

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

October 14, 2008

## REGULAR MEETING

Board Chair Kyle Galpin called the regular meeting of the Manchester Water District Board of Commissioners to order at 5:35 p.m. Present were Commissioners Kyle Galpin, James Strode, and Steve Pedersen. Present were Alan Fletcher, General Manager, Dennis O'Connell, Operations Manager, Jamie Hatton, and Rick Gross, Attorney.

### 1.0\* **Consent Agenda**

- 1.1 **Approval of September 2008, Regular & Executive Session 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 have been recorded on a listing that was reviewed by the Board prior to the meeting. Approval for payment of these vouchers includes General Fund vouchers 411-434, 436-445, 447-471, totaling \$35,412.37; Capital Fund voucher 409, totaling \$292.00; Street Light Fund vouchers 410, 446, totaling \$3,455.04.
- 1.3 **Approval of District Payroll Vouchers.**

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

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

### 3.0 **Regular Agenda**

- 3.1\* **Resolution No. 2008-08 – Identity Theft Program.** Presented was Resolution No. 2008-08 that sets up a new Identity Theft Program, in accordance with federal FACTA "Red Flag Rules"; a program is required to be in place by November 1. Staff explained that the Red Flag Rule seeks to reduce identify theft by requiring public and private entities to implement policies to identify and prevent identity theft. As part of the 2003, Federal Trade Commission actions, financial institutions and creditors must develop and implement written ID theft programs to detect any patterns, practices, or specific activity that indicates the possible existence of ID theft. Since the District maintains some level of personal information, we fall under the FTC ruling. The Washington Association of Sewer and Water Districts have developed a model program that the District tailored for our use. Commissioner Strode moved to approve Resolution No. 2008-08, adopting an Identity Theft Prevention Program. Commissioner Pedersen seconded. **The motion was unanimously approved.**
- 3.2\* **Option To Lease & Communications Lease Agreement, Verizon Wireless**  
Presented was an Option to Lease & Communications Lease Agreement between Verizon Wireless and the District for the placement of wireless telecommunications equipment at the California Tank site. Staff noted the Attorney has reviewed it and tha it is almost identical to our other two agreements. Terms of the agreement 5-year renewal options for 25-years, annual payments of \$10,800, with a 3% increase per year

Commissioner Strode moved to approve the Option To Lease & Communications Lease Agreement between Verizon Wireless and Manchester Water District and to authorize the General Manager to execute an Agreement in substantial compliance with the presented document. Commissioner Pedersen seconded. **The motion was unanimously approved.**

- 3.3\* **2009 Insurance Policies.** Staff solicited competitive pricing for the District's 2009 general insurance services. Currently, the District is part of the Water & Sewer Risk Management Pool (WSRMP), and competitive pricing was requested from WSRMP, Enduris (formerly Washington Governmental Entity Pool) and Washington Cities Insurance Authority (WCIA). WCIA was unresponsive (did not quote), with Enduris and WSRMP providing pricing. The bottom line is that the quotes are only separated by \$352, for the entire year, about a 1.0% variance. Staff explained that the line coverage is essentially the same for both Pools. Enduris has an advantage in Unrestricted Net Assets, due to its size, however, that also means additional exposure. Commissioner Pedersen discussed retaining a higher level of risk, i.e., having a higher deductible, to save premium. He requested further information regarding a \$5,000 deductible, as well as, information on Safety & Identity Theft Programs. Further information was requested regarding coverage by AIG. Staff noted that once the information was received it would be sent to Commissioners. If we change companies, formal Board action would be needed.
- 3.4 **FY-09 Annual Budget Projections.** Staff presented its first draft of the FY-09 Annual Budget. Also presented were financial projections, water rates, budget and economic trends. Last year the District adopted a 7% rate adjustment to begin the financing of future capital improvements, understanding that subsequent increases would be needed to fund the capital plan. Staff wanted the Board's thoughts on a similar increase for 2009, especially considering current economic conditions. Commissioners noted that it favors staying with the revenue plan and to move forward with a rate adjustment. Part of this thinking was due to the 5.9% inflation rate, based on the CPI-W, which means virtually no gain even with an increase. In addition, they agree with staff's approach of cutting one field position and encouraged a lean year for capital spending due to economic downturn. The Board scheduled Saturday, November 1, for its annual budget planning session, asking staff to refine its numbers and to include billing messages notifying customers of a probable rate increase.
- 3.5 **Facilities Site Planning.** Staff reported on the possible leasing of office space at the Manchester Commons retail center as a way to ease the lack of space at our current offices. Staff has been obtaining costs for a move and while not all of the pricing has been confirmed, it appears up front costs, will exceed \$25,000, not including the  $\pm$  \$1,500 per month in rent, utilities, association dues, and taxes. The Board understood the upfront costs, noting that improving the current facilities would run much higher. They asked staff to continue to firm up pricing for the Planning Session. Commissioner Strode stated that the \$30,000 in cell tower leasing the District enjoys would offset this move, noting that water rates would not be impacted by a move. All the Commissioners agreed a higher profile in the community is desirable, but they did want to be cautious regarding the tenuous economy.

3.6 **Developer Extension & Capital Improvement Projects Update.** There were no updates.

3.7 **Port of Manchester Update.** Staff informed the Board on current activities.

3.8 **Review of Financials**

3.8.1 **Water Sales Data.** The Board reviewed water sales data through September 30, 2008, noting we are ahead of last years sales, which is attributed to the rate increase.

3.8.2 **Income & Expense Report.** The August financial reports were review and staff responded to questions.

4.0 **Miscellaneous**

4.1 **Operations Updates.** September water quality samples were all satisfactory. There were no new service installations in September. Staff did repair one main leak and three service lines. The vacated Operations position has been filled by Jacob Lovik. We are pleased to have Jacob as our new Meter Reader I. As part of our long-term conversion to automated meter reading, Jacob has already replaced 9 meters, bringing our year-to-date conversion total to 55-meter conversions. Staff recently completed improvements to our Sedgwick facility including site re-grading and addition of an awning for the generator transfer switch. The District produced 18,501,000 gallons in September, and staff has installed 15 new services year-to-date.

4.2 **Administration Update.** Staff reported on a landscape-trimming dispute, where District crews needed to trim branches on a bush to have access to a row of meters. The owner complained and staff continues to work with the customer for resolution. Staff will be attending the WSRMP Annual Meeting later in the month. A new mixed-use commercial property on the corner of Spring and Main Streets gained approval.

4.3 **Board of Commissioners.**

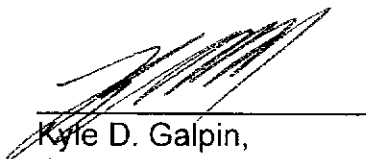
5.0\* **Future Meeting Dates**

5.1 November 1, 9:00 a.m. - Annual Planning Session


5.2 November 12, Special Meeting (Rescheduled Regular Meeting)

5.3 December 9, 2008, 5:30 p.m. – Regular Meeting

6.0\* **Adjournment.** There being no further business to come before the Board, the Commissioners adjourned the meeting at 7:55 p.m. Commissioner Strode made a motion to adjourn the meeting Commissioner Pedersen seconded the motion.

  
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Kyle D. Galpin,  
Chairman

  
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James E. Strode,  
Secretary

  
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Steve Pedersen,  
Commissioner