

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
District Office
772 E Chesapeake Drive, Shelton, WA 98584
August 15, 2019 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the August 1, 2019 Regular Meeting (2-4)
7. Minutes of the August 5, 2019 Special Meeting (5)

REPORTS:

8. Commissioner Reports
9. Review of *Water Board Bible* Chapter
10. Financial/Administrative Report:
 - Bills to Be Authorized: Voucher 2019-22
 - Bill(s) Submitted: Voucher 2019-21
 - Monthly Financial Report (6-7)
11. General Manager's Report (8-9)

BUSINESS:

12. Adoption of Resolution 2019-02 (10)
13. Approval of Expenses for Fence Installation at Well #4
14. Annual General Manager Performance Review *Executive Session Possible, RCW 42.30.110 Section 1(g)*

HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS

August 1, 2019

District Office, 772 E Chesapeake Drive, Shelton, WA 98584

MINUTES

PRESENT: President D. McNabb, Secretary Hospador, Commissioner C. Swenson, General Manager (GM) D. Carnahan, District Clerk (Clerk) J. Sartori.

CALL TO ORDER: The meeting was called to order at 1:00 pm.

SUBSCRIBER REMARKS: Two subscribers present. Subscribers to wait until business for comment.

CORRESPONDENCE:

- Clerk noted that door hanger information leaflets were in the process of being posted to provide information on regional drought
- GM noted correspondence with a subscriber

PRESENT AGENDA: *Commissioner Swenson moved to adopt 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 July 18, 2019 regular meeting were presented. *Commissioner Swenson moved to approve 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 Swenson noted his research regarding possible procedures for performance review of GM and employees
- Commissioner McNabb presented suggestions for proper methods of communication between commissioners and general manager, including guidelines for proposing agenda items for meetings and long-term strategic planning

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2019-20, in the amount of \$6,363.93, was presented. *Commissioner Hospador moved to approve voucher 2019-20 in the amount of \$6,363.93. Commissioner Swenson seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Bills Submitted for Review:
 - Voucher 2019-19, in the amount of \$219.46, was presented for review

General Manager's Report

- David Carnahan presented his general manager's report on present state of the district.

Commissioner McNabb called for a ten-minute recess at 1:45 pm. Meeting resumed at 1:55pm.

Commissioner Swenson motioned to move item #14 to the beginning of business to accommodate subscribers present at the meeting. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, item #14 is moved to the beginning of business.

BUSINESS:

Approve Memorandum to HPMA Board Denoting District's Official Stance on the Dumpsters: GM discussed HPMA garbage receptacles proximity to Wells #2 & #3 and goal of drafted memorandum. Subscribers offered comments regarding draft memorandum. *Commissioner Swenson moved to approve memorandum as amended. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the memorandum was approved as amended.*

Approve Registration and Travel Expenses for Commissioner Hospador, Joe Sartori, Mont Jeffreys and Jeff Palmer to Attend ERWoW Fall Conference: *Commissioner Swenson moved to approve registration and travel expenses. Commissioner Hospador seconded. Hearing 3 aye and 0 nay votes, the expenses are approved.*

Approve Registration and Travel Expenses for GM to Attend Infrastructure Assistance Coordinating Council 2019 Conference: *Commissioner Swenson moved to approve registration and travel expenses. Commissioner Hospador seconded. Hearing 3 aye and 0 nay votes, the expenses are approved.*

Approve Registration and Travel Expenses for Commissioner McNabb to Attend WASWD Fall Conference: Commissioner McNabb requested not to attend this.

Approve Travel Expenses for GM to Attend WASWD Small District's Committee Meeting in Lynnwood: *Commissioner Swenson moved to approve registration and travel expenses. Commissioner Hospador seconded. Hearing 3 aye and 0 nay votes, the expenses are approved.*

Review Billing Cost Comparison for Monthly vs. Bi-Monthly Billing for 2019: District Clerk presented billing cost estimates.

