

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

July 12, 2022

REGULAR MEETING

- 1.0 **Call to Order** – Board Chair Steve Pedersen called the regular meeting of the Manchester Water District Board of Commissioners (Board) to order at 5:30 p.m. Commissioner Bob Ballard was present. District staff present was Erin Civilla, Accounting Specialist. Attorney Ken Bagwell was also present. There was one community member in attendance. Commissioner Jim Strode and General Manager Dennis O’Connell were excused.
- 2.0 ***Consent Agenda** – *Staff recommended approval of the consent agenda as presented.*
 - 2.1 **Approval of June 14, 2022, Regular Meeting Minutes** – deferred until the August 9, 2022 Regular Meeting.
 - 2.2 **Approval of Vouchers** – Approval for payment included General Fund vouchers totaling \$116,521.27. Vouchers included a \$39,748.50 payment for the District’s portion of the solar panel project at Spring Street Workshop. One street light voucher for \$1,890.06 was also presented.
 - 2.3 **Approval of District Payroll Affidavit** – Approval for the July 2022 District payroll was presented in the amount of \$46,032.59. Tax and benefit payment vouchers for June 2022, totaling \$34,910.86 was also presented.

Commissioner Ballard moved to approve the consent agenda as presented.
Commissioner Pedersen seconded, **the motion carried unanimously.**

3.0 **Public Comment** – no public comment offered

4.0 Regular Agenda

- 4.1 **Woods View Development** – In June 2022, the administrative office was contacted by Lennar Northwest, LLC regarding the Woods View Development. The representative from Lennar Northwest stated that they were in the process of purchasing the project and would like to purchase 41 water services. Staff prepared Binding Water Letters and all other necessary documents for Lennar Northwest.

On June 22, 2022, Jessica Vallorano, a permit coordinator for Lennar Northwest, paid for 41 water services in the amount of \$403,932 (\$9,852 per service). Payment was made via a company credit card.

The following week, Jessica contacted the administrative office stating that the project was now on “hold indefinitely”, and that Lennar Northwest was requesting a refund of all 41 services. The reason for the project hold was not given.

Due to the fact that Lennar Northwest used a credit card to purchase the services, the District incurred significant credit card fees for the transaction.

The District has given full refunds in the past for water services, though never when the credit card fees associated with the transaction would have the impact that this particular transaction did.

Erin used the fee statement provided by the District's credit card processor (Chase Paymentech) to calculate the fees attributable to Lennar Northwest's transaction. It was determined that the District's credit card fees increased by \$12,482.40 due to the transaction.

Lennar Northwest was agreeable to reducing the refund by the amount of the fees. Additionally, Ken Bagwell asserted that it would be a "gift of public funds" if the District *did not* reduce the refund by the fee amount.

A refund of \$391,449.60 will be processed and sent to Lennar Northwest in the coming weeks.

Going forward, the District will add a disclaimer to the Meter Application that if payment is made via a credit card, any refund offered will be less the applicable fees incurred by the District.

The Board also noted that the refund check should be held until all Binding Water Letters and related documents were returned to the District.

4.2 **Well Updates** – A brief update on the status of the groundwater wells in the District was presented.

Sedgwick Tank & Well Site – Wells 5 & 8 are currently not in service. Dennis has met with Hokkaido Drilling to discuss drilling a new well to replace the existing Wells 5 & 8. The new well would be large enough to backup Well 9 during peak pumping months. Hokkaido will begin drilling in late fall 2022.

Garfield Well Site – Well 6 had a pump/motor failure over the 4th of July weekend. The crew has been running Well 7, which is sufficiently providing water to the community, as well as keeping California Tank at the appropriate level. The crew is in the process of contacting a well driller to pull the Well 6 motor to diagnose the cause of the motor issue.

Washington Well Site – Well 10 is ready to be brought online to supplement Well 7 and Well 11. To mitigate manganese issues, Well 10 will only be run during non-peak hours in order to "blend" with other water sources. The goal is to keep California Tank at sufficient levels without a noticeable variance in water quality.

Dennis will provide the Board with a more detailed system update at the August meeting.

4.3 **Review of Financials & Operations**

4.3.1 **Water Sales Data** – Water sales data through June 30, 2022, was reviewed with a total billing of \$116,350 to 1,557 services, and total consumption of 13,678,930 gallons.

