

**HARTSTONE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
HPMA Clubhouse
202 E Pointes Drive West, Shelton, WA 98584
March 23, 2017 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence:
5. Present Agenda
6. Minutes
 - March 9, 2017 Regular Meeting (pgs. 2-3)
 - March 14, 2017 Special Meeting (pg. 4)

REPORTS:

7. Commissioner Reports
8. Emergency Preparedness Report
9. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2017-08
 - Voucher CP 45
 - Federal Grants Requirements and Management Class Report
10. Manager's Report

BUSINESS:

11. District Funds Policy (pgs. 5-9)
12. Resolution 2017-02 Establishing a Policy for Reimbursement of Expenses Incurred When Traveling for the Purposes of District Business (pgs. 10-11)
13. 189 Cutty Sark Sewer Line Replacement Bid Review and Contract Award (pg. 12)
14. Sewer Line Camera

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
March 9, 2017
HPMA Clubhouse, 202 E Pointes Drive West, Shelton, WA 98584**

MINUTES

PRESENT: President M.A. Cary, Secretary A. Hospador, Commissioner D. McNabb, General Manager (GM) M. Jeffreys, Accounting and Administrative Services Manager (AAS) M. Carnahan.

CALL TO ORDER: The meeting was called to order at 1:00 pm.

SUBSCRIBER REMARKS: No subscribers present.

CORRESPONDENCE:

- FROM: Jeff Hinckle, Department of Commerce RE: DWSRF Loan Contract Extension.
- FROM: Nancy Scarola RE: CERT Meeting with Water-Sewer Technician

PRESENT AGENDA: The agenda for the March 9, 2017 regular meeting was presented. AAS requested the addition of Federal Grant Requirements and Management class under Financial/Administrative Reports. *Commissioner McNabb moved to approve agenda as amended. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the agenda was approved as amended.*

MINUTES: The minutes for the February 23, 2017 regular meeting were presented. *Commissioner Hospador moved to approve the minutes as presented. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as presented.*

REPORTS:

Commissioner Reports:

- Commissioner Cary: presented an article from the Seattle Times regarding the West Point wastewater-treatment plant repairs for damage caused by February 9th flooding at the plant.
- Commissioner Hospador: Informed the Board that he plans to attend the HPMA Emergency Planning on March 14th.
- Commissioner McNabb: presented an article from the Tacoma News Tribune regarding a water rights bill passed by the Washington State Senate.

Emergency Planning Report: No report.

Financial/Administrative Report:

- Bills to Be Authorized:
 - Early Voucher 2017-06, in the amount of \$19,674.69, was presented. *Commissioner Hospador moved to approve the voucher. Commissioner*

McNabb seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.

- Voucher 2017-07, in the amount of \$2,034.81, was presented. *Commissioner Hospador moved to approve the voucher. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- 690 E Portage Sewer Line Clearing/Camera Reimbursement Request: The homeowner of 690 E Portage Rd has requested reimbursement for plumbing bills for a sewer blockage on the District's side. *Commissioner Hospador moved to authorize the reimbursement in the amount of \$2,433.61. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the motion passed.*
- Federal Grants Requirements and Management Class: The Washington Finance Officers Association, in partnership with the Washington State Auditor's Office, is hosting a Federal Grants Requirements and Management Class on Thursday, March 16, from 9:00 am to 4:00 pm in Everett. The AAS requested approval to attend the class, which would be very beneficial, especially in light of the District's current Water Treatment Project which is being funded with federal dollars. *Commissioner Hospador moved to authorize AAS attendance, registration fee of \$125, and travel costs for the Federal Grants Requirements and Management Class. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes.*

Manager's Report: a written report was presented (attached). The Board directed the GM to formally address HPMA regarding running water through hoses at the marina during cold weather, which is straining the District's water production capabilities.

BUSINESS:

Wastewater Treatment Plant Spill, Control and Alarming Fixes: The WWTP was unable to attend the meeting to address the Board. *Commissioner Hospador moved to schedule a special meeting on Tuesday, March 14, 2017 at 9:00 am to discuss the wastewater treatment plant spill. Commissioner McNabb seconded. Hearing 3 aye and 0 nay votes, the motion passed.*

Review Resolution 2013-07, Establishing a Policy for Reimbursement of Expenses Incurred When Traveling: The Board directed AAS to draft an amended resolution which authorizes commissioner per diem for days spent traveling for four hours or more to and from District business.

Meeting adjourned at 2:45 pm.

