

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
District Office
772 E Chesapeake Drive, Shelton, WA 98584
July 18, 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 July 3, 2019 Special Meeting (2-3)

REPORTS:

7. Commissioner Reports
8. Financial/Administrative Report:
 - Bills to Be Authorized: Voucher 2019-18
 - Bill(s) Submitted: Voucher 2019-17
 - Monthly Financial Report (4-5)
9. General Manager's Report (6-8)

BUSINESS:

10. Approve RH2 Revised Pilot Study Amendment
11. Approve Quote from Evolution Controls for Services for Well #4 Ferric Install

**HARTSTENE POINTE WATER-SEWER DISTRICT
SPECIAL MEETING of the BOARD OF COMMISSIONERS
July 3, 2019
District Office, 772 E Chesapeake Drive, Shelton, WA 98584**

MINUTES

PRESENT: Commissioner D. McNabb, Secretary A. 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: No subscribers present.

CORRESPONDENCE:

- No correspondence.

PRESENT AGENDA: *Commissioner Hospador moved to adopt agenda as presneted. Commissioner Swenson seconded. Hearing 3 aye votes and 0 nay votes, the agenda was adopted as presented.*

MINUTES: The minutes of the June 20, 2019 regular meeting were presented. Commissioner Hospador noted a correction needed. *Commissioner Hospador moved to approve the minutes as corrected. Commissioner Swenson seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as corrected.*

REPORTS:

Commissioner Reports:

- Commissioner Hospador noted hearing that Golden Garden Park was closed due to sewage overflow, caused by non-flushable items in system
- Commissioner Hospador noted a subscriber asked him about hardness of our system's water
- Commissioner McNabb presented an article on equipment lifetimes as it applies to our asset management
- Commissioner McNabb presented articles regarding other system's rates

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2019-16, in the amount of \$9,387.11, was presented. *Commissioner Hospador moved to approve voucher 2019-16 in the amount of \$9,387.11. Commissioner Swenson seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
 - Voucher 2019-15, in the amount of \$218.61, was presented for review.
 - Clerk presented the internal billing report for July/August 2019 bill cycle.

General Manager's Report

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

BUSINESS:

Election of Officers: *Commissioner Hospador moved to appoint Commissioner McNabb as President. Commissioner Swenson seconded. Hearing 2 aye votes and 0 nay votes, Commissioner McNabb is appointed president of the board.*

Commissioner McNabb called for a recess at 2:30 pm.

Meeting reconvened at 2:40 pm.

Approve Purchase of Ferric Chloride Equipment: *Commissioner Swenson moved to purchase ferric chloride equipment from Correct Equipment. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the purchase is approved.*

Discuss/Approve Declaration of Draught: *Commissioner Hospador moved to declare a state of draught in the district. Commissioner McNabb seconded. Hearing 3 aye votes and 0 nay votes, the district is designated as in a state of draught.*

Discuss/Approve Special Application: *Commissioner Swenson moved to approve GM to work with HPMA on joint permit application form. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the motion passed.*

