

# MINUTES OF THE SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF MANCHESTER WATER DISTRICT

November 23, 2021

## SPECIAL MEETING

1.0 **Call to Order** – Board Chair Steve Pedersen called the special meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:34 p.m. In attendance were Commissioners Steve Pedersen, Bob Ballard, and Paul Drotz, and Commissioner-Elect Jim Strode. District staff present included Dennis O’Connell, General Manager. Attorney Ken Bagwell was also present. Meeting notices included the ZOOM meeting access number and pass code; however, there were no public guests present in person or virtually.

2.0 **Projected FY 2022 DRAFT Budget Summary** – Staff presented a draft FY 2022 Budget Summary depicting total projected revenue and total projected expense. The summary will be used as a foundation for the remainder of the planning session discussions. The summary presented was as follows:

2022 Revenue	\$ 2,838,122.00
Debt Service	\$ (98,769.00)
HR Schedule	\$ (913,032.00)
Administrative	\$ (271,000.00)
O & M	\$ (275,000.00)
CIP	\$ (445,000.00)
Capital Outlay	\$ (135,000.00)
Retained	<u>\$ 700,321.00</u>

*No formal Board action was requested.*

3.0 **Projected FY 2022 HR Initiatives** – Staff began the discussion by reviewing established objectives of the District regarding human resource policies and practices. These basic tenets include targeting compensation and benefit packages to meet market levels for comparable jobs and skill sets; and to provide professional growth incentives to qualified personnel.

To that end, staff presented inflation rate indices for 2021 and proposed two examples of a cost-of-living-allowance (COLA) for all employees. For the annual period from August 2020 to August 2021, the regional Consumer Price Index (CPI) for Urban Consumers was 5.4-percent. For the annual period ending October 31<sup>st</sup>, the CPI rate of inflation rose to 6.4-percent. Historically, the Board directed staff to include a COLA equivalent to the CPI inflation rate for the previous year in the budget calculations for the succeeding year. Following extensive discussion, the Board directed staff to use the 5.4-percent COLA figure when projecting human resource expenses for FY 2022.

Staff also solicited input regarding the addition of the Juneteenth Holiday for 2022. Currently, the District observes 11 holidays, plus two half-day early closures on Christmas Eve and New Years Eve. In 2021, June 19<sup>th</sup>, or Juneteenth as it is commonly referred to, became a federal holiday. In 2022, Washington state employees will also observe Juneteenth as a paid holiday. Based on input from the Board, staff will address any changes to the employee holiday schedule during planned revisions to the Employee Manual in early 2022. Following discussion, Board Chair Pedersen directed staff to research whether other local utilities would be observing the holiday next year. Staff will report back and revisit the issue in 2022.

Staff then reviewed the District's tuition reimbursement policy and advised the Board that at least one employee has expressed a desire to continue their education. District policy states that all employees may qualify for full or partial tuition reimbursement with prior Board approval. Staff also stated that the proposed FY 2022 budget will include contingency funds specifically for education and training. Once more information is provided, staff will present tuition reimbursement requests for Board consideration.

*No formal Board action was requested.*

**4.0 FY 2022 Rate Structure Models** – Staff presented a history of rate modifications to the District's Schedule of Fees & Charges (Schedule), and various models for possible rate modifications in 2022. Historically, the Board has voted to raise water rates in small increments annually. This method allows the District to offset inflationary trends in administrative and operations costs, while minimizing impacts to our ratepayers. For example, in 2021, the Board voted to raise the base rate charged to each billing account by \$1.00 a month.

Staff presented models depicting an increase to each of four rate tiers of 5, 7, and 10 percent, and the impact of each modification to a 1200 and 3200 cubic foot water bill. When combined with the standard base rate and using the 7-percent model, the actual impact to a 1200 cubic foot bill was 2.94-percent. When applied to a 3200 cubic foot bill, the net increase was 4.83-percent. Following lengthy discussion, the Board directed staff to prepare a Schedule for 2022 that includes a rate tier increase of 7-percent.

Staff then solicited input regarding new service connection fees. As with the billing rate structure, staff presented multiple models depicting various percentage increases to the cost of a new service connection. Inflationary trends in the construction industry were substantial in 2021, but varied slightly from the CPI. Typically, the District adjusts the General Facilities Charge (GFC) and Local Facilities Charge (LFC) components of new service connection fees to match construction industry inflationary trends.

The third component of a new service connection fee is the cost of installing the meter. Staff calculates the average cost to install a meter using the current year's District workorders and job costing. Staff explained that in 2021, the average cost of installing a meter was just under the current charge listed on the Schedule, and that for 2022, no increase to the meter installation fee was recommended.

Following discussion, the Board directed staff to draft a new Schedule including a 5-percent increase to the GFC and LFC components of the total new service connection fee.

**5.0 Executive Session** – Board Chair Pedersen requested an executive session to discuss an employee's performance at 7:18. He estimated the length of the session would be 30-minutes. The session adjourned at 7:42.

6.0 **Future Meeting Dates**

- 6.1 December 14, 2021, 5:30 p.m. – Regular Meeting, Spring Street Workshop
- 6.2 January 11, 2022, 5:30 p.m. – Regular Meeting, Spring Street Workshop
- 6.3 February 8, 2022, 5:30 p.m. – Regular Meeting, Spring Street Workshop

7.0\* **Adjournment**

Following a review of future meeting dates, and there being no further business to come before the Board, Commissioner Drotz moved to adjourn the meeting at 7:50 p.m., Commissioner Ballard seconded; ***the motion carried unanimously.***



---

Steve Pedersen  
Board Chair



---

Paul Drotz  
Secretary



---

Bob Ballard  
Commissioner