

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
District Office
772 Chesapeake Dr., Shelton, WA 98584
August 11, 2016 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes

REPORTS:

7. Commissioner Reports
8. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Early Voucher 2016-23 in the amount of \$22,128.91
 - Voucher 2016-24
9. Manager's Report

BUSINESS:

10. Water Treatment Project Funding
11. Well 1 Replacement
 - Drilling Quotes, Contract Award
 - Equipping Estimate
12. Pressure Reducing Valve Replacement Quotes, Contract Award
13. Outfall
14. Sanitary Survey
15. Evolution Controls Contract Amendment, Extending Agreement
16. Newsletter Topics
17. Budget Meeting Schedule

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
July 28, 2016
District Office 772 Chesapeake Dr., Shelton, WA 98584**

MINUTES

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

CALL TO ORDER: The meeting was called to order at 1:10 pm.

SUBSCRIBER REMARKS: No subscribers present.

CORRESPONDENCE: No correspondence.

PRESENT AGENDA: The agenda for the July 28, 2016 regular meeting was presented. Commissioner Hospador *moved to adopt the agenda as presented. Commissioner McNabb seconded. Hearing no objections, the agenda was adopted.*

MINUTES:

- The minutes of the June 14, 2016 regular meeting were presented. *Commissioner Hospador moved to accept the minutes. Commissioner McNabb seconded. Hearing no objections, the minutes were approved.*
- The minutes of the June 15, 2016 special meeting were presented. A minor revision was made. *Commissioner McNabb moved to approve the minutes as amended. Hearing no objections, the minutes were approved as amended.*

REPORTS:

Commissioner Reports: Commissioner Hospador will be out of town from August 3rd through August 16th. He will miss the August 11th regular meeting.

Financial/Administrative Report:

- Bills to Be Authorized: Voucher 2016-22, in the amount of \$3,547.88, was presented. *Commissioner Hospador moved to approve the voucher. President Cary seconded. Hearing no objections, the voucher was approved.*

Manager's Report: A written report was presented (attached).

BUSINESS:

Water Treatment Project, Award Contract: RH2 Engineering submitted a Recommendation of Bid Award letter to the District. Based on RH2's review and favorable reference checks, the engineer concluded that 2KG Contractors has submitted the lowest responsive bid. RH2 recommends that the District award the contract for this project to 2KG contractors for the total contract amount of \$912,821.35. The AAS conducted a search of sam.gov and Dept. of Labor & Industries' website to verify that the contractor and their sub-contractor are eligible to be awarded the contract. The Engineer's letter and documentation of the eligibility checks were forwarded to the District's loan contract manager, Jeff Hinkle for his approval. Mr. Hinkle authorized the District to proceed with the award. *Commissioner McNabb moved to award the Water Treatment Project*

contract to 2KG Contractors, in the amount of \$912,821.35. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the motion passed. Commissioner McNabb moved to issue the Notice to Proceed to 2KG Contractors for the Water Treatment Project. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the motion passed.

Meeting recessed at 2:45 pm. Meeting reconvened at 3:00 pm.

Water Treatment Project Funding: GM has contacted Dept. of Health regarding increasing the District's loan amount. He is still awaiting a response. In the meantime, the AAS will investigate and pursue other funding options before the next meeting.

763 Promontory Sewer Repair: GM has only received one response to his solicitations for quotes for the sewer line repair at 763 Promontory. The quote is from FloHawk for \$9,222.50. The proposal is to pipe burst approximately 40 feet of 4" line. *Commissioner McNabb moved to award the contract the FloHawk for \$9,222.50. Commissioner Hospador seconded. Hearing no objections, the motion passed.*

Well 1 Replacement Project:

18. Budget: Engineer's estimate is \$55,000 for well drilling and testing. GM is still working with the engineer to establish an estimate for the well mechanical, electrical, and plumbing. *President moved to table discussion of the Well 1 Replacement Project budget until the next meeting. Commissioner Hospador seconded. Hearing no objections, the motion passed.*

Well Drilling Quote Solicitation Approval: *Commissioner Hospador moved to approve the quote solicitation for the Well 1 Replacement project drilling, mechanical, electrical, and plumbing. Commissioner McNabb seconded. Hearing no objections, the motion passed.*

Pressure Reducing Valve Project Quote Solicitation Approval: *Commissioner Hospador moved to authorize quote solicitation for the Pressure Reducing Valve Project. Commissioner McNabb seconded. Hearing no objections, the motion passed.*

Upcoming Training Opportunities, Update:

19. Environmental Finance Center Network (EFCN), Collaboration and Other Tools to Help Address Issues Facing Small Water Systems; Aug. 24: *President Cary moved to authorize Commissioner McNabb and AAS to attend the EFCN training. Commissioner Hospador seconded. Hearing no objections, the motion passed.*
20. Evergreen Rural Water of WA Fall Conference; Aug. 30 – Sept. 1: Commissioner Hospador and GM will attend, as authorized at the last meeting.
21. FCS Consulting, Infrastructure Replacement Planning; Aug. 31: *Commissioner Hospador moved to authorize Commissioner McNabb and AAS to attend the FCS Consulting training. President Cary seconded. Hearing no objections, the motion passed.*
22. WA Assoc. of Sewer and Water Districts (WASWD), Disaster Management; Oct. 4 – 5: *Commissioner McNabb moved to authorize Commissioner Hospador and President Cary to attend the WASWD Disaster Management Training. Commissioner Hospador seconded. Hearing no objections, the motion passed.*

Emergency Management Work Session: The Board scheduled a special meeting on October 20, 2016 at 10:00 am for the Emergency Management Work Session.