Commissioner Swenson moved to adjourn the meeting. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 3:00 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	39,712.14	-	79.80	39,791.94	79.80
050 · DWSRF Loan Reserve	55,828.58	-	7,103.59	62,932.17	7,103.59
060 · Bond Fund	0.00	-	-	0.00	-
070 · USDA Revenue Bond Reserve	26,984.11	-	381.80	27,365.91	381.80
Total Reserve Funds	122,524.83	-	7,565.19	130,090.02	7,565.19
Unreserved Funds					
EFT Account - Columbia Bank	31,143.75	(34,425.67)	42,466.12	39,184.20	8,040.45
Petty Cash Account	1,937.39	(421.45)	373.76	1,889.70	(47.69)
Xpress Deposit Account	11,883.18	(46,538.58)	39,534.16	4,878.76	(7,004.42)
010 · Operating Fund	50,000.00	-	-	50,000.00	-
<i>Operating Investment Fund</i>					
010 · Operating Fund - Other	67,927.56	(41,074.85)	68,379.41	95,232.12	27,304.56
Total 010 · Operating Fund	117,927.56	(41,074.85)	68,379.41	145,232.12	27,304.56
065 · Capital Project Account	0.00	-	-	0.00	-
Total Unreserved Funds	162,891.88	(122,460.55)	150,753.45	191,184.78	28,292.90
Committed Funds					
020 · Water/Sewer Committed Fund					
Asset Replacement Fund	30,540.00	-	-	30,540.00	-
Capital Improvement Fund					
I&I Repair	69,540.00	-	-	69,540.00	-
Reservoir Repair	43,388.51	-	-	43,388.51	-
Total Capital Improvement Fund	112,928.51	-	-	112,928.51	-
Risk Management Fund	123,729.37	-	536.89	124,266.26	536.89
Total 020 · Water/Sewer Committed Fund	267,197.88	-	536.89	267,734.77	536.89
Total Committed Funds	267,197.88	-	536.89	267,734.77	536.89
Total Funds	552,614.59	(122,460.55)	158,855.53	589,009.57	36,394.98

I hereby certify that the above statement is true.

(4)

District Clerk

Date

Audit Commissioner

Date

Hartstene Pointe Water Sewer District Profit & Loss / Budget vs. Actual January through June Budget v Actual

Profit & Loss	June 2019 P&L	Jan - Jun '19 (50% of Yr)	Total 2019 Budget	\$ Over (Under) Budget	% of Total Budget
Ordinary Income/Expense					
Income					
Non-Operating Revenue	8,180.05	16,998.65	10,466.00	6,532.65	162.42%
Operating Revenue	61,533.17	347,490.66	689,863.00	-342,372.34	50.37%
Total Income	69,713.22	364,489.31	700,329.00	-335,839.69	52.05%
Expense					
534 · Water Expenditures	7,929.01	110,802.34	396,054.00	-285,251.66	27.98%
535 · WW Treatment Expenditures	9,268.44	83,943.73	259,429.00	-175,485.27	32.36%
538 · Combined W/S Expenditures	16,114.61	107,414.94	199,699.00	-92,284.06	53.79%
Total Expense	33,312.06	302,161.01	855,182.00	-553,020.99	35.33%
Net Ordinary Income	36,401.16	62,328.30	-154,853.00		
Net Income	36,401.16	62,328.30	-154,853.00		

5

HARTSTENE POINTE WATER-SEWER DISTRICT
General Manager's Report
July 18, 2019

Main Objective: Sustainability

1. Sustainability through Asset Management

- a. **Assets:** My goal is to have a fully functioning and implemented asset management plan for the District by the summer of 2020. At this point I have inventoried and assigned numerical identifications for the vast majority of the District's assets, created a digital map of the District's infrastructure, and assigned replacement costs to a large portion of the District's tools, equipment and facilities.
- b. **Service level:** The *primary goal* set by the District's Board of Commissioners is to provide the highest level of service to its rate payers. This includes delivering quality drinking water, reducing water loss by an average of 10% per year, and responding to customer complaints within 24 hour or less. The District also has the objective to produce clean wastewater effluent that meets with regulatory standards of the Department of Ecology. Thus far the District is achieving its main goal. This is a direct result of employing competent staff with knowledge and expertise in business management, water and wastewater management and proper government accounting practices and procedures.
- c. **Criticality:** Identifying asset criticality is an extremely important part of asset management. I have not yet assigned criticality to the District's assets. However, I intend to keep the Board of Commissioners updated on my progress in this area.
- d. **Lifecycle:** This particular area of asset management is extremely important, especially as it helps determine funding needs. I have yet to assign remaining useful life and current condition to the District's assets. This is a huge undertaking, as it involves a great deal of field work. However, we are on track to have this stage complete by 2020.
- e. **Funding:** The main purpose for developing a working asset management plan for the District is that it will allow HPWSD to streamline budgeting efforts and determine the exact amount of revenue needed to meet the District's *primary goal*. It is imperative that HPWSD knows *how much it costs* to properly care for and maintain its facilities and equipment. Items *a* through *d* will ultimately yield this outcome once packaged in the District's asset management plan.