Schedule Annual Board Retreat: *Commissioner Swenson moved to set the annual board retreat meeting on 9/21/19 at a time and location to be determined. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the retreat is scheduled.*

Discussion of Agenda Planning Modifications: *Commissioner Swenson moved to read one chapter of the "Water Board Bible" prior to each meeting. Commissioner Hospador second. Hearing 3 aye votes and 0 nay votes, the motion passed.*

Re-Election of Officers: *Commissioner McNabb resigned his position as president of the board. Commissioner Hospador moved to appoint Commissioner Swenson as president of the board of commissioners. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, Commissioner Swenson is appointed president of the board of commissioners. Secretary and Audit Commissioner assignments remain the same.*

Employee Review of General Manager Executive Session Expected RCW 42.30.110 Section 1(g):
Commissioner Swenson moved to schedule a special meeting on 8/5/19 at 1:00 at district office for the purpose of discussing procedures for evaluating the General Manager. Commissioner Hospador second. Hearing 3 aye votes and 0 nay votes, the special meeting is scheduled.

Commissioner Swenson moved to adjourn the meeting. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 3:15 pm.

Respectfully Submitted By:

Signature

Name and Title

Approved at the Regular Meeting of the Board on: _____

HARTSTENE POINTE WATER-SEWER DISTRICT
SPECIAL MEETING of the BOARD OF COMMISSIONERS
August 5, 2019
District Office, 772 E Chesapeake Drive, Shelton, WA 98584

MINUTES

PRESENT: Commissioner D. McNabb, Secretary A. Hospador, Commissioner C. Swenson.

CALL TO ORDER: The meeting was called to order at 1:00 pm.

SUBSCRIBER REMARKS: No subscribers present.

BUSINESS:

Discussion of Procedures for Evaluating General Manager: Commissioners discussed methods and procedures for evaluating general manager on an annual basis.

Commissioner Hospador moved to adjourn the meeting. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 2:53 pm.

Respectfully Submitted By:

Signature

Name and Title

Approved at the Regular Meeting of the Board on: _____

Hartstene Pointe Water Sewer District
 Monthly Financial Report - Fund Activity

	Beginning Balances	Payments & Transfers Out	Deposits & Transfers In	Ending Balances	Fund Balance Change
Reserve Funds					
030 - Ecology Reserve	39,791.94	-	77.67	39,869.61	77.67
050 - DWSRF Loan Reserve	62,932.17	-	7,113.33	70,045.50	7,113.33
060 - Bond Fund	0.00	-	-	0.00	-
070 - USDA Revenue Bond Reserve	27,365.91	-	380.95	27,746.86	380.95
Total Reserve Funds	130,090.02	-	7,571.95	137,661.97	7,571.95
Unreserved Funds					
EFT Account - Columbia Bank	39,184.20	(46,682.65)	38,127.20	30,628.75	(8,555.45)
Petty Cash Account	1,889.70	(1,043.50)	344.55	1,190.75	(698.95)
Xpress Deposit Account	4,878.76	(32,210.80)	36,422.58	9,090.54	4,211.78
010 - Operating Fund					
<i>Operating Investment Fund</i>	50,000.00	-	-	50,000.00	-
<i>010 - Operating Fund - Other</i>	95,232.12	(46,563.38)	73,624.12	122,292.86	27,060.74
Total 010 - Operating Fund	145,232.12	(46,563.38)	73,624.12	172,292.86	27,060.74
065 - Capital Project Account	0.00	-	-	0.00	-
Total Unreserved Funds	191,184.78	(126,500.33)	148,518.45	213,202.90	22,018.12
Committed Funds					
020 - Water/Sewer Committed Fund					
Asset Replacement Fund	30,540.00	-	-	30,540.00	-
Capital Improvement Fund					
<i>I&I Repair</i>	69,540.00	-	-	69,540.00	-
<i>Reservoir Repair</i>	43,388.51	-	-	43,388.51	-
Total Capital Improvement Fund	112,928.51	-	-	112,928.51	-
Risk Management Fund	124,266.26	-	522.59	124,788.85	522.59
Total 020 - Water/Sewer Committed Fund	267,734.77	-	522.59	268,257.36	522.59
Total Committed Funds	267,734.77	-	522.59	268,257.36	522.59
Total Funds	589,009.57	(126,500.33)	156,612.99	619,122.23	30,112.66

I hereby certify that the above statement is true.

