

**HARTSTONE POINTE WATER-SEWER DISTRICT
REGULAR MEETING**

District Office

772 Chesapeake Dr., Shelton, WA 98584

April 28, 2016 1:00 P.M.

AGENDA

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

REPORTS:

7. Commissioner Reports
8. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2016-12
 - Voucher CP 39
 - Quarterly Financial Report (pg. 5-10)
9. Manager's Report

BUSINESS:

10. Annual Report Review Proposal
11. Grundfos Lift Station Pump Proposal (pg. 11)
12. Schedule for Commissioner 3 Appointment (pg. 12)
13. May/June 2016 Newsletter

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
April 14, 2016
District Office 772 Chesapeake Dr., Shelton, WA 98584**

MINUTES

PRESENT: President R. Ray, Secretary M.A. Cary, 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 1:00 pm.

SUBSCRIBER REMARKS: Andrew Hospador and Ann McDonald present.

CORRESPONDENCE:

- FROM: WA State Auditor's Office RE: Audit travel charge reduction, refund
- Municipal Research and Services Center (MRSC) RE: Fully funded in the legislature's supplemental budget.

PRESENT AGENDA: The agenda for the April 14, 2016 regular meeting was presented. GM requested the addition of Grundfos Lift Station Pump Proposal. AAS requested the deletion of Voucher of CP 39. *Commissioner Cary moved to adopt the agenda with the requested changes. Commissioner McNabb seconded. Hearing no objections, the agenda was adopted*

MINUTES: The minutes for the March 24, 2016 regular meeting were presented. *Commissioner Cary moved to approve the minutes as presented. Commissioner McNabb seconded. Hearing no objections, the minutes were approved.*

REPORTS:

Commissioner Reports:

- Commissioner Cary: Presented an article from USA Today regarding the high levels of lead in water systems across the nation.
- Commissioner McNabb:
 - Presented several articles regarding issues surrounding lead in water.
 - Commissioner McNabb intends to attend the Northwest American Water Works Association Conference in Boise, ID May 4-6. His registration fee is free because he is a retired member of the AWWA.
- Commissioner Ray: Submitted a letter of resignation from the Board of Commissioners, effective April 29, 2016. Commissioner Ray will be moving out of the District. *Commissioner Cary moved to accept the resignation of Commissioner Ray effective April 29, 2016. Commissioner McNabb seconded. Hearing no objections, the motion passed.*

Financial/Administrative Report:

- Bills to Be Authorized:

- Early Voucher 2016-10, in the amount of \$21,549.46, was presented. *Commissioner Cary moved to approve the voucher. Commissioner McNabb seconded. Hearing no objections, the voucher was approved.*
- Voucher 2016-11, in the amount of \$10,085.77, was presented. *Commissioner Cary moved to approve the voucher. Commissioner McNabb seconded. Hearing no objections, the voucher was approved.*
- Under-billed Account; 150 Barnacle: GM's physical audit of the properties listed as Prepaid Connections is complete. One more property was discovered which has been billed as a Prepaid Connection, but has a residence. GM sent a letter to the owners informing them of the amount owed.

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

BUSINESS:

WAS Pump Station Project Final Acceptance: The District received a letter from RH2 Engineering recommending final acceptance of the project. *Commissioner Cary moved to approve the WAS Pump Station Project Final Acceptance. Commissioner McNabb seconded. Hearing no objections, the motion passed.*

Summer Water Production; Conservation Efforts: The aquifer water levels remain good, however both of the wells' production is decreasing. Due to the rapid deterioration and reduced production of Well #1, expected increase in summer population at the Pointe, and forecasts for above-average summer temperatures, the District's two wells will likely not be able to keep up with expected water demands for June through September. The District will need to take considerable measures to reduce water demand over the coming months. GM recommended the District begin the Well #1 replacement project right away, begin meter reading right away to find customer side leaks, discuss HPMA water use practices with HPMA GM, send postcards to residents informing them of the need for conservation, and put up sandwich boards at the entrance of the Pointe informing residents and visitors of water conservation measures. Commissioner Ray will attend the HPMA Board Meeting on April 16th to inform the HPMA Board of the situation. District will have a special mailing in May urging residents and their visitors to conserve water.

Meeting recessed at 2:30 pm. Meeting reconvened at 2:40 pm.