Respectfully Submitted By:

Andrew Hospador, Secretary

Approved at the Regular Meeting of the Board on: _____

**HARTSTENE POINTE WATER-SEWER DISTRICT
SPECIAL MEETING of the BOARD OF COMMISSIONERS
March 14, 2017
HPMA Clubhouse, 202 E Pointes Drive West, Shelton, WA 98584**

MINUTES

PRESENT: President M.A. Cary, Secretary A. Hospador, Commissioner D. McNabb, General Manager (GM) M. Jeffreys, Accounting and Administrative Services Manager (AAS) M. Carnahan, Wastewater Treatment Plant Operator, M. Grabill.

CALL TO ORDER: The meeting was called to order at 9:15 am.

PRESENT AGENDA: The agenda for the March 14, 2017 special meeting was presented. *Commissioner Hospador moved to adopt the agenda as presented. Commissioner McNabb seconded. Hearing no objections, the agenda was adopted as presented.*

BUSINESS:

Wastewater Treatment Plant Spill: The GM, through ongoing discussion with the District's SCADA/Telemetry system programmer, Evolution Controls, found that the current control setup, determined by the former WWTPO, George Campbell, causes wastewater treatment systems to halt under certain circumstances. Additionally, alarms require a reset in order to alarm again. These two factors caused the February 16 spill. The current WWTPO expressed that there are many control system issues which are of concern. The WWTPO recommended a potential backup alarming system and a remote monitoring and operations systems. As a first step towards eliminating the issues the wastewater treatment plant is currently experiencing, the GM recommended going forward with Evolution Controls' proposed Options 1 and 2 of updating the programming to open the decanter on critical high level set point and/or high level float and to incorporate an "Early Settle Level" setpoint. Evolution Controls estimates the cost for this option to be between \$400 and \$800. *Commissioner Hospador moved to authorize Evolution Controls to proceed with Options 1 and 2 of their recommended fixes. Commissioner McNabb seconded. Hearing 3 ayes and 0 nays, the motion passed. Commissioner McNabb moved to authorize the WWTPO to proceed with investigation of a backup alarming and remote monitoring system. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the motion passed*

Meeting adjourned at 10:00 am.

Respectfully Submitted By:

Andrew Hospador, Secretary

Approved at the Regular Meeting of the Board on: _____

MEMORANDUM

TO: BOARD OF COMMISSIONERS
FROM: MICEAL CARNAHAN, ACCOUNTING AND ADMINISTRATIVE SERVICES MANAGER
SUBJECT: DISTRICT FUNDS POLICY
DATE: MARCH 20, 2017
CC: MONT JEFFREYS, GENERAL MANAGER

1. The District is currently holding \$68,000 in Fund 690-005-050 – DWSRF Loan Reserve. This amount is not invested and therefore not accruing interest. The District’s loan contract requires that the District make regular deposits into this fund such that by September 30th of each year the fund balance equals the annual DWSRF Loan debt service payment. The loan contract also requires that all interest earned on funds held within this fund shall accrue and be applied toward reducing the amount of the DWSRF loan.

I propose the District invest the DWSRF Loan Reserve funds in the Washington State Investment Pool and apply the interest accrued toward the annual debt service payment when it is due. Additionally, I propose the District amend the related section of the District Fund Policy as noted in the attached draft of the policy revision.

2. The District is currently holding \$17,698.48 in Fund 690-005-070 – Water Revenue Bond, 2012 Debt Service Reserve. Per bond covenants, monthly transfers of \$327.75 are made from the Operating Fund into this fund so that one full year of USDA Bond debt service payments (\$39,330) is accrued by September 2022.

I propose the District invest the Water Revenue Bond funds in the Washington State Investment Pool and apply the interest accrued toward payment of the District’s Bond. Additionally, I propose the District amend the related section of the District Fund Policy as noted in the attached draft of the policy revision.

3. Recently, due to the timing of revenue receipts and payments of expenditures, the District has, on two occasions, had to delay payment of certain invoices and make mid-week transfers from the District’s EFT Account in order to have enough non-invested funds available in the Operating Fund for payment of invoices.

With regard to the District’s Operating Fund, the District’s Funds Policy states, “The minimum fund balance shall be targeted at 25% of the annual operating and maintenance budget. The 25% target amount should be invested in the State Investment Pool. Projected variances from the 25% minimum target shall be disclosed during the annual budget process or during the current year if unanticipated circumstances occur that negatively impact current year revenue and/or expenditure projections.” Currently \$100,000 of the Operating Fund balance is invested. 25% of the 2017 operating and maintenance budget is \$96,000.

