

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING  
District Office  
772 E Chesapeake Drive, Shelton, WA 98584  
June 21, 2018 1:00 P.M.**

**AGENDA**

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the June 7, 2018 Regular Meeting (pgs. 2-3)

**REPORTS:**

7. Commissioner Reports
8. Emergency Preparedness Report
9. Financial/Administrative Report:
  - Bills to Be Authorized: Voucher 2018-12
  - May Financial Report
10. Manager's Report (pg. 4)

**BUSINESS:**

11. Authorization to Reimburse Owner of 740 E Promontory for Expenses to Locate Sewer Line (pg. 5)
12. Update Petty Cash Account Signers
13. Resolution 2018-05 Authorizing the Establishment of the HRA VEBA Plans (pgs. 6-7)
14. Resolution 2018-06 Adopting the District Employee Handbook (pg. 8, Handbook sent separately)
15. Review 2018 Budget Impact of Proposed Staffing Transition (pg. 9)
16. Authorize Employee Monthly Medical Benefit Amount
17. Approve Water Distribution Manager and Wastewater Treatment Plant Operator Positions, Wage Ranges
18. Wastewater Treatment Plant Operations Contract – Notice of Termination
19. Review Payroll System Proposal Options (pg. 10)

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING of the BOARD OF COMMISSIONERS  
June 7, 2018  
District Office, 772 E Chesapeake Drive, Shelton, WA 98584**

**MINUTES**

**PRESENT:** President R. Scarola, Secretary A. Hospador, Commissioner D. McNabb, 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: Office of Financial Management RE: Notice of Water Sewer District Board Member Dollar Threshold Adjustment from \$114.00 to \$128.00
- FROM: Dept. of Ecology RE: March 2018 Discharge Monitoring Report, fecal coliform violation

**PRESENT AGENDA:** The agenda for the June 7, 2018 regular meeting was presented. *Commissioner McNabb moved to adopt the agenda as presented. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the agenda was adopted as presented.*

**MINUTES:**

- The minutes of the May 17, 2018 Regular Meeting were presented. *Commissioner McNabb moved to adopt the minutes as presented. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as presented.*
- The minutes of the May 24, 2018 Special Meeting were presented. *Commissioner McNabb moved to adopt the minutes as presented. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as presented.*

**REPORTS:**

**Commissioner Reports:**

- Commissioner McNabb:
  - Presented an article from Department of Health, "Asset Management for Small Water Systems."
  - Presented an example of summary statistics for small water systems for asset management. He will work with David Carnahan to begin the District's asset management program.
- Commissioner Scarola:
  - Discussed upcoming changes with the District's new General Manager, David Carnahan, coming on board. The Board may need to hold some special meetings this summer to discuss planning, budget, asset management, etc.
  - Noted that he would ask the General Manager to send a letter to Tacoma Pump & Drilling, thanking them for prioritizing the District's Well #2 Rehabilitation project.

**Emergency Preparedness Report:** The GM has installed a lockbox at the reservoir gate for emergency access. Commissioner Scarola has been working to set up HPMA's emergency radio antennae.

**Financial/Administrative Report:**

- Bills to Be Authorized: Voucher 2018-11, in the amount of \$26,848.03, was presented. *Commissioner Hospador moved to approve the voucher. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*

**Manager’s Report:** The GM was absent. His written report was presented and reviewed by the Board (attached).

**BUSINESS:**

**Drinking Water State Revolving Fund Loan Contract Amendment – Project Completion:** The project completion amendment to the District’s loan contract with the Department of Commerce was presented. *Commissioner Hospador moved to approve the Drinking Water State Revolving Fund Loan Contract Amendment – Project Completion. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the motion passed and the contract amendment was signed.*

**Resolution 2018-01 Establishing a Schedule of Paid Holidays and a Policy Governing Unpaid Religious Holidays:** Presented and discussed. *Commissioner McNabb moved to adopt Resolution 2018-01 Establishing a Schedule of Paid Holidays and a Policy Governing Unpaid Religious Holidays. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the Resolution was adopted.*

**Resolution 2018-02 Requesting Review By the Health Care Authority to Participate in the Washington State Insurance Plans:** Presented. *Commissioner McNabb moved to adopt Resolution 2018-02 Requesting Review By the Health Care Authority to Participate in the Washington State Insurance Plans. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the resolution was adopted.*

**Resolution 2018-03 Authorizing the District’s Participation in the Washington State Deferred Compensation Program:** Presented. *Commissioner McNabb moved to adopt Resolution 2018-03 Authorizing the District’s Participation in the Washington State Deferred Compensation Program. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the resolution was adopted.*

**Resolution 2018-04 Updating the District Fee Schedule:** Presented and discussed. The purpose of the updated fee schedule is to update the District’s Lien Fee to account for the increase in charges to the District to record liens and lien satisfactions. *Commissioner McNabb moved to adopt Resolution 2018-04 Updating the District Fee Schedule. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the resolution was adopted.*

*Commissioner Hospador moved to adjourn the meeting. President Scarola seconded. Hearing 3 aye votes and 0 nay votes, the meeting was adjourned at 2:15 pm.*

Respectfully Submitted By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

Approved at the Regular Meeting of the Board on: \_\_\_\_\_

**HARTSTENE POINTE WATER-SEWER DISTRICT**  
**General Manager's Report**  
**June 21, 2018**

**Water**

All systems are functioning normally and we are keeping up with the demands of the season.