Grundfos Lift Station Pump Proposal: The proposal from Grundfos for the replacement of the lift station pump and floats was presented. *Commissioner Cary moved to table discussion of the proposal until the next meeting. Commissioner McNabb seconded. Hearing no objections, the motion passed.*

Meeting adjourned at 3:30 pm.

Respectfully Submitted By:

Signature

Printed Name and Title

Approved at the Regular Meeting of the Board on: _____

1:16 PM
04/18/16
Cash Basis

Hartstene Pointe Water Sewer District
Profit & Loss
January through March 2016

	<u>Jan - Mar 16</u>
Ordinary Income/Expense	
Income	
Operating Revenue	148,605.26
Total Income	<u>148,605.26</u>
Expense	
10 · Salaries & Wages	2,964.00
20 · Payroll Tax	156.99
30 · Supplies	1,503.22
40 · Services	68,381.28
50 · Intergovernmental Charges	10,710.91
591 · Debt Service- Principal	12,361.35
592 · Debt Service Interest	7,303.65
594 00 · Capital Outlay	22,388.69
Total Expense	<u>125,770.09</u>
Net Ordinary Income	<u>22,835.17</u>
Net Income	<u><u>22,835.17</u></u>

**Hartstene Pointe Water Sewer District
Profit & Loss Budget vs. Actual
January through March 2016**

	<u>Jan - Mar 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Income				
Non-Operating Revenue				
379.40 · Capital Contributions - Water	0.00	1,700.00	-1,700.00	0.0%
379.50 · Capital Contributions - Sewer	0.00	2,400.00	-2,400.00	0.0%
391.80 · Intergovernmental Loan Proceeds	0.00	570,000.00	-570,000.00	0.0%
Total Non-Operating Revenue	0.00	574,100.00	-574,100.00	0.0%
Operating Revenue				
343.40 · Water Sales	77,680.42	311,040.00	-233,359.58	24.97%
343.50 · Sewer Sales	69,210.80	258,120.00	-188,909.20	26.81%
359.90 · Penalties and Fees	1,365.91	7,399.00	-6,033.09	18.46%
361.11 · Interest earned	348.13	652.00	-303.87	53.39%
369.90 · Miscellaneous Revenue	0.00	500.00	-500.00	0.0%
Total Operating Revenue	148,605.26	577,711.00	-429,105.74	25.72%
Total Income	148,605.26	1,151,811.00	-1,003,205.74	12.9%
Expense				
10 · Salaries & Wages				
10 0010 · Commissioner 1	570.00	3,306.00	-2,736.00	17.24%
10 0020 · Commissioner 2	1,140.00	3,306.00	-2,166.00	34.48%
10 0030 · Commissioner 3	1,254.00	3,306.00	-2,052.00	37.93%
Total 10 · Salaries & Wages	2,964.00	9,918.00	-6,954.00	29.89%
20 · Payroll Tax	156.99	759.00	-602.01	20.68%
30 · Supplies				
Combined W/S				
Tools/Equip/Supplies	242.69	4,800.00	-4,557.31	5.06%
31 4010 · Office Supplies	94.56	700.00	-605.44	13.51%
Total Combined W/S	337.25	5,500.00	-5,162.75	6.13%
Treatment Supplies				
31 3010 · Supplies - Treatment	15.18	4,200.00	-4,184.82	0.36%
31 3011 · Chemicals - Treatment	454.46	3,400.00	-2,945.54	13.37%
Total Treatment Supplies	469.64	7,600.00	-7,130.36	6.18%
Water Supplies				
31 1010 · Supplies - Water	148.72	13,000.00	-12,851.28	1.14%
31 1011 · Chemicals - Water	547.61	3,500.00	-2,952.39	15.65%
Total Water Supplies	696.33	16,500.00	-15,803.67	4.22%
Total 30 · Supplies	1,503.22	29,600.00	-28,096.78	5.08%

Hartstene Pointe Water Sewer District Profit & Loss Budget vs. Actual January through March 2016