I propose the District withdraw \$20,000 from the Operating Fund invested balance to the Operating Fund non-invested balance, bringing the invested balance to \$80,000, which is 21% of the 2017 operating budget. This should provide the necessary non-invested fund balance to allow for uninterrupted payment of invoices. Additionally, I propose a revision to the Funds Policy to allocate 20% of the operating budget for investment.

Hartstene Pointe Water-Sewer District

District Funds Policies

The District shall utilize “proprietary fund accounting” as the organizational structure for its financial activities. The following funds have been established with the Mason County Treasurer’s Office for budgeting and accounting purposes.

- **690-005-010 – General Operating Fund:** The General Operating Fund accounts for all financial resources and transactions, except those required to be accounted for in another fund. The minimum fund balance shall be targeted at 25% of the annual operating and maintenance budget. Projected variances from the 25% minimum target shall be disclosed during the annual budget process or during the current year if unanticipated circumstances occur that negatively impact current year revenue and/or expenditure projections. Fund balance targets may be modified during the annual budget process to reflect extraordinary circumstances (e.g., projected future extraordinary expenditure demands, projected revenue uncertainty, etc.). **The 25% target amount** **At least 20% of the annual operating and maintenance budget** should be invested in the State Investment Pool.
- **690-005-020 – Water/Sewer Committed Fund:** The Water/Sewer Committed Fund accounts for monies held for specified purposes but not designated for debt service. Use of monies held within this fund is subject to a vote of the District Commission. The Water/Sewer Committed Fund is divided into three sub-funds:
 - *Risk Management Fund:* For operating shortfalls due to unforeseen cost increases, unanticipated revenue losses, or unforeseen emergency expenditures. The minimum balance for this sub-fund shall be targeted at \$200,000. The sub-fund must maintain no less than 12.5% of annual operating revenue in order to meet requirements set forth in the District’s DWSRF Loan contract.
 - *Capital Improvement Fund:* For the accrual of monies to fund capital projects laid out in the District’s six year Capital Improvement Plan.
 - *Asset Replacement Fund:* For the replacement of short-lived equipment. This reserve receives a \$9,000 annual contribution from the General Operating Fund, per the District’s USDA Bond Covenants.
- **690-005-030 – Ecology Loan Reserve:** Used to hold in reserve an amount equal to one full year of debt service payments (\$38,111.40) for the District’s Department of Ecology Loan. The balance of this fund is invested in the State Investment Pool.
- **690-005-050 – DWSRF Loan Reserve:** The District shall make regular transfers from the General Operating Fund into this fund such that by September 30th of each year the fund balance equals the annual DWSRF loan debt service payment. **The balance of this fund is to be invested in the State Investment Pool until withdrawn for disbursement for the annual debt service payment.** All interest earned on funds held within this fund shall accrue and be applied toward reducing the amount of the Drinking Water State Revolving Fund loan. Based on current loan projections, the monthly transfer should be \$2,000.

Once the loan is closed and the actual annual payment amount is determined, the monthly transfer amount should be adjusted.

- **690-005-060 – Hartstene Pointe Bond Fund:** Used to make semi-annual debt service payments of \$19,665. District must transfer the payment amount from the General Operating Fund into the Bond Fund at least 5 days prior to payment due dates (March 5 and September 5). The payment is electronically transferred from this fund to the USDA on the payment due date.
- **690-005-065 – Hartstene Pointe Capital Project Fund:** Used to accept construction loan funds and pay contractors for financed capital projects.
- **690-005-070 – Water Revenue Bond, 2012 Debt Service Reserve:** Used to hold one full year of USDA Bond debt service payments (\$39,330). Per bond covenants, monthly transfers of \$327.75 should be made from the General Operating Fund into this fund so that the balance is reached no later than September 2022. *The balance of this fund is to be invested in the State Investment Pool.*

For the purposes of annual financial reporting to the Washington State Auditor’s Office, all funds are rolled into one general fund, designated as fund 401.



