

A MEETING OF THE BOARD OF COMMISSIONERS OF MANCHESTER WATER DISTRICT

March 11, 2003

1.0* **Consent Agenda**

- 1.1 **Approval of February 11, 2003, Regular Meeting Minutes.**
- 1.2 **Approval of February 18, 2003, Special Facility Tour Meeting.**
- 1.3 **Approval of February 25, 2003, Special Work-Study Meeting.**
- 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 include General Fund vouchers #42 through #84 totaling \$15,588.69; Construction Fund vouchers #85 through #91 totaling \$1,088.38; Capital Fund voucher #93 totaling \$137,478.78; and Street Light Fund voucher #92 totaling \$1,570.65.
- 1.5 **Approval of District Payroll Vouchers** – As presented.

Commissioner Strode made a motion to approve the Minutes, Vouchers, and Payroll as presented on the Consent Agenda. Commissioner Galpin seconded the motion. **The motion was unanimously approved.**

2.0 **Public Comment**

No public comment was received.

3.0 **Regular Agenda**

- 3.1 **Public Comment on Multi-Family Residential Properties Served by Common Meter**
No public was present to comment. The Board received a comment letter from Mr. Robert Ballard regarding the assessing of additional Base-Rate charges for non-residential properties. Mr. Ballard supported moving all Base-Rate charges to being assessed on an Equivalent Residential Unit basis.

- 3.2* **Resolution No. 2003-03, Modifying Base-Rate Charges for Residential Properties with Accessory Dwelling Units**
Alan Fletcher, General Manager, presented Resolution No. 2003-03, which is the result of public comment and Board discussion over the last 60-days. The proposed Resolution considers a change in how Base-Rates to properties with accessory dwelling units, served by a common meter, are assessed Base-Rate charges. The Board reviewed the discussion that took place at its February 25, 2003 work-study session that framed the basic criteria for the Resolution and resolving the issue. Resolution No. 2003-03 was drafted to reflect the criteria developed at the work-study session.

Commissioner Kyle Galpin stated that he would potentially benefit from the policy change. Therefore, citing a potential conflict of interest, removed himself from the policy change discussion and any formal action the Board may take on the matter.

The Board acknowledged that any modification to the meter policy should be reasonable, logical, defensible, and recovers costs associated with providing service. Also, that a primary service element is that each legal and developable tax lot containing a residential property have a separate water meter, regardless of ownership. The Board recognized that a water meter, once installed, runs with, and is an asset of, the property. The Board reviewed Resolution No. 2003-03 noting that it modifies the Base Rate methodology based upon public and Board comments to date. The major elements of the changes include:

Residential Properties (1-Single Family Home)

- 1-meter per tax lot.
- 1-Base Rate charge.
- Accessory dwelling unit on same tax lot allowed at no additional charge, when served by a common $\frac{3}{4}$ x $\frac{5}{8}$ inch meter.
- Accessory dwelling unit on separate legal and developable tax lot requires separate metering.

Non-Residential Properties

Non-residential properties include, but are not limited to, duplexes, triplexes, apartments, hotels, motels, guest ranches, multi-unit rental properties, commercial, commercial/residential combination, and industrial properties.

- 1-Base Rate charge.
- 1-Multiple Base Rate charge for each dwelling unit, store, and business front in addition to the primary use.

Commissioner Strode moved to adopt Resolution No. 2003-03, a resolution modifying the charging of multiple Base Rates for Residential properties with accessory dwelling units and clarifying when multiple Base Rates are charged for Non-Residential properties. Commissioner Pedersen seconded the motion. **The motion was approved with two affirmative votes. Commissioner Galpin abstained.**

Commissioner Galpin rejoined the Board discussion addressing Mr. Vern Ackels' original concerns regarding his multiple Base-Rate charges. It was discussed that if Mr. Ackels' property met the criteria established in Resolution No. 2003-03, that monies held in relief should be dismissed. Staff determined that Mr. Ackels' property met the criteria.

Commissioner Galpin moved to dismiss Base-Rate charges being held in relief for Mr. Ackels. Commissioner Strode seconded the motion. **The motion was unanimously approved.**

3.3 Initiation of Street Light Changes and Relevant Public Process

The General Manager informed the Board that a property owner recently attempted to have the luminescence of a street light on Hemlock Street increased. While researching the request, staff heard from numerous neighbors who disagreed with the request.

It was discussed that the luminescence of street lights is an important issue to people, many times ending up in court if a view is thought to be impacted and that the District might consider adopting a policy for the processing of such changes. The Board agreed and supported the development of a policy and procedure for addressing changes in street light location and luminescence and directed staff to develop a policy for consideration at a future meeting.