	<u>Jan - Mar 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
40 · Services				
Combined W/S Services				
Bank Fees	6.00	1,200.00	-1,194.00	0.5%
Customer Service	2,498.12	12,730.00	-10,231.88	19.62%
Information Technology	2,861.53	2,700.00	161.53	105.98%
361.19 · Investment Service Fees	521.71	2,000.00	-1,478.29	26.09%
41 4010 · General Manager	11,067.00	45,313.00	-34,246.00	24.42%
41 4020 · Acct & Admin Services	7,687.50	29,000.00	-21,312.50	26.51%
42 0010 · Postage	436.14	1,900.00	-1,463.86	22.96%
42 0020 · Telephones	2,024.19	8,500.00	-6,475.81	23.81%
43 · Travel/Mileage/Training	713.31	2,550.00	-1,836.69	27.97%
44 0010 · Legal Notices & Publications	0.00	81.00	-81.00	0.0%
46 0010 · Liability Insurance	165.00	7,854.00	-7,689.00	2.1%
49 0010 · Professional Dues	1,511.07	1,100.00	411.07	137.37%
49 0020 · Printing to Subscribers	188.96	2,000.00	-1,811.04	9.45%
Total Combined W/S Services	<u>29,680.53</u>	<u>116,928.00</u>	<u>-87,247.47</u>	<u>25.38%</u>
Treatment Services				
Professional Services - Treatme				
41 3010 · Attorney Fees - Treatment	0.00	500.00	-500.00	0.0%
41 3020 · Consultant Fees - Treatment	0.00	500.00	-500.00	0.0%
41 3040 · Operations - Treatment	9,490.14	38,588.00	-29,097.86	24.59%
41 3041 · Operations - Non-routine Treat	4,440.60	4,200.00	240.60	105.73%
41 3050 · Lab Testing - Treatment	2,896.00	11,276.00	-8,380.00	25.68%
Total Professional Services - Treatme	<u>16,826.74</u>	<u>55,064.00</u>	<u>-38,237.26</u>	<u>30.56%</u>
Treatment Maint. and Repair	8,420.63	28,000.00	-19,579.37	30.07%
47 3010 · Electric - Treatment	2,521.49	10,200.00	-7,678.51	24.72%
Total Treatment Services	<u>27,768.86</u>	<u>93,264.00</u>	<u>-65,495.14</u>	<u>29.77%</u>
Water Services				
Professional Services - Water				
Meter Reading	0.00	6,000.00	-6,000.00	0.0%
41 1010 · Attorney Fees - Water	0.00	500.00	-500.00	0.0%
41 1020 · Consultant Fees - Water	1,060.88	500.00	560.88	212.18%
41 1040 · Operations - Water	7,378.00	29,988.00	-22,610.00	24.6%
41 1041 · Operations - Non-routine Water	0.00	420.00	-420.00	0.0%
41 1050 · Lab Testing - Water	698.00	1,700.00	-1,002.00	41.06%
Total Professional Services - Water	<u>9,136.88</u>	<u>39,108.00</u>	<u>-29,971.12</u>	<u>23.36%</u>
Water Repair and Maint.	303.18	75,000.00	-74,696.82	0.4%
47 1010 · Electric - Water	1,491.83	11,458.00	-9,966.17	13.02%
Total Water Services	<u>10,931.89</u>	<u>125,566.00</u>	<u>-114,634.11</u>	<u>8.71%</u>
Total 40 · Services	<u>68,381.28</u>	<u>335,758.00</u>	<u>-267,376.72</u>	<u>20.37%</u>

Hartstene Pointe Water Sewer District Profit & Loss Budget vs. Actual January through March 2016

