

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

January 9, 2024

REGULAR MEETING

1.0* **Call to Order** - Board Chair Steve Pedersen called the January 9th regular meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:31 p.m. Commissioner Bob Ballard, Commissioner James Strode, District General Manager Tony Lang, and Attorney Ken Bagwell were present along with two guests from the public.

2.0 **Oath of Office** – Chair Pedersen was reelected for Manchester Water District Commissioner Position 2 in Kitsap County’s November 2023 General Election. District attorney Ken Bagwell administered the Oath of Office and presented Pedersen with his election certificate.

3.0* **Election of Officers** - Commissioner Strode made a motion to keep the elected Officer positions the same as 2023. They are as follows:

Commissioner Pedersen – Board Chair
Commissioner Strode – Secretary
Commissioner Ballard – Commissioner

*Commissioner Ballard seconded the motion, and **the motion passed unanimously.***

4.0* **Consent Agenda**

4.1 **Approval of December 12, 2023, Regular Meeting Minutes**

4.2 **Approval of Vouchers** - Presented for payment approval were General Fund vouchers totaling \$38,414.57, and a Street Light Fund voucher totaling \$114.44.

4.3 **Approval of District Payroll Affidavit(s)** – Wages and benefit affidavits were presented.

*Commissioner Strode moved to approve the consent agenda as presented.
Commissioner Ballard seconded, and **the motion passed unanimously.***

5.0 **Public Comment** – One public guest inquired about the overall water quality of the District’s sources of supply and how she could provide public input on stopping the practice of adding additional fluoride to the District’s treated water for distribution. Board Chair Pedersen explained that the addition of fluoride was voted on by the community decades ago and that the topic has been discussed on several occasions since that time. The community consensus was to continue adding fluoride to the water since they felt it was beneficial to the consumer’s dental health. He informed the guest that she could email the District with her request, and any concerns she has regarding the addition of fluoride, for future Board consideration.

There was a brief discussion regarding PFAS and the close proximity of the District's sources of supply to the Manchester Fuel Depot. GM Lang informed the guest that the District has tested all of its wells three (3) times for PFAS in 2023. Two (2) times for the Environmental Protection Agency (EPA) for UCMR5's, and one (1) time for the Department of Health for the 2023 Water Quality Monitoring Schedule (WQMS). All three sampling events resulted in "Non-Detect" for PFAS analytes from **all** the District's sources of supply. GM Lang will be sending the guest the District's last couple of year's Consumer Confidence Reports to address her questions on water quality results, and the Department of Health website link for access to PFAS results.

6.0 **Regular Agenda**

6.1 **Commissioner Compensation - Tony Lang / Ken Bagwell**

GM Lang informed the Board that the Washington State Office of Financial Management (OFM) has raised the elected commissioner minimum compensation for attending meetings from \$128 per day to \$161 per day, effective January 1, 2024. Total annual compensation for each commissioner shall not exceed \$15,456.00. OFM establishes increases in commissioner compensation every five years per RCW 57.12.010. District attorney Bagwell confirmed that the VEBA contributions that each commissioner receives monthly are not calculated into the annual compensation total of \$15,456.00, as it is a benefit and not compensation. This VEBA benefit is in accordance with RCW 57.08.100.

No formal Board action was requested.

6.2 **Department of Commerce Meeting Update - Tony Lang**

GM Lang informed the Board that Staff and the District's Engineering consultant, BHC Consultants, held a virtual meeting with the Department of Commerce in December to discuss the District's 2023 Public Works Board (PWB) Construction Loan Application. The District was seeking clarification for the reasons the 2023 loan application scored so poorly, and staff was open to suggestions for potential areas of improvement that the District could implement in the 2024 loan application.

PWB representatives suggested that the application include a detailed narrative and additional supporting documentation regarding the manganese problem. The supporting documentation could be letters of support from the public, work orders, financial implications, water loss, water quality impacts to the community, etc. Providing a more detailed narrative along with additional supporting documentation will help the PWB loan application review panel understand the importance of the project to the District and the community.

Staff was surprised to learn that there was very little consideration given to

Distressed or Severely Distressed communities in the application scoring process. They also learned that the District's current financial stability and adequate retained earnings did not negatively affect the scoring process. The PWB confirmed that these two criteria had little impact on the District's cumulative score.

Staff and BHC were pleased with the outcome of the discussion and will take the information discovered from this meeting and apply it to 2024's Construction Loan application. 2024 Construction Loan application submittals are anticipated to open April 2 and close on June 28, 2024.

No formal Board action was requested.

6.3* **Leak Rate Adjustment Appeal – Tony Lang**

GM Lang explained that the customer located at 7754 SE Monte Bella PI experienced a service line leak in their irrigation system in the Fall of 2023, resulting in a significantly high water bill for this period of time. The customer is requesting Board consideration to apply a leak rate adjustment above the District adopted policy reflected in Resolution 2003-12. The additional amount that the customer is requesting is unspecified and unknown.

The customer's leak resulted in 395,789 gallons of consumption for this billing period compared to the customers average use of 78,821 gallons. This amount of commodity usage would normally result in a total cost of \$2,646.09 to the consumer. Utilizing current policy directives for calculating a leak rate adjustment, staff has calculated a total District adjustment of \$1,183.35, resulting in a final commodity cost to the customer of \$1,462.74.

