

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

June 8, 2004

Chairman Steve Pedersen called the regular meeting of the Manchester Water District Board of Commissioners to order at 6:00 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, and Rick Gross, Attorney.

1.0* Consent Agenda

- 1.1 **The April 13, 2004, Regular Meeting Minutes were approved, subject to correction of the meeting time as noted by Commissioner Galpin.**
- 1.2 **Approval of May 11, 2004, Regular Meeting Minutes.**
- 1.3 **Approval of May 26, 2004 Special 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 #184 through #220 totaling \$17,732.43; Construction Fund vouchers #221 through #224 totaling \$2,239.88; Street Light Fund voucher #225 totaling \$1,589.35; and Capital Fund voucher #226 totaling \$1,723.50; Main Replacement Fund voucher #227 totaling \$89,341.73.
- 1.5 **Approval of District Payroll Vouchers.**

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

3.0 Regular Agenda

- 3.1* **General & Local Facilities Charges Analysis.** Alan Fletcher, General Manager, discussed the economic analysis performed by Financial Consulting Solution Group, Inc. (FCSG). 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 General Facilities Charges (GFC) are based on Equivalent Residential Units (ERU) meter size, using a ratio flow capacity of the water meter. The Local Facilities Charges (LFC) are structured as a uniform charge per residential connection for most cases, thereby eliminating a front-footage calculation on a typical lot.

The basis for the GFC is the capital cost the District will or has incurred to provide capacity in the water system for future customers. The GFC has been computed recognizing the existing and future cost elements, excluding any contributed capital. Existing cost elements are based on the cost of the existing water utility system, plus interest for up to 10-years. Future cost elements are determined by the District's adopted 10-Year Capital Improvement Plan. The calculations of existing and future costs elements are in accordance with RCW 57.08.005 and are calculated using Equivalent Residential Units (ERU). ERUs are established meter equivalent ratios that have been tabulated based on American Water Works Association standards. A slide of the proposed charges was presented:

<u>Meter Size</u>	<u>ERU Equivalent Factor</u>	<u>General Facilities Charge</u>
5/8"	1.0	\$ 2,099
1"	2.5	\$ 5,247
1½"	5.0	\$ 10,495
2"	8.0	\$ 16,792
3"	16.0	\$ 33,584
4"	25.0	\$ 52,475
6"	50.0	\$ 104,950
8"	80.0	\$ 167,920

The GFCs are calculated on current year dollars and it is proposed that the charges be indexed to the Engineering and News Record 20 City Construction Cost Index each fiscal year. The indexing adjustment will typically take place in the first quarter of each fiscal year and will occur by action of Board of Commissioners.

The LFC reflects the cost of local connections to the water system and are calculated using the booked cost of local facilities to develop a price per linear foot and then are converted to an average unit cost. The LFC is structured as a uniform charge per residential connection. In the case of unusual lot size or configuration, or for larger non-residential development, a front-footage charge will be applied. Non-residential development includes any connection greater than a 1-inch meter size.

Local Facilities Charge	\$ 1,194 per Connection
Alternative Charge Minimum:	\$ 20.08 per Front-Foot to District Funded Lines

In administering the LFC, the District would evaluate whether the average charge per ERU is appropriate or whether the connection warrants an evaluation of front-footage. A new customer is charged the LFC when connecting to a District-funded pipe. If connection were made to a developer-funded pipe, the connection would pay an LFC equal to the amount established in a Reimbursement Agreement for Developer Extension. If the new connection is made to a property that has previously paid an LFC by way of satisfying a Utility Local Improvement District assessment, the LFC will be considered paid in full.

The amount charged for the actual installation of the meter is a separate charge from the GFC and LFC and remains unchanged. The installation charge is a uniform charge based on the average time and materials for installing water services and will be in accordance with the District's published Schedule of Fees and Charges in effect at the time of installation. The following examples of current and proposed meter connection fees for all charges on a typical installation were discussed:

Standard 5/8"			
<u>Meter Installation</u>	<u>Proposed</u>	<u>Current</u>	<u>Change</u>
Installation Fee	750.00	750.00	0.00
GFC (old Capital Charge)	2,099.00	1,500.00	599.00
LFC (old Front-footage Charge)	<u>1,194.00</u>	<u>1,500.00</u>	<u>(306.00)</u>
Total	\$4,043.00	\$3,750.00	\$293.00

The General Manager suggested a process to finalize the changes by initiating a public notice process that includes: discussion and public comment opportunity in a public meeting, letter notice to contractors, developers, and other interested parties, and a general newspaper ad stating the time, place, and how to comment on the charges. Also, adopting the new charges by resolution and then incorporating the charges in the District Schedule of Fees & Charges. Commissioner Strode asked if FCSG would come to a meeting for a final presentation and Alan stated that they would if needed. The Board felt there was sufficient information and in-house knowledge so their attendance was not necessary. Commissioner Strode made a motion to draft a resolution to adopt the program as outlined by FCSG, Inc. Commissioner Galpin seconded. **The motion was unanimously approved.**