**Drinking Water Treatment Upgrade**

RH2 has finalized the project as-builts and they have been received by HPWSD. They are going to send us the final invoice as soon as it is ready. The District will need to approve or reject the invoice for the out of scope work that was completed by RH2 as soon as possible.

**Well 1 Replacement**

Nothing to report.

**Sewer Collection**

Nothing to report.

**Waste Water Treatment**

Brian from Sare Electric said that he will be coming out toward the middle to end of next week to take a more in depth look at the issues we are having with the effluent pump as well as the jet pumps. Not sure what this is going to cost yet.

I'm working on gathering estimates for the new effluent chlorination system. And I'm continuing to gather the information RH2 needs to complete the engineering for this project.

**Customer Service**

Nothing to report.

**General District Business**

Notified Black Diamond Construction that they were being awarded the project. I sent them an official contract and spoke with Dawn who is going to sign and return it to me promptly. Estimated start date is one month out, but subject to change based on availability.

Our appeal to remove the trees closest to the water was denied. The PRC would like us to submit our design for the installation of a berm before they will approve removal.

Submitted by David Carnahan

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MEMORANDUM

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**TO:** BOARD OF COMMISSIONERS  
**FROM:** DAVID CARNAHAN, GENERAL MANAGER  
**SUBJECT:** REQUEST AUTHORIZATION TO REIMBURSE OWNER OF 740 E  
PROMONTORY FOR EXPENSES TO LOCATE SEWER LINE  
**DATE:** JUNE 19, 2018  
**CC:**

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I ask that the Board of Commissioners approve a not-to-exceed amount of \$5,000.00 to reimburse Greg Fellman for the expenses he incurred trying to locate and connect to the sewer line on his property at 740 E Promontory Rd. Mont was onsite with Joe Rodriguez, Mr. Fellman's contractor, who spent several days under our direction attempting to locate the line. I met Joe out at the property on June 14th and we did finally locate the connection.

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**HARTSTENE POINTE WATER-SEWER DISTRICT  
MASON COUNTY, WASHINGTON**

**RESOLUTION 2018-05**

**A RESOLUTION OF THE  
HARTSTENE POINTE WATER-SEWER DISTRICT COMMISSIONERS  
AUTHORIZING THE ESTABLISHMENT OF THE HEALTH REIMBURSEMENT  
ARRANGEMENT/VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
("HRA VEBA") PLANS**

**WHEREAS**, the Internal Revenue Code Section 501(c)(9) allows for the creation of a voluntary employees' beneficiary association which is a tax-exempt health and welfare trust; and

**WHEREAS**, IRS regulations and guidelines allow an employer to offer health reimbursement arrangement (HRA) plans; and

**WHEREAS**, such HRA plans are available to governmental employers in the Northwest; and

**WHEREAS**, the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest ("Trust") offers and will administer two HRA VEBA plans (collectively the "Plans") as amended and restated: the Standard HRA Plan, which shall be integrated with the Employer's or another qualified group health plan and which shall accept Employer contributions on behalf of eligible employees who are enrolled in or covered by such qualified group health plan and any other contributions that may be permitted under applicable law from time to time; and the Post-separation HRA Plan, which shall accept contributions on behalf of eligible employees, including eligible employees who are not enrolled in or covered by the Employer's or another qualified group health plan, and which shall provide benefits only after a participant separates from service or retires.

**WHEREAS**, Hartstene Pointe Water-Sewer District ("Employer") has determined that it is in the best interest of the Employer and its employees to establish the Plans, which provide tax-free, defined contribution accounts for employees to reimburse qualified medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses of the employees and their qualified dependents; and

**WHEREAS**, the Employer desires to establish the Plans for its employees; and

**WHEREAS**, the Employer desires to use the services of the Trust to administer such Plans; and

**WHEREAS**, the Plans will be administered in accordance with the Plan documents provided by the Trust on file in the Employer's main office.

**NOW, THEREFORE**, the Board of Commissioners hereby resolves as follows:

Section 1. Effective August 1, 2018 the Employer hereby elects to participate in the Plans and Trust as presently constituted or hereafter amended using the Trust as its plan administrator for the benefit of eligible employees as defined by Employer policies or collective bargaining agreements.

Section 2. The Plans will be funded with Employer contributions in amounts determined from time to time pursuant to Employer policies and collective bargaining agreements.

Section 3. The General Manager is authorized to execute documents and establish procedures consistent with Plan and Trust provisions and applicable Employer policies and collective bargaining agreements necessary to effect the adoption and administration of the Plans.