Purchasing Manual: The completed Draft Purchasing Manual was presented and discussed. Further discussion and adoption was tabled until the next meeting.

Meeting was adjourned at 4:10 pm.

Respectfully Submitted By:

Andrew Hospador, Board Secretary

Approved at the Regular Meeting of the Board on: _____

MEMORANDUM

TO: BOARD OF COMMISSIONERS
FROM: MICEAL CARNAHAN, ACCOUNTING AND ADMINISTRATIVE SERVICES MANAGER
SUBJECT: WATER TREATMENT PLANT IMPROVEMENTS FUNDING OPTIONS
DATE: AUGUST 9, 2016
CC: MONT JEFFREYS, GENERAL MANAGER

As was discussed at the July 28, 2016 meeting, the contract awarded for the Water Treatment Plant Improvements Project will exceed the District's Drinking Water State Revolving Fund (DWSRF) loan amount. Mont and I have been looking what options the District has to pay the remaining \$193,420 in project costs which exceed our current loan amount. Presently, the District has three potential options:

1. The Department of Health has additional funds available under the DWSRF. Mont and I submitted a request just today for the additional \$193,420 the District needs to complete the project. Our request will be ranked based on the score assigned to our project when our DWSRF loan contract was executed. Based on the ranking process, Department of Health (DOH) will contact us if there are funds available for our project. If DOH is able to provide funds for our project, they will amend our existing DWSRF loan amount and provide information on the revised loan repayment amount.

As of right now I am cautiously optimistic our current loan contract will be amended to pay for the remainder of the project. DOH has already responded saying they will review our request and start to work with Department of Commerce staff on a loan amendment.

If the additional funds are granted, the new loan amount for the project will be \$1,303,555. The annual loan payment, beginning next year, will be \$65,079, and our overall debt ratio will be 24.4%, up from 13.3% this year. Under this scenario, my rough projections show our approximate 2017 ending balances would be:

- Operating Account \$140,000;
- Capital Improvement Fund \$60,000 (set aside for I&I repair)
- Risk Management Fund \$76,000.

2. The Rural Communities Assistance Corporation (RCAC) offers loans for smaller capital needs, normally not to exceed \$100,000, so the District would likely still need to use about \$90,000 of its cash reserves. RCAC loan terms: 5% interest rate for the first 10 years; up to 20 years repayment.

If the District obtained this loan, our overall debt ratio would be 24.2%. 2017 ending balances would be:

- Operating Account \$124,000
- Capital Improvement Fund \$60,000 (set aside for I&I repair)
- Risk Management Fund \$1,000

3. The District does have the cash available to pay the remaining unfunded project costs from its financial reserves; however they would be greatly depleted. Under this scenario, the 2017 ending balances would be:

- Operating Account \$23,000
- Capital Improvement Fund \$60,000 (set aside for I&I repair)
- Risk Management Fund \$1,000

AMENDMENT No. 1
HARTSTENE POINTE WATER-SEWER DISTRICT
AGREEMENT FOR PROFESSIONAL SERVICES
SCADA/Telemetry On-Call Services

In accordance with the Agreement for SCADA/Telemetry On-Call Services between Hartstene Pointe Water-Sewer District and Evolution Controls, LLC, this is amendment authorizes the extension of the agreement term in accordance with Section 2 of the Agreement.

The Agreement will be extended to December 31, 2017, at which time the Agreement will expire, unless extended by an amendment issued by the DISTRICT.

Agreed to and signed this _____ day of August, 2016.

Evolution Controls, LLC

Hartstene Pointe Water-Sewer District

Signature

Signature

Title

Title

Date

Date

MEMORANDUM

TO: BOARD OF COMMISSIONERS
FROM: MICEAL CARNAHAN, ACCOUNTING AND ADMINISTRATIVE SERVICES MANAGER
SUBJECT: PROPOSED BUDGET SCHEDULE
DATE: AUGUST 9, 2016
CC: MONT JEFFREYS, GENERAL MANAGER

Budget season is fast approaching. We briefly discussed a schedule for budget preparation and adoption at the July 28th meeting, but we have not officially adopted a final schedule. Here is a proposed schedule for the 2017 Budget:

- October 13 Regular Meeting: Discuss 2016 3rd quarter financial report; discuss five year Capital Improvement Plan and Asset Replacement Plan
- October 27 Regular Meeting: GM and AAS present Preliminary 2017 Budget
- November 3 Special Meeting, 10:00 am: Budget Work Session to prepare Proposed 2017 Budget
- November 10 Regular Meeting: Make final adjustments to Proposed 2017 Budget; plan Annual Meeting/2017 Budget Hearing
- November 12 Special Meeting, 10:00 am: Annual Meeting/2017 Budget Hearing
- November 17 Special Meeting, 1:00 pm: Review and prepare response to comments/questions received at the Annual Meeting/Budget Hearing; Adopt Final 2017 Budget
- November 30: County's due date for submission of Final 2017 Budget