	<u>Jan - Mar 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
50 · Intergovernmental Charges				
Intergov Treatment				
Total B&O/Excise Tax	1,238.00	3,872.00	-2,634.00	31.97%
53 3020 · Permit Fees - Treatment	463.32	2,070.00	-1,606.68	22.38%
Total Intergov Treatment	<u>1,701.32</u>	<u>5,942.00</u>	<u>-4,240.68</u>	<u>28.63%</u>
Intergov. Combined W/S				
B&O Tax - Fees/Penalties	12.44	180.00	-167.56	6.91%
Other	0.00	449.00	-449.00	0.0%
State Audit	6,609.75			
51 0010 · County Election Costs	206.72	208.00	-1.28	99.39%
Total Intergov. Combined W/S	<u>6,828.91</u>	<u>837.00</u>	<u>5,991.91</u>	<u>815.88%</u>
Intergov. Water				
53 1010 · Excise Tax - Water	2,180.68	15,642.00	-13,461.32	13.94%
53 1020 · Permit Fees - Water	0.00	788.00	-788.00	0.0%
Total Intergov. Water	<u>2,180.68</u>	<u>16,430.00</u>	<u>-14,249.32</u>	<u>13.27%</u>
Total 50 · Intergovernmental Charges	10,710.91	23,209.00	-12,498.09	46.15%
591 · Debt Service- Principal				
34 · Principal Water				
DWSRF Loan Principal	0.00	27,816.00	-27,816.00	0.0%
78 1010 · USDA Loan Principal	12,361.35	24,907.53	-12,546.18	49.63%
Total 34 · Principal Water	<u>12,361.35</u>	<u>52,723.53</u>	<u>-40,362.18</u>	<u>23.45%</u>
35 · Princiipal Treatment				
78 3010 · Ecology Loan Principal	0.00	31,956.66	-31,956.66	0.0%
Total 35 · Princiipal Treatment	<u>0.00</u>	<u>31,956.66</u>	<u>-31,956.66</u>	<u>0.0%</u>
Total 591 · Debt Service- Principal	12,361.35	84,680.19	-72,318.84	14.6%
592 · Debt Service Interest				
34* · Interest Water				
DWSRF Loan Interest	0.00	12,000.00	-12,000.00	0.0%
83 1010 · USDA Loan - Interest	7,303.65	14,422.47	-7,118.82	50.64%
Total 34* · Interest Water	<u>7,303.65</u>	<u>26,422.47</u>	<u>-19,118.82</u>	<u>27.64%</u>
35* · Interest Treatment				
83 3010 · Ecology Loan - Interest	0.00	6,154.74	-6,154.74	0.0%
Total 35* · Interest Treatment	<u>0.00</u>	<u>6,154.74</u>	<u>-6,154.74</u>	<u>0.0%</u>
Total 592 · Debt Service Interest	7,303.65	32,577.21	-25,273.56	22.42%

Hartstene Pointe Water Sewer District Profit & Loss Budget vs. Actual January through March 2016

	<u>Jan - Mar 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
594 00 · Capital Outlay				
63 1010 · Capital Improvements Water				
DWSRF Reimbursable	9,506.17	570,000.00	-560,493.83	1.67%
Other	1,873.82	26,000.00	-24,126.18	7.21%
Total 63 1010 · Capital Improvements Water	<u>11,379.99</u>	<u>596,000.00</u>	<u>-584,620.01</u>	<u>1.91%</u>
63 3010 · Capital Improvements - Sewer				
Other	0.00	61,000.00	-61,000.00	0.0%
WAS Pump Station Improvements	11,008.70	75,000.00	-63,991.30	14.68%
Total 63 3010 · Capital Improvements - Sewer	<u>11,008.70</u>	<u>136,000.00</u>	<u>-124,991.30</u>	<u>8.1%</u>
Total 594 00 · Capital Outlay	<u>22,388.69</u>	<u>732,000.00</u>	<u>-709,611.31</u>	<u>3.06%</u>
Total Expense	<u>125,770.09</u>	<u>1,248,501.40</u>	<u>-1,122,731.31</u>	<u>10.07%</u>
Net Income	<u>22,835.17</u>	<u>-96,690.40</u>	<u>119,525.57</u>	<u>-23.62%</u>

Hartstene Pointe Water-Sewer District

Balance Sheet

1st Quarter, 2016

ASSETS		<u>As of 03/31/2016</u>
<u>CURRENT ASSETS</u>		
<u>Reserve Funds</u>		
Ecology Reserve		38,202.13
DWSRF Loan Reserve		54,000.00
USDA Revenue Bond Reserve		13,765.48
Total Reserved Funds		<u>\$105,967.61</u>
<u>Unreserved Funds</u>		
Operating Account		191,783.93
Capital Project Account		61,477.44
Electronic Funds Transfer Account		3,629.12
Petty Cash Account		1,954.72
Total Unreserved Funds		<u>258,845.21</u>
<u>Committed Funds</u>		
Asset Replacement Fund		36,000.00
Capital Improvement Fund		
I&I Repair	26,000.00	
Reservoir Repair	75,000.00	
Other Capital Improvements	<u>50,000.00</u>	
Total Capital Improvement Fund		151,000.00
Risk Management Fund		142,021.74
Total Committed Funds		<u>329,021.74</u>
TOTAL CURRENT ASSETS		\$ 693,834.56
<u>FIXED ASSETS</u>		
<u>Land and Improvements</u>		
Water		391,661.50
Wastewater/Sewer		1,679,874.50
<u>Equipment</u>		
Water		369,016.19
Wastewater/Sewer		1,291,567.02
TOTAL FIXED ASSETS		\$ 3,732,119.21
Total Assets		\$4,425,953.77
LIABILITIES AND EQUITIES		
<u>LIABILITIES</u>		
USDA Revenue Bond		518,269.03
DWSRF Loan		290,718.78
Dept. of Ecology Loan		416,994.99
TOTAL LIABILITIES		\$ 1,225,982.80
<u>EQUITY</u>		
Net Income for the Period		22,835.17
Equity		\$3,177,135.80
TOTAL EQUITY		\$ 3,199,970.97
Total Liabilities & Equity		\$4,425,953.77