6

District Clerk

Date

Audit Commissioner

Date

Hartstene Pointe Water Sewer District Profit & Loss Budget vs. Actual January through July 2019

	Profit & Loss		Budget v Actual		
	July 2019 P&L	Jan - Jun '19 (58.3% of Yr)	Total 2019 Budget	\$ Over (Under) Budget	% of Total Budget
Ordinary Income/Expense					
Income					
Non-Operating Revenue	15,469.65	32,468.30	10,466.00	22,002.30	310.23%
Operating Revenue	54,582.59	402,073.25	689,863.00	-287,789.75	58.28%
Total Income	<u>70,052.24</u>	<u>434,541.55</u>	<u>700,329.00</u>	<u>-265,787.45</u>	<u>62.05%</u>
Expense					
534 · Water Expenditures	10,161.10	120,963.44	396,054.00	-275,090.56	30.54%
535 · WW Treatment Expenditures	9,662.53	93,606.26	259,429.00	-165,822.74	36.08%
538 · Combined W/S Expenditures	20,179.26	127,594.20	199,699.00	-72,104.80	63.89%
Total Expense	<u>40,002.89</u>	<u>342,163.90</u>	<u>855,182.00</u>	<u>-513,018.10</u>	<u>40.01%</u>
Net Ordinary Income	<u>30,049.35</u>	<u>92,377.65</u>	<u>-154,853.00</u>		
Net Income	<u><u>30,049.35</u></u>	<u><u>92,377.65</u></u>	<u><u>-154,853.00</u></u>		

HARTSTENE POINTE WATER-SEWER DISTRICT
General Manager's Report
August 15, 2019

Main Objective: Sustainability

1. **Sustainability through Asset Management**
 - a. Ongoing

2. **Sustainability through Operator Redundancy and Training**
 - a. The staff will attend Evergreen Rural Water's Fall Conference to attain relevant training and CEU's that count towards maintaining current water and wastewater certifications. This conference will take place the last week of August.

3. **Sustainability through Conservation**
 - a. Given the "Severe Draught" notice released by the Department of Ecology, we are paying much closer attention to our aquifer levels, looking for any signs of depletion. Thus far we have not seen any noteworthy fluctuations.

4. **Sustainability through proactivity**
 - a. **Compliance: Well #4 Ferric**
 - i. We have completed all necessary construction for the installation of Ferric Chloride at Well #4, save for a few minor components. We are on track to complete the *Pilot Study* by the target date of 8-23-19.
 1. Pilot study..: (August 12-23)
 2. RH2 Review: (August 26-30)
 3. DOH Review: (September 2-30)
 4. Well #4 Startup: (October 1st)

 - b. **Maintenance and Items of Note**
 - i. We are forced to put the cleaning and maintenance of basin #2 on hold as a result of technical complications with draining the basin. Jeff is working on a solution and will update me ASAP.
 - ii. Well #4 Fence
 1. In progress, Joe is compiling information and pricing

 - c. **Annual Budget:**
 - i. CIP (Ready for Commissioner review and approval)
 - ii. Staff Compensation (Ready for Commissioner approval)
 - iii. O&M (Ready for Commissioner review)
 - iv. *Proposed Rate Adjustments (**hinges on the above three items**)*