3.2 **FY 2003 Annual Report to State Auditor.** The Fiscal Year 2003 Annual Report was presented to the Board. The report was submitted to the Washington State Auditor's Office on May 28, 2004, copies of which were distributed to the Board at the May 26, Special Meeting. The General Manager noted that in the 2003 Audit there were a few changes such as how accessory dwelling units are designated, a leak adjustment policy, and that the PWTF 2003 Emergency Loan was paid in full. The District had a positive bottom line on net operating income. Commissioner Pedersen suggested we submit a copy to Manchester Library. Alan Fletcher informed the Board that we also have one on the front counter at the District office.

3.3 **South Area Water Quality Improvement Plan Update.** The General Manager reported that staff has been working with Washington State Department of Health (DOH) regarding the voluntary chlorination of the southerly service area. A written Chlorination Plan has been submitted to DOH and the District is waiting for formal acceptance. The General Manager stated that he would like to get the notification printed in the local papers in mid June. He also stated that the District could hold a public meeting if needed. In addition to notifying customers through the newspapers, there will be a special notice on the annual Water Quality Report. The Report is mailed to every customer in the District. Commissioner Pedersen requested that staff notify the Board if a great number of calls come in and that a separate public meeting may not be necessary unless a lot of interest is expressed. Also, that customers are always able to comment at the monthly Board Meeting.

- 3.4 **T-Mobile Wireless Agreement Update.** The General Manager stated that the final touches are being put on the T-Mobile Wireless Agreement and barring site or permitting issues that could hold up development of the site the agreement should be ready for signatures at the next meeting.
- 3.5 **Seasonal Worker Update.** Dennis O'Connell, Operations Supervisor, informed the Commissioners that a seasonal worker has been hired and is working out great. The General Manager stated that, as with any position, a background check was conducted prior to hiring.
- 3.6 **Review of Financials**
- 3.6.1 **Water Sales Data.** Water sales data is currently ahead of 2003 data by \$18,000.
- 3.6.2 **Income & Expense Report.** The General Manager also reported that while water sales are up that maintenance and operational costs have increased. General discussion ensued regarding operation and maintenance expenses.

4.0 **Miscellaneous**

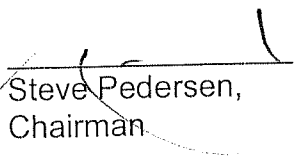
- 4.1 **Operations & Capital Projects Updates.** Dennis O'Connell, reported that May was a typical month operationally. Four new services were installed and Gary Schumacher, Service Tech I, successfully tested for his commercial driver's license. Dennis informed the Commissioners that on June 1, there was a positive water sample taken from Well No. 3 and that the Department of Health is continuing to work with the District to resolve the problem. Commissioner Pedersen asked Dennis if the District still had the Well No. 3 site on the schedule for updating the facility. Dennis stated that the site is scheduled for exterior painting but as far as spending money to update the facility the District needs to evaluate the costs to do that because that plant does not produce a lot of water. Dennis stated that all the electrical panels are 30 to 40 years old and are in dire need of upgrading. The General Manager stated that if DOH will transfer the District's water rights for that site to another site that it may be better to decommission that pump site. Analysis of the site will occur during the updating of the District's Water System Comprehensive Plan.
- 4.2 **Administration.** Alan Fletcher, General Manager, informed the Commissioners that the President has declared Friday, June 11, a National Day of Mourning to honor the passing of President Reagan, however, that the District did not anticipate closing that day. Commissioner Pedersen stated that state and local government cannot legally give a day off. The General Manager stated that he had informed staff that they could take the day off using their personal leave banks. The District's mobile home at 2082 E Spring Street is still up for rent. There have been quite a few inquiries but no successful applicant to date. Alan updated the Board regarding the property directly behind the mobile and informed them that it would make the lot with the house too small to be a legal sized lot. Work will begin soon on the Comprehensive Plan which will have to be

adopted in May of 2005. The customer who had been disputing paying the bill for an auxiliary meter has had the meter locked off for nonpayment.


5.0 **Future Meeting Dates**

- 5.1 June 17, 2004, 5:00 p.m. – District Tour (Study-Session)
- 5.2 July 13, 2004, 6:00 p.m. – Regular Meeting
- 5.3 TBA – General Manager Performance Review (Executive Session)

6.0 **Adjournment.** There being no further business to come before the Board of Commissioners, Commissioner Galpin moved and Commissioner Strode seconded to adjourn the meeting at 8:25 p.m.



Steve Pedersen,
Chairman



James E. Strode,
Secretary



Kyle D. Galpin,
Commissioner