford F-150 service truck, and the Wacker-Neuson G-150 Generator.

3.6 Review of Financials

- 3.6.1 **Water Sales Data.** The board reviewed water sales and usage through May 31, 2009. As noted on the report, sales are about even with last year at this time and sales revenue is tracking slightly above last year due to the January rate adjustment.
- 3.6.2 **Income & Expense Report.** The Board reviewed financial reports for 1st Quarter and Period 4 (April).
- 3.6.3 **2008 Annual Report.** The 2008 Annual Report was still at the printers and will be reviewed at a future meeting.


4.0 Miscellaneous

- 4.1 **Operations Updates.** All water samples collected in May tested satisfactory. Staff has finished clearing the California water main easement and has installed water marker posts for future reference. We have begun replacing the old compressor and hydro-pneumatic tank at Well 4 (Bullman) with surge-control bladder tanks. These tanks will enable us to serve local customers in the event of an emergency. Staff installed three new services in May, and 11 new service installations year-to-date. The District produced 17,743,000 gallons in May, down 1.8% from the same reporting period in 2008.
- 4.2 **Administration Updates .** Staff reported on recent changes to HCA medical on the semi-annual insurance premium adjustment. Attendance at the upcoming American Water Works Association conference was discussed.
- 4.3 **Board of Commissioners.** There were no Board comments.


5.0* Set Future Meeting Dates:

- 5.1 July 14, 2009, 5:30 p.m. – Regular Meeting
- 5.2 August 11, 2009, 5:30 p.m. – Regular Meeting
- 5.3 Water System Tour – To Be Determined


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



Kyle D. Galpin,
Chairman



James E. Strode,
Secretary



Steve Pedersen,
Commissioner