5. **Sustainability through Relationships**

- a. Washington Association of Sewer Water Districts
 - i. Small District Committee
- b. Hartstene Pointe Maintenance Association
 - i. Fire at North Beach and Stefan's plan
- c. PUD#3
 - i. Fiber install moving forward: what this will mean for the Community
- d. Evergreen Rural Water of Washington
 - i. Guidance, training and field assistance
- e. Infrastructure Assistance and Coordination Council
 - i. Connection to alternative funding sources

Submitted by David Carnahan, General Manager

HARTSTENE POINTE WATER-SEWER DISTRICT
MASON COUNTY, WASHINGTON

RESOLUTION 2019-02

A RESOLUTION OF THE
HARTSTENE POINTE WATER-SEWER DISTRICT COMMISSIONERS
ESTABLISHING A POLICY PERMITTING COMMISSIONERS TO ENROLL FOR
HEALTH INSURANCE THROUGH PUBLIC EMPLOYEES BENEFITS BOARD
(PEBB)

WHEREAS, Hartstene Pointe Water-Sewer District is a special purpose district, governed by Title 57 of the Revised Code of Washington; and

WHEREAS, the District offers group health insurance to its employees through the *Public Employees Benefits Board* (PEBB); and

WHEREAS, the district wishes to offer insurance benefits availability to commissioners; and

WHEREAS, RCW 54.12.080 states that any district providing group insurance for its employees, covering them, their immediate family, and dependents, may provide insurance for its commissioners with the same coverage; and

WHEREAS, participating commissioners will be responsible for costs of enrollment and monthly premiums, thus incurring no costs to the district;

THEREFORE, The Board of Commissioners of the Hartstene Pointe Water-Sewer District hereby resolves:

1. A commissioner may enroll for health insurance benefits through PEBB during open enrollment.
2. Each commissioner will remit payments monthly for his/her premiums, payable to "Health Care Authority."
3. Payments shall be remitted to the District Clerk no later than the 10th (or prior business day) each month.
4. The General Manager must be notified of any desired changes or forfeiture of enrollment, which he will convey directly to PEBB.

**GM Annual Performance Review:
Performance Summary**

HPWSD GENERAL MANAGER PERFORMANCE DIMENSIONS

7/27

1) Technical and Operational Competence

-At this stage in my professional growth I have achieved a high level of competency especially as it pertains to the utilities belonging to HPWSD. While I still have much to learn I am confident in my ability to operate and maintain any and all facilities and equipment without assistance.

-I now possess my Group 2 Water Distribution Manager, Group 2 Water Treatment Plant Operator, and Cross Connection Control Specialist certifications. In addition to these certifications I am working to complete my B.S. in Business Management to further increase my skill set which is of great benefit to the District. I estimate that at my current pace I will have this degree complete no later than May of 2021. After I complete this degree I intend to attain my Group 4 certifications in both water and Wastewater.

2) Financial Management and Administration

-Over the past year my team and I have worked extremely hard to eliminate frivolous and unnecessary spending, streamline the budgeting process and improve operational efficiency. So far in 2019 we are on track and expect to remain within the budgeted amount for the year.

-Additionally we work to ensure that HPWSD remains in compliance with all regulatory agencies in all aspects of technical, financial, and administrative management and possess a strong sense of ownership over HPWSD's facilities and assets. We are proud of the level of service that we are able to offer especially given our size relative to that of larger Districts.

-Aside from minor deviations from the 2019 Capital Improvement Plan (CIP) we are on track to accomplish the vast majority of what we set out to accomplish this year.

3) Personnel Administration

-Succession planning is something that I take very seriously. I am working with my staff to ensure that institutional knowledge is passed along via SOPs as well as through first hand training. I expect that our current staffing arrangement with a few minor adjustments will ensure

that the District is adequately staffed for 2020 and beyond. I intend to include these modifications in the 2020 budget proposal. Furthermore, all District's Employees are encouraged to be cross-certified which benefits the District tremendously as it provides a layer of redundancy not seen at many small Districts. At this point we are about 70% of the way towards our goal to completely cross-certify the staff of HPWSD.