4.3.2 **Income & Expense Report** – The Income & Expense Report for the period ending June 30, 2022, was presented. The total fund balance at the end of this reporting period was \$1,525,834.01. This balance includes the purchase of 41 water services from Lennar Northwest, LLC. This will be refunded in July 2022.

4.3.3 **Billing Adjustment Report** – As part of the District's last accountability audit, it was recommended that the Commissioners review all billing adjustments on a regular basis. The Board was presented with a report showing billing adjustments for January – June 2022. The majority of account adjustments are late fee removals. These are done on a case-by-case basis and are typically only granted for one-time circumstances. The net *credit* amount of adjustments presented for the first-half of 2022 was \$12,645.83. Leak rate adjustments, which are approved by the General Manager, makeup over 60% of the total dollar amount credited to accounts during the period presented.

Going forward, the Board will be presented with a Billing Adjustment Report on a quarterly basis.

4.3.4 **Operations Update** – The crew installed two water services in June 2022. The crew has noted that the vactor trailer has made uncovering watermain much more efficient.

Most of the month was spent preparing for the final phase of the project on Olympiad Drive. The crew prepared and relocated several water services to the new section of watermain. The project entailed using fittings and other items that are unique to most of the crew. In the end, all services were reconnected, and the Manchester Water District portion of the project is complete.

All water samples collected in June were satisfactory, and the District produced 18,547,000 gallons of water.

4.3.5 **Capital Improvements and Developer Extension Update** – No applicable updated offered.

5.0 **Executive Agenda**

5.1 **Administrative Update**

Staffing Update – Service Technician Samuel Johnson resigned from his position effective July 6, 2022. Sam left a letter of resignation on Dennis' desk, with no further comment. Staff has put an employment advertisement on staffing sites and will schedule interviews in the coming weeks.

Lead Service Technician Beau Watson has been out on sick leave due to a foot injury. His doctors have released him back to work effective July 18, 2022.

5.2 Board of Commissioners Comments

District Point of Contact – In Dennis’ absence, the Commissioners have asked that Erin act as the point-of-contact for the District. Steve has requested that Erin update him on the status of District business until Dennis’ return.

WASWD Labor & Industries Retrospective Rating Program – Commissioner Pedersen noted that a recent WASWD newsletter discussed a record-breaking refund to the L&I Retrospective Rating Program. The District became a member of WASWD, as well as the Rating Program in 2018, and have yet to receive a payout from the program. Erin explained that the program is on a multi-year cycle, though it would seem that the District would have been entitled to a refund at some point. Commissioner Pedersen asked Erin to contact WASWD for a status update and explanation of the program and payment cycles.

Kitsap Bank Signor Update – The signors on the Kitsap Bank account have not been updated to remove former employees/commissioners, as well as add Bob Ballard to the authorized signature card. Steve asked Erin to look into the status and process required to update the authorized signers.


Meeting Cancellation Procedure – Open Public Meeting regulations give strict procedures on public meetings and the process for notification and cancellation. Commissioner Pedersen explained that if the District advertises a meeting, then that meeting should be held, barring circumstances out of the Board’s control (i.e. weather). Community members who plan to attend a scheduled Board meeting should be assured that the meeting will be held as advertised. All efforts to hold a Board meeting should be made, and going forward a meeting should not be postponed or cancelled without Board agreement.

Board of Commissioners Facility Tour – The Board agreed that it would be best to postpone the August Facility Tour until September 2022. Dennis will coordinate the tour upon his return.

6.0 Future Meeting Dates

- 6.1 August 9, 2022, 5:30pm – Regular Business Meeting, Spring Street Workshop
- 6.2 September 13, 2022, 5:30pm – Regular Business Meeting, Spring Street Workshop
- 6.3 October 11, 2022, 5:30pm – Regular Business Meeting, Spring Street Workshop

- 7.0 ***Adjournment** – There being no further business to come before the Board, Commissioner Ballard moved to adjourn the meeting at 6:38pm. Commissioner Pedersen seconded, **the motion carried unanimously.**



Steve Pedersen
Board Chair



James Strode
Secretary



Robert Ballard
Commissioner

* indicates action item