CERTIFIED CORRECT

Date
4/18/2016

Mical Carnahan
Mical Carnahan, Acct. & Admin. Services Manager

10

Grundfos CBS, Inc.

3113 South Pine Street, Unit C-2
Tacoma, Washington 98409
Phone: 206-730-0539 Fax: 206-433-0263
Email: mgjerstad@grundfos.com

Proposal from the desk of Matt Gjerstad

To: Hartstene Pointe Water- Sewer District
772 East Chesapeake Drive
Shelton, WA 98584

April 24, 2016

Proposal # HP042416
3-pages

Attn: Mont Jeffreys, General Manager

Phone: 360-427-2413 Email: gm@hpwatersewer.com

Grundfos CBS Inc. is pleased to offer the following proposal for your review and approval:

RE: Lift Station 8 Pump 2 Replacement

Line	Qty	Description	Price Each	Total
1	1	<u>New Pump for Lift Station 8:</u> Grundfos SL1 Pump 5.5 HP Reuse the existing guide rail bracket from the existing ABS pump.	\$6,542.00	\$ 6,542.00
2	1	<u>Seal Off Compound:</u>	\$ 34.00	\$ 34.00
3	1	<u>SS Float Hanging System for Lift Station 8:</u>	\$ 319.00	\$ 319.00
4	1	<u>SS Float Hanging System for Lift Station 2 :</u>	\$ 319.00	\$ 319.00
5	1	<u>4" Victaulic Coupling for In Plant Effluent Pump:</u>	\$ 86.00	\$ 86.00
6	16	<u>Service Technician Labor:</u> To remove faulty P2 in lift station 8 and install new pump in its place, install new SS float hanging system in lift station 2 & 8, and install new Victaulic coupling on in plant effluent pump. This is a prevailing wage rate.	\$ 175.00	\$ 2,800.00
7	LS	<u>8.5% Sales Tax:</u>	\$ 858.50	\$ 858.50
8		Total for Parts and Labor		\$10,958.50

Prices are FOB Tacoma, and do not include sales tax if applicable. Proposal excludes overtime and any work not specified. Lead time is approximately 4-5 weeks after receipt of approved order. Standard Grundfos CBS Inc. terms and conditions apply, and credit is subject to approval. Quote valid for 30 days.

If you should have any questions, or require any additional information, please do not hesitate to call me at your earliest convenience. I can be reached at the numbers above. **Please complete information below to accept and return to the above Email.**

Sincerely,

Customer Signature: _____

Matt Gjerstad
Service Sales Manager

Date Signed: _____

Purchase Order: _____

Hartstene Pointe Water-Sewer District Proposed Commissioner 3 Appointment Timeline and Procedure

- **May/June 2016 Newsletter (mailed on May 2nd or 3rd):**
 - Advertise for letters of interest from qualified applicants for consideration. A qualified individual is someone residing within the District who is registered to vote in the District.
- **May 26, 2016 Regular Meeting:**
 - Review letters of interest in an open public meeting
 - If necessary, go into executive session to discuss applicants' qualifications
 - Choose no more than five candidates for interviews in open public meeting
- **June 9, 2016 Regular Meeting:**
 - Interview applicants in open public meeting
 - If necessary, discuss final appointment in executive session
 - Appoint new Commissioner3 in open public meeting
- **June 23, 2016 Regular Meeting:**
 - Swear in new Commissioner

*If the Board of Commissioners fails to appoint a qualified person to fill the vacancy within ninety days of the occurrence of the vacancy, the authority of the governing body to fill the vacancy shall cease and the Mason County Commissioners shall appoint a qualified person to fill the vacancy.