

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

July 13, 2004

Chairman Steve Pedersen called the regular meeting of the Manchester Water District Board of Commissioners to order at 6:03 p.m. Present were Chairman Steve Pedersen, Secretary Jim Strode, and Commissioner Kyle Galpin. Staff present included Alan Fletcher, General Manager, Dennis O'Connell, Janis Kerr, Rick Gross, Attorney, and Paul Gilligan, District Engineer. Mark Dombroski and Chuck Benson, representing the Navy Fuel Depot were also present.

## 1.0\* Consent Agenda

1.1 **Approval of June 8, 2004, Regular Meeting Minutes.**

1.3 **Approval of June 17, 2004 Special Study-Session Meeting Minutes.**

1.4 **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 #228 through #273 & #280 totaling \$26,639.87; Construction Fund vouchers #274 through #277 totaling \$590.60; Street Light Fund voucher #278 totaling \$1,5600.80; and Capital Fund voucher #279 totaling \$8,323.50.

1.5 **Approval of District Payroll Vouchers.**

2.0 **Public Comment.** No public comment was received.

## 3.0 Regular Agenda

3.1\* **Resolution No. 2004-10, A Resolution Establishing General & Local Facilities Charges.** Ordered at the June 8, 2004, Regular Meeting is Resolution No. 2004-10, a resolution that establishes General (GFC) and Local (LFC) Facilities Charges. The resolution changes the way we currently charge for new connections to the system and is a result of an independent economic analysis and extensive Board discussion. The new charges are based upon the District's historical facilities records and are calculated using methodologies that are consistent with RCW 57.08.005. The GFC's are based on Equivalent Residential Units (ERU) meter size, using the ratio flow capacity of the water meters. The LFC's are structured as a uniform charge per residential connection for most cases, eliminating the front-footage calculation on most lots. The Manager informed the Board about the public outreach for the proposed changes, which included about 60 notices being sent to developers, realtors, and other interested parties about the proposed changes and this meeting, also that ads were placed in two local newspapers with the same information. The public outreach for the changes exceeded State requirements for notice. The Board noted that the new charges would not take effect until September 1, providing an additional 2-months notice of the changes. Commissioner Strode moved to approve Resolution No. 2004-10, a Resolution Establishing General and Local Facilities Charges. Commissioner Galpin seconded the motion. **The motion was unanimously approved.**

- 3.2\* **Assumption of Navy Fuel Depot (Fuel Depot) Water System.** The General Manager introduced Mark Dombroski and Chuck Benson, part of the Navy's contract team working on privatization matters. Mr. Dombroski and Benson are here tonight to answer any questions the Board may have regarding the privatization process and the Fuel Depot specifically. The Manager reported on the progress of the contract discussions over the last year, and while negotiations have tended to "drag" at times, staff feels that progress has been made in reaching an amicable arrangement. When last discussed with the Board, staff was recommending a contractual rate design that would return approximately \$3,000 per year over and above expenses. This amount would allow the District to bolster its main replacement fund for the eventual renewals and replacements at the Depot. However, there are modifications needed, as federal law requires that the Navy can only pay (water rates, other fees, and charges) based on published rates and charges, meaning we cannot have a separate contractual rate that will generate our target rate of return. Also, that the Navy must be paid fair market value for the system. To address these issues, the following has been discussed: (1) charge only the published rates and charges; (2) charge a one-time Connection Charge (General Facilities Charge, less any previously paid Capital Charges). This amounts to an approximate net of \$42,000 (after credits) for the 4-inch meter serving the property (this allows the District to realize a return up front); (3) show a purchase price in the contract, over a 5-10 year period, and charge a Cost-Recovery Fee equal to the purchase price. The above referenced charges and cost recovery is in addition to the conditions previously laid out, e.g., earthquake certification, system repairs, and 3-year delayed conveyance. The District has asked RH2 Engineers to perform the seismic evaluation, as the Navy's expert is unavailable. That work will take place this month. The Navy's representatives fielded questions from the Board regarding the pipe layout, ingress and egress, and contract provisions. The Board directed staff to continue working on the proposal and report back to them before bringing a final agreement forward.
- 3.3\* **Satellite Management Contract – Diversified Development Group.** Presented was a proposed Satellite Management Agreement (SMA) for a small development on Woods Road near Polk Street. The Manager explained that while the district preferred the development to extend service from the Polk Street pipeline, the developers "won" the right to develop a Group-B water system on appeal. The development lies just outside of our ultimate service area. A condition of the final decision was to seek SMA services from the District. The agreement utilizes the revised format we discussed last year. It was noted that both staff and Rick Gross have fully reviewed the provisions and are comfortable with the terms and conditions as they appear. The proposed approach differs from the strictly time and materials approach we have used in the past and it better protects the District by laying out exactly what services will be performed and when charges and fees may apply. Commissioner Galpin moved to approve the Satellite Management Contract Agreement between the District and Diversified Development Group and to authorize the General Manager to execute an Agreement in substantial compliance with the draft presented here, once the exhibits and attachments are compiled. Commissioner Strode seconded the motion. **The motion was unanimously approved.**