Hartstene Pointe Water-Sewer District
772 E Chesapeake Drive, Shelton WA 98584
(360) 427-2413
info@hpwatersewer.com

DATE: 03/20/2017
 TO: MASON COUNTY TREASURER'S OFFICE
 ATTENTION: INVESTMENT DEPUTY

FROM: Miceal Carnahan

Please make the following investments in the State Pool:

T	FUND NUMBER	ACCOUNT	DESCRIPTION	D/C	AMOUNT
HARTSTENE POINTE WTR-SWR DIST					
INVESTMENTS ACQUIRED - INV ACQ - DEPOSIT TO					
B	690.005010.000.000.111.10.111100.0000.00.	CASH	INVESTMENT ACQUIRED	C	_____
B	690.005010.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT ACQUIRED	D	_____
INVESTMENTS LIQUIDATED - INV LIQ - WITHDRAW FROM					
B	690.005010.000.000.111.10.111100.0000.00.	CASH	INVESTMENT LIQUIDATED	D	\$ 20,000.00
B	690.005010.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT LIQUIDATED	C	\$ 20,000.00

T	FUND NUMBER	ACCOUNT	DESCRIPTION	D/C	AMOUNT
HARTSTENE POINTE WTR-SWR RESERVE					
INVESTMENTS ACQUIRED - INV ACQ - DEPOSIT TO					
B	690.005020.000.000.111.10.111100.0000.00.	CASH	INVESTMENT ACQUIRED	C	_____
B	690.005020.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT ACQUIRED	D	_____
INVESTMENTS LIQUIDATED - INV LIQ - WITHDRAW FROM					
B	690.005020.000.000.111.10.111100.0000.00.	CASH	INVESTMENT LIQUIDATED	D	_____
B	690.005020.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT LIQUIDATED	C	_____

T	FUND NUMBER	ACCOUNT	DESCRIPTION	D/C	AMOUNT
HARTSTENE POINTE WTR-SWR ECOLOGY					
INVESTMENTS ACQUIRED - INV ACQ - DEPOSIT TO					
B	690.005030.000.000.111.10.111100.0000.00.	CASH	INVESTMENT ACQUIRED	C	_____
B	690.005030.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT ACQUIRED	D	_____
INVESTMENTS LIQUIDATED - INV LIQ - WITHDRAW FROM					
B	690.005030.000.000.111.10.111100.0000.00.	CASH	INVESTMENT LIQUIDATED	D	_____
B	690.005030.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT LIQUIDATED	C	_____

T	FUND NUMBER	ACCOUNT	DESCRIPTION	D/C	AMOUNT
HARTSTENE POINTE DWSFR LOAN RESERVE					
INVESTMENTS ACQUIRED - INV ACQ - DEPOSIT TO					
B	690.005050.000.000.111.10.111100.0000.00.	CASH	INVESTMENT ACQUIRED	C	\$ 68,000.00
B	690.005050.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT ACQUIRED	D	\$ 68,000.00
INVESTMENTS LIQUIDATED - INV LIQ - WITHDRAW FROM					
B	690.005050.000.000.111.10.111100.0000.00.	CASH	INVESTMENT LIQUIDATED	D	_____
B	690.005050.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT LIQUIDATED	C	_____

T	FUND NUMBER	ACCOUNT	DESCRIPTION	D/C	AMOUNT
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Hartstene Pointe Water-Sewer District
772 E Chesapeake Drive, Shelton WA 98584
(360) 427-2413
info@hpwatersewer.com

HARTSTENE POINTE WATER REVENUE BOND, 2012 DEBT SERVICE RESERVE

INVESTMENTS ACQUIRED - INV ACQ - DEPOSIT TO

B	690.005070.000.000.111.10.111100.0000.00.	CASH	INVESTMENT ACQUIRED	C	<u>\$ 17,698.48</u>
B	690.005070.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT ACQUIRED	D	<u>\$ 17,698.48</u>

INVESTMENTS LIQUIDATED - INV LIQ - WITHDRAW FROM

B	690.005070.000.000.111.10.111100.0000.00.	CASH	INVESTMENT LIQUIDATED	D	<u> </u>
B	690.005070.000.000.111.40.111400.0000.00.	CASH IN INV	INVESTMENT LIQUIDATED	C	<u> </u>

SIGNATURE

EXT.

TREASURER'S OFFICE USE ONLY:

DATE ENTERED:

DEPUTY INITIALS:

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HARTSTENE POINTE WATER-SEWER DISTRICT
MASON COUNTY, WASHINGTON

RESOLUTION 2017-02

A RESOLUTION OF THE
HARTSTENE POINTE WATER-SEWER DISTRICT COMISSIONERS
ESTABLISHING A POLICY FOR REIMBURSEMENT OF EXPENSES
INCURRED WHEN TRAVELING FOR THE PURPOSES OF DISTRICT
BUSINESS

WHEREAS, RCW 57.12.010 authorizes reimbursement for expenses incurred when traveling on District Business; and