3.4* Resolution No. 2003-04, Establishing a Customer Cash Refund Account

Presented is Resolution 2003-04 that addresses the problem of refunding customers small amounts of money due to overpayments of a customer's account and/or fee for service. Proposed is establishing a Customer Refund Account tied to a checking account, similar to the Petty Cash Account for payments of refunds not exceeding \$150.00. The proposed Resolution creates that account and sets the dollar limits for its administration.

Commissioner Strode moved to approve Resolution No. 2003-04, a resolution establishing a Customer Cash Refund Checking Account for the timely payment of customer overpayments for water billings and deposits for services performed. Commissioner Galpin seconded. **The motion to approve Resolution 2003-04 was unanimously approved.**

3.5* Resolution No. 2003-05, Creating PWTF-03 Loan Fund

Staff informed the Board that the District received its first dispersion of funds from the PWTF Emergency Loan in February and that a new fund for the tracking of these loan monies needed to be established. The establishment of a new fund is recommended by the granting agency.

Commissioner Galpin moved to approve Resolution No. 2003-05, creating the 2003 PWTF Loan fund. Commissioner Strode seconded. **The motion to approve Resolution No. 2003-05 as unanimously approved.**

3.6* Resolution No. 2003-06, Establishing Assets Capitalization Policy and Procedures

The General Manager explained the capitalization process. Capitalization determines whether a capital asset is reported on the balance sheet or expensed during the fiscal year of its purchase. When fixed (tangible) assets are reported on the balance sheet, both its current value and its annualized loss in value appear on the balance sheet. The annualized loss in value appears as part of the depreciation expense. He noted that currently, the District capitalizes assets if the cost is over \$300. A \$300 capitalization threshold result in tracking items that in many instances do not add to the life of an asset and that should be treated as an expense. Proposed is raising the capitalization threshold to a more manageable amount as well as add a life-cycle test. The objective being to establish guidelines to accurately account for and report capital assets in financial reports.

The recommended Capitalization Policy and Procedures contained in Resolution No. 2003-06 would require that capital assets with an original cost of \$5,000 or more, and an estimated useful life of three (3) years or more, be subject to capitalization. These limits are recommended by the Washington State Auditor's Office and the Government Finance Officers' Association. It was pointed out that this policy change does not alter the District's responsibility for maintaining appropriate controls over all assets, including items costing less than the capitalization limit. All goods purchased by the District, above or under, the capitalization limit are inventoried and tracked accordingly.

Commissioner Strode moved to approve Resolution No. 2003-06, a resolution establishing Assets Capitalization Policy and Procedures. Commissioner Galpin seconded. **The motion to approve Resolution No. 2003-06 was unanimously approved.**

3.7 Capital Projects Updates

Dennis O'Connell updated the Board on the progress of the California No. 1 and Sedgwick Road Tank Repair Project. The project has gone well and the contractor is substantially complete with foundation and sidewall repairs. Remaining work includes interior and exterior coatings, site clean up and demobilization. Dennis also talked about the increased preventative maintenance that is being conducted on the Well No. 6 and 7 chlorination unit. Other updates included that four new meters had been installed since last meeting, the truck purchase is being researched, and the boring tool and compressor purchase have been finalized.

3.8 Review of Financials

The General Manager presented the financial reports for the period ending January 31, 2003. He noted that through February 2003 water sales are tracking with the estimates used in the FY02 Rate Analysis.

5.0 Miscellaneous

5.1 Operations Updates

Dennis reported that the new Service Technician I position has been filled. The new hire's name is Gary Schumacher and his start date is set for March 24, 2003.

5.2 Administration Updates

Alan Fletcher, General Manager, informed the Board that a reminder was received from Kitsap County Elections regarding elected officials Personal Financial Affairs disclosures is due and that filing for Board seats will take place in late July. That staff had met with the Navy regarding contract operations for the Navy Fuel Depot. That preparations are underway for completing the FY02 Audit Report and for determining if the 1977 Revenue Bond could be retired early as it appears that the bond reserve fund has almost enough money in it to pay off the principle amount owing. Also discussed was the District becoming one of the sponsors of the annual Manchester Seine.

6.0* **Future Meeting Dates**

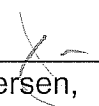
The Board of Commissioners set the following meeting dates.

6.1 **April 9, 2003, 6:00 p.m.** – Rescheduled Regular Meeting.

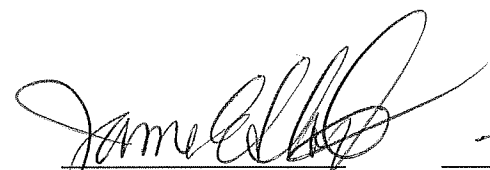
6.2 **April 23, 2003, 6:00 p.m.** – Executive Session to Review Performance of General Manager.

7.0* **Adjournment**

There being no further business to come before the Board, the Commissioners adjourned the meeting at 7:39 p.m.



Steve Pedersen,
Chairman



James E Strode,
Secretary



Kyle D. Galpin,
Commissioner