- 3.4\* **T-Mobile Wireless Lease Option Agreement.** Presented for consideration was the final T-Mobile/VoiceStream Lease Option Agreement for locating cellular repeaters at the California Tank site. The enclosed agreement represents numerous iterations between the District and VoiceStream. All of the terms previously discussed with the Board have been met. Commissioner Galpin moved to approve the Option to Lease and Communications Lease Agreement between the District and VoiceStream PCS III Corporation and to authorize the General Manager to execute an agreement in substantial compliance with the draft presented here, once all of the exhibits and attachments are compiled. Commission Strode seconded. **The motion was unanimously approved.**
- 3.5\* **Agreement to Construct Water System Extension – James Corp.** The General Manager presented an agreement to construct a water main extension off of Nebraska Avenue. The Agreement is one of the first steps for James Corp to construct a water main extension for serving their development. Once constructed and accepted, James Corp, will deed the property to the District and a Developer's Payback Agreement will be entered into. Commissioner Strode made a motion to approve the James Corp. water system extension. Commissioner Galpin seconded. **The motion was unanimously approved.**
- 3.6 **Schedule General Manager's Annual Review.** The Commissioners had received the final forms for the General Manager's annual review. Commissioner Pedersen and the General Manager had met and revised the form to meet current needs. An Executive Session to conduct the annual review was set for Thursday, July 29, 2004 at 5:00 p.m. at the District Office.

## Review of Financials

### Water Sales Data.

- 3.6.1 **Water Sales Data.** Sales and consumption data through June was presented to the Board.
- 3.6.2 **Income & Expense Report.** The District's financials were presented to Board. Staff fielded questions relating to the reports.

## 4.0 Miscellaneous

- 4.1 **Operations & Capital Projects Updates.** Dennis O'Connell, Operation's Supervisor, reported that all recent bacteriological samples had tested satisfactory. Chlorination of the southern service area is continuing. The Department of Health is now requiring testing for Radium 228. Each source of supply will be tested and sampling will be conducted every ten months, thereby increasing operation expenses. Door hangers and shutoff procedure was completed as usual during the month and three new services were installed. Twenty-Two new services have been installed this year, to date. Two main leaks were repaired and two fire hydrants were repaired, with one being replaced. The seasonal worker has

been working on outdoor maintenance projects and has accomplished many of the projects that were planned. Dennis noted that along with our warmer weather, there have been several very high water production days as our sales data displays.

4.2 **Administration.** Alan Fletcher, General Manager, reported that the Federal Emergency Management Agency (FEMA) had denied the District's third appeal for funds to assist with the cost of repair of the California Avenue Tank that was damaged in the 2001 Nisqually Earthquake. He added that the District had received most of the monies needed for the repairs from the Water and Sewer Risk Management Pool despite the denial. Judy Owen, Bookkeeper, will be retiring as of August 31, 2004. Janis Kerr is training for the position and it is anticipated that she will be promoted to the Accounting Specialist position taking over those duties. The District has advertised for a Customer Accounts Specialist and has a pool of 90 applicants for processing. The General Manager reported that the District's comments regarding the Sunrise housing development going in on Puget Drive have been included in the County's planning decision. The upcoming Fall Planning Retreat was discussed and Commissioner Pedersen expressed interest in addressing point of use water filters and conservation incentives, such as rebates, for discussion at the session. The numbers for the District's Annual Budget are being compiled. Investigation into locating a reliable answering service is underway, as CenCom is no longer interested in offering that service to local water districts.

## 5.0 **Future Meeting Dates**


- 5.1 July 29, 2004, 5:00 p.m. – Executive Session (General Manager Review).
- 5.2 August 10, 2004, 6:00 p.m. – Regular Meeting.

## EXECUTIVE SESSION

At 8:25 p.m., the Board adjourned into Executive Session per RCW Per RCW 42.30.110(1)(a). Staff briefed the Board on the recently submitted Vulnerability Assessment that was required by Public law 107-188, the "Public Health Security and Bioterrorism Preparedness and Response Act of 2002." There was no action taken by the Board.

- 6.0 **Adjournment.** Steve Pedersen, Chair, reconvened the meeting at 8:45. There being no further business to come before the Board of Commissioners, Commissioner Galpin moved and Commissioner Strode seconded to adjourn the meeting at 8:45 p.m.

  
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Steve Pedersen,  
Chairman

  
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James E. Strode,  
Secretary

  
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Kyle D. Galpin,  
Commissioner