-One of the many challenges the vast majority of small water and wastewater districts face is ensuring that competent, well-trained staff are caring for their facilities and that they are in compliance with current regulatory statutes and standards. Currently, the industry as a whole is suffering from severe brain-drain as a result of a lack of succession planning. This shortage in certified operators affects small districts the most as they are not able to offer the same benefits and compensation larger districts are able to, leaving them at a disadvantage. HPWSD's approach to tackling this dilemma has been to invest more of its annual revenue into cross-training and cross-certifying its entire staff. In addition, HPWSD has opted to make its salaries and benefits comparable to several of the larger utilities in Mason County. This ensures that the District's operators are retained and that *in the event* of the loss of one—or even two—of its operators, it will remain in compliance with all regulatory agencies. It is my opinion that this is a direct result of the core belief that our employees are our greatest asset. They may be our greatest expense, however, we recognize and remember that they are people first and foremost. They are not numbers and cogs that can simply be removed and replaced at will with no impact to the organization. Equipment can be replaced, but the loss of well trained and knowledgeable staff is something none of us can afford or tolerate. I'm proud to say that the employees of HPWSD are not only growing in their individual skills and knowledge base, but also possess an extremely high level of job satisfaction which is, in my opinion, a rare achievement in this day and age.

4) Customer Service and Communication

-Since the District's transition in June of 2018 from contracted employees to regular employees, we have been able to decrease our response time to both customer inquiries and complaints. This change is largely due to the high level of commitment of the District's staff as well as increased office hours.

-We work to ensure that communication happens in a timely and orderly manner, however, this is an area that I perceive we can grow. I believe that it would behoove the District to more concretely define its communication standards and possibly update it's emergency response plan to include all appropriate action to be taken as well as any and all applicable templates to be used for correspondence. These are things that we can easily accomplish within the 2020 year.

-The District is working much more closely with HPMA than in years prior. This is due to the fact that we recognize the value of the partnership and responsibility that both HPMA and HPWSD have to this beautiful community. HPMA's GM and I are attempting to mend bridges and establish protocols and procedures that more adequately reflect the uniqueness of this relationship. This includes including HPMA's sharing trainings and safety meetings, equipment when necessary and possibly building a shared storage area.

-In the past District employees have not been expected to wear District attire. However, I do believe that it is necessary that we adopt this rule and so I've tasked our District Clerk with purchasing District specific clothing for our employees. This clothing includes shirts, sweatshirts and hats that will brandish the District's logo. This will allow community members to more easily identify District employees and lend an even more professional look to our already professional and courteous staff.

5) Board Relations

-It is my great honor to be serving as the Hartstene Pointe Water-Sewer District's General Manager. I was hired by the District's Board of Commissioners because of my knowledge of HPWSD's systems and facilities and my background in organizational effectiveness and long range strategic planning. Immediately upon my hire in June of 2018 I was tasked with leading the District in the transition from contracted management to regular employees. This included implementing everything from benefits administration to the establishment of employee policies and procedures in addition to tackling a fairly sizable project list. Leading a transformation like this comes with its share of challenges, however, I can tell you honestly that it has been my pleasure to facilitate. More than that, I could not imagine a better more committed group of commissioners to work with throughout this transition.

-Communicating valuable information to the BOC is something that I take very seriously. I value both the participation and input that I receive from the District's board and seek to cultivate strong working relationships with each board member as well as the board as a whole. From my perspective, *Manager to Board* communication has never been as strong as it is currently. That said, I am always looking forward to feedback about how I can improve my communication with the District's BOC in addition to feedback regarding other areas in which there is room for improvement and growth.

**- David Carnahan, General Manager
Hartstene Pointe Water-Sewer District
WDMII, WTPOII, CCCS**