**ADOPTED** by the District Board of Commissioners at its scheduled meeting on this 21st day of June, 2018.

Hartstene Pointe Water-Sewer District  
Mason County, Washington

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Robert Scarola, President

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David McNabb, Commissioner

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Andrew Hospador, Secretary

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**HARTSTENE POINTE WATER-SEWER DISTRICT  
MASON COUNTY, WASHINGTON**

**RESOLUTION 2018-06**

**A RESOLUTION OF THE  
HARTSTENE POINTE WATER-SEWER DISTRICT COMMISSIONERS  
ADOPTING THE DISTRICT EMPLOYEE HANDBOOK**

**WHEREAS**, the Hartstene Pointe Water-Sewer District has set forth certain policies, practices, and procedures which relate to employment matters in the Hartstene Pointe Water-Sewer District Employee Handbook; and

**WHEREAS**, the Hartstene Pointe Water-Sewer District Board of Commissioners desires to adopt the District Employee Handbook to reflect the employment matters set forth therein;

**NOW, THEREFORE**, the Board of Commissioners hereby resolves that the Hartstene Pointe Water-Sewer District Employee Handbook, attached hereto and incorporated herein by reference, is hereby adopted.

**ADOPTED** by the District Board of Commissioners at its scheduled meeting on this 21st day of June, 2018.

Hartstene Pointe Water-Sewer District  
Mason County, Washington

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Robert Scarola, President

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David McNabb, Commissioner

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Andrew Hospador, Secretary



# Hartstene Pointe Water-Sewer District

## Staffing Transition Costs

	July	Aug	Sept	Oct	Nov	Dec	Jul-Dec Totals
<b>Contractors</b>							
GM/Water Operator	6,560	-	-	-	-	-	\$ 6,560
WWTP Operator	4,500	4,500	-	-	-	-	9,000
Acct. & Admin.	3,500	3,500	3,500	3,500	3,500	-	17,500
<b>Employees</b>							
General Manager	5,573	5,573	7,073	7,073	7,073	7,073	39,439
Water Operator	-	4,221	5,121	5,121	5,121	5,121	24,706
WWTP Operator	-	-	7,654	7,654	8,494	8,494	32,296
District Clerk	-	-	-	3,797	3,797	3,797	11,392
<b>Additional Payroll Costs</b>	220	60	60	60	60	60	520
<b>Totals:</b>	<b>\$ 20,353</b>	<b>\$ 17,854</b>	<b>\$ 23,408</b>	<b>\$ 27,206</b>	<b>\$ 28,046</b>	<b>\$ 24,546</b>	<b>\$ 141,412</b>

### Remaining 2018 Staffing Budget

General Manager	\$ 23,803
Acct. & Admin.	21,643
Water Operations	16,218
Maint./Repair - JMS	20,911
WWTP Operations	29,220
<b>Total Remaining 2018 Staffing Budget</b>	<b>\$ 111,795</b>

**Additional Un-Budgeted Funds Needed for 2018 Staffing Transition \$ 29,617**

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MEMORANDUM

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**TO:** BOARD OF COMMISSIONERS  
**FROM:** MICEAL CARNAHAN, ACCOUNTING & ADMINISTRATIVE SERVICES MANAGER  
**SUBJECT:** PAYROLL PROCESSING OPTIONS  
**DATE:** JUNE 19, 2018  
**CC:** DAVID CARNAHAN, GENERAL MANAGER

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I have been researching and gathering proposals on the District's options for processing its payroll. I have identified what I believe are the District's two best options:

Option 1: Quickbooks Payroll

- The District can upgrade its Quickbooks financial software and add the Payroll Module. Each month a member of the staff would input employee hours from timesheets approved by the General Manager, and Quickbooks will calculate wages payable, deductions, payroll tax liabilities, accrued leave, etc. The software will produce pay stubs, payroll reports, and IRS tax filings, from which the District will process payments.
- Costs: \$379.95 to update to the latest version of Quickbooks plus \$40.25/month for the payroll module
- Pros:
  - The District will have immediate access to and control over all of its payroll records and processes
  - District can customize payroll reports and inputs
  - Quickbooks will automatically update the District's financials with each payroll run, requiring no additional manual entries by District staff
- Cons:
  - Someone on the District's staff will need to be trained and stay up-to-date on regulations/procedures related to payroll, taxes, etc.
  - The District will have to pay to update Quickbooks every three years
  - Limited segregation of duties, creating internal controls challenges

Option 2: CPA Firm

- Wittenberg, CPA has provided an estimate to process the District's monthly payroll, including preparation of all payroll tax filings, year-end W-2s, payroll reports, and pay stubs. The firm could also initiate direct deposits from the District's EFT Account on the District's behalf. The District would submit timesheets to the firm, along with updates to employee deductions/additions.
- Costs: estimated one-time charge of \$160 to set up; estimated \$60/month for processing monthly payroll
- Pros:
  - Limits time and expertise demands on District staff
  - Separation of duties for increased internal controls
- Cons:
  - District staff will need to manually track and enter payroll expenses/liabilities and leave accruals into accounting software
  - District staff will need to keep accounting firm up-to-date on salary/wage amounts, deductions, etc.
  - Payroll records will not be immediately available and/or in the preferred form