WHEREAS, The Hartstene Pointe Water-Sewer District Board of Commissioners and District Management Contractors must, on occasion, travel outside district boundaries on District business; and

WHEREAS, the Board of Commissioners previously adopted a Travel Expense Reimbursement Policy with Resolution 2011-02; and

WHEREAS, the Board of Commissioners would like to amend the policy adopted with Resolution 2011-12; now therefore

BE IT RESOLVED that the Board of Commissioners of the Hartstene Pointe Water-Sewer District hereby repeals Resolution 2013-07 and adopts the following policy:

Travel Expense Reimbursement Policy

1. **Travel Away from the District** – All travel by commissioners and District management contractors away from the district, and necessary to conduct District business, including education and training, must be pre-approved by the Board of Commissioners. Pooling of passenger cars should be used whenever possible and convenient.
2. **Travel Expense Reimbursement** – Commissioners and authorized District management contractors shall be reimbursed for reasonable and customary travel expenses actually incurred in connection with the business of the District, including, when appropriate, food, lodging, and travel expenses. Reimbursement will be authorized by individual vouchers. For those trips lasting one day (no overnight stay), meal expenses will be reimbursed.

Requests for reimbursement shall be submitted within 30 days of the date of return on a Travel/Expense voucher form signed by the contractor or commissioner. Approved expenses will be reimbursed through the normal voucher payable process.

Receipts or other acceptable evidence of payment are required for reimbursement of airfare, railway fare, bus fare, lodging (itemized statement), meals, all charges made directly to the District, and all other individual expenses of \$25.00 or more. Rates

for travel reimbursement, meals, lodging, and other travel expenses are to be limited as follows:

- a. If private automobiles are used, mileage will be reimbursed at the current IRS rate or at fare cost when travel was provided by bus, train, airplane, or automobile rental. Under no circumstances shall the District be liable for any damage occurring to a private vehicle while used on District business: the owner of the vehicle assumes all risk associated with any said damage.
 - b. Miscellaneous expenditures, for any other purpose not enumerated in this policy, when necessarily incurred by the traveler in connection with the transaction of official business, will be reimbursed on a cost basis if allowed or approved by the Board of Commissioners.
 - c. Tips for meals, taxi, or baggage handling, in amount not to exceed 20%, shall be considered reasonable and necessary costs for such service, and may be included in the cost of the meal or service received.
 - d. Expense reimbursement shall not include expenses paid for others, except where the request for reimbursement is for the cost of meals with other District representatives.
 - e. Expense reimbursement shall not include the purchase of alcoholic beverages.
3. **Direct Billings** – Direct billing to the District is allowed for the following travel expenses: air fare, deposits for seminars or lodging; rental fees for the use of meeting rooms; and costs of catered group meals. When direct billing is used, the District address and phone number shall be listed instead of the commissioners’ or contractors’ personal address.
4. **Commissioner Compensation** – Commissioners will be compensated the standard per diem amount in accordance with RCW 57.12.010 for each day, or portion thereof, spent in performance of official services or duties on behalf of the District as authorized and directed by the District. Days spent travelling for four or more hours to and from District business, but not actually spent conducting District business, are subject to the standard per diem compensation.

ADOPTED by the Board of Commissioners of the Hartstene Pointe Water-Sewer District at the regular open public meeting thereof held the 23rd day of March, 2017.

Mary Alice
Cary
President

Andrew Hospador
Secretary

David McNabb
Commissioner

11

Hartstene Pointe Water-Sewer District
 189 Cutty Sark Sewer Line Replacement
 Bid Tab
 Solicited on 3/7/17
 Bids Due: 5:00 pm on 3/20/17

Schedule of Prices

Description	Average Bid		Contractor No. 1		Contractor No. 2		Contractor No. 3		Contractor No. 4		Contractor No. 5		Contractor No. 6	
	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
Lump Sum	N/A	9,021.00	N/A	3,600.00	N/A	4,900.00	N/A	5,441.00	N/A	7,525.00	N/A	12,250.00	N/A	20,410.00
8.5% Sales tax		766.79		306.00		416.50		462.49		639.63		1,041.25		1,734.85
Total Bid		9,787.79		\$ 3,906.00		\$ 5,316.50		\$ 5,903.49		\$ 8,164.63		\$ 13,291.25		\$ 22,144.85

(1) Contractor's payment terms require 50% down; would need to negotiate terms

(2) Bid did not include sales tax

(3) Bid did not include sales tax; contractor proposes abandonment of existing concrete sewer line in place to include plugging with non-shrink concrete grout

(4) Bid did not include sales tax