2. Sustainability through Operator redundancy

- a. 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.

- i. 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.

3. Sustainability through Conservation

- a. Consumption remains between 60,000 and 90,000 gallons per day, which is normal for the summer months. However, given our current complications and drought conditions, conservation has to be a major point of emphasis. There are a number of ways that the District can approach this issue:
 - i. Install high-efficiency water meters to calculate water loss more accurately.
 - ii. Switch to a tiered rate structure that encourages conservation amongst rate payers.
 - iii. Establish a more proactive and robust campaign to educate the public on the importance of water conservation.

4. Sustainability through proactivity

- a. **Compliance:** My number one priority right now is to bring Well #4 into compliance. To accomplish this, the District will need to install additional treatment at this facility. The following is a breakdown of that treatment along with associated costs:
 - i. The main reason that the District and its Engineers (RH2) have chosen to install Ferric Chloride (FeCl₃) at our well 4 facility is because iron-based coagulants, including ferric sulfate and ferric chloride, are more effective at removing As(V) than their aluminum-based counterparts. This is because iron hydroxides are less likely than aluminum hydroxides to go into solution in the pH range of 5.5 to 8.5 and iron has a strong affinity to As(V). In addition, we are currently using FeCl₃ at our Well #2 treatment facility and it has proven to be effective in removing As(V).
 - ii. The District budgeted \$30,000 for this project in 2019. As of right now, based on current quotes from all parties involved, this installation is projected to come in \$4,000 under budget. The remaining funds afford the District a small buffer in the event of unforeseen issues that may arise during this project.
 1. Engineering: \$15,000
 2. Electrical...: \$1,250
 3. Equipment...: \$5,000
 4. Evo. Cont...: \$4,750
 5. Total Project Cost: \$26,000
 6. Total Budgeted...: \$30,000

b. **Maintenance:**

- i. One of our main priorities right now is to drain and clean SBR #2. The purpose for doing this is to identify the reason solids are making their way into the contact channel whenever we decant effluent from that SBR. Our goal is to have this completed by the end of July.
- ii. Another priority is to complete the construction of the dog house around Well #2. Department of health does not like to see well heads exposed to the environment, nor left open to critters. These two factors present a serious health risk so this project is extremely important to the District.
- iii. We are also very close to installing the fence around Well #4. Securing the assets that we have installed at that facility is important, as they are considered an attractive nuisance and the District has a duty to protect not only the assets, but also the general public from harm.
 1. I am working with Stefan from HPMA to expedite the approval of this project through a special permit that the two agencies have designed in collaboration with one another.
 2. We are currently waiting to hear back from Viking Fence Company on a materials quote for a chain-link fence that meets with HPMA's request that the fence material match the fence surrounding the pool area.

5. **Sustainability through partnerships**

- a. I am continuing to work very closely with Washington Association of Sewer and Water Districts to re-establish the small district committee. The goal of this committee will be to add more adequate representation for small districts at the political level.
- b. I am also working very closely with Stefan Bergh from HPMA to establish a closer working relationship between HPMA and HPWSD. I have invited them to be a part of our safety meetings. This partnership towards a safer working environment benefits both sets of staff through proper education and training. There are a number of additional challenges both organizations face that we feel we can tackle more effectively together than individually. Some examples of those challenges are:
 - i. Both organizations lack sufficient storage for equipment and tools.
 - ii. Both organizations need additional equipment for maintenance and repair work.
- c. We have partnered with PUD#3 to bring fiber optic service into this community. There is still a lot of work that needs to be done by way of construction to build out the entire Pointe. However, I am working very closely with Justin Holsgrove the head of PUD#3's Fiber Division to come up with a long-range plan to attain this goal. For now the south end of the community will soon have access to high speed fiber optic service.
- d. Personally, I am excited about what these partnerships could mean for HPWSD and look forward to seeing all parties involved work more closely together.

Submitted by David Carnahan, General Manager

8