Lang recommended adhering to Resolution 2003-12 as written, denying any additional funds to be adjusted towards the customer's final bill that are outside the adopted policy.

Commissioner Strobe moved to deny any additional adjustments to the Leak Rate Adjustment calculated by staff. Commissioner Ballard seconded, and the motion to deny the request passed unanimously.

6.4 **Review of Financials & Operations-**

6.4.1 **Water Sales Data** – Water sales data through December 31, 2023, was reviewed with a total billing of \$113,082 to 1,574 services, and total consumption of 1,465,317 cubic feet or 10,960,571 gallons. This consumption total was 2,075,954 gallons less than the same billing period in 2022.

6.4.2 **Quarterly Adjustment Report** – 2023's fourth quarter adjustment report was presented. Billing corrections totaled \$3,248.30, leak rate adjustments totaled \$3,804.07, and penalties removed totaled \$248.00.

6.4.3 **Income & Expense Report** – The Income & Expense Report for the

period ending December 31, 2023, was presented. The total fund balance at the end of FY 2023 was \$1,204,537.75. The retained earnings for FY 2023 will be carried over into 2024.

- 6.4.4 **Operations Update** – GM Lang reported that operations staff upgraded four (4) manual meters and two (2) smart meters to AMR meters during December. They also upgraded a damaged concrete meter box on Cedar St to a traffic rated box so the customer could drive over it. All December bacteriological samples were submitted for the month and were reported as satisfactory.

The drive-through double gate at Garfield was damaged in December due to a vehicle attempting to ram their vehicle through it. A police report was filed with the Kitsap County Sheriff's office and there was no evidence of facility tampering. Staff fixed the gate with spare fencing hardware we had located at another facility.

Lang reported that last month was a busy month for service line leak repairs. The operations team repaired two (2) service line leaks on Olympiad Dr, one (1) on Hemlock, and one (1) on Southworth Drive where a contractor had driven over the box when backing out of a driveway.

Field staff performed preventative maintenance on the South Zone's pressure reducing valves (PRV's) on Sedgwick and Harper Hill. Confined space entry procedures were followed prior to a technician verifying upstream and downstream pressures of the device. They did a great job following safety procedures and worked as a team to verify the PRV's were functioning as designed.

Operations and administrative staff held their annual Christmas festivities at the shop in December. This year, staff also recognized Dennis O'Connell for his upcoming retirement and his dedication to the Manchester Water District and surrounding community. Lang stated that the District thanks Dennis for his service, leadership, and everything he has done to make the District successful during his time here. We all wish him the best in his retirement.

- 6.4.5 **Developer Extension Updates** – There were no Developer's Extension updates to report.

7.0 **Executive Agenda**

- 7.1 **Administrative Update** – GM Lang informed the Board that there will be a Special Session Meeting on February 13, 2024. District attorney Bagwell will conduct commissioner training on Open Public Meetings Act (OPMA) and the Public Records Act (PRA). This training is a requirement for new commissioners and must be completed within 90-days of taking their oath of office, and every four years thereafter. It was determined that this training will be completed at the Field Shop Office.

Lang informed the Board that all employee performance evaluations were completed prior to the end of 2023. The District held its annual Christmas party with staff, and outgoing General Manager Dennis O'Connell was recognized for his time and dedication to the District.

GM Lang presented information to the Board regarding the American Water Works Association (AWWA) 2024 Annual Conference & Expo that will take place in Anaheim, California this year in June. The Board determined that they would like to depart for Anaheim Monday June 10th, and return home on Thursday June 13th. It was determined that Secretary Strode, Commissioner Ballard, and GM Lang will be attending the conference. Chair Pedersen has personal obligations during that time and will not be able to attend. Lang stated that he will start looking into booking the hotel accommodations in the next week or two since the hotels in the area book up fast for the event.


7.2 **Board of Commissioners' Comments** – Board Chair Pedersen discussed his attendance at the opening meeting with the State Auditor's Office regarding this year's upcoming audit. He expressed his desire for the Board to be apprised of small-scale findings, or managerial improvements, that are not recorded in the official audit report. He stated the Board would like to know this information so it can be managed and addressed at the Board level.

8.0 **Future Meeting Dates**

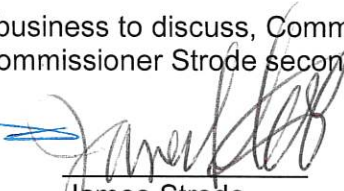
- 8.1 February 13, 2024, 4:00 p.m. - Special Meeting, Spring Street Field Office
- 8.2 February 13, 2024, 5:30 p.m. - Regular Meeting, Spring Street Workshop
- 8.3 March 12, 2024, 5:30 p.m. - Regular Meeting, Spring Street Workshop

9.0* **Adjournment**

There being no further business to discuss, Commissioner Ballard moved to adjourn the meeting at 6:35 PM. Commissioner Strode seconded, and **the motion carried unanimously.**



Steve Pedersen
Board Chair



James Strode
Secretary



Robert Ballard
Commissioner

* Indicates action item