

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING  
District Office  
772 E Chesapeake Drive, Shelton, WA 98584  
August 1, 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 18, 2019 Regular Meeting (2-3)

**REPORTS:**

7. Commissioner Reports
8. Financial/Administrative Report:
  - Bills to Be Authorized: Voucher 2019-20
  - Bill(s) Submitted: Voucher 2019-19
9. General Manager's Report—Q&A (4-6)

**BUSINESS:**

10. Approve Registration and Travel Expenses for Commissioner Hospador, Joe Sartori, Mont Jeffreys and Jeff Palmer to Attend ERWoW Fall Conference
11. Approve Registration and Travel Expenses for GM to Attend Infrastructure Assistance Coordinating Council 2019 Conference
12. Approve Registration and Travel Expenses for Commissioner McNabb to Attend WASWD Fall Conference
13. Approve Travel Expenses for GM to Attend WASWD Small District's Committee Meeting in Lynnwood
14. Approve Memorandum to HPMA Board Denoting District's Official Stance on the Dumpsters
15. Review Billing Cost Comparison for Monthly vs. Bi-Monthly Billing for 2019 (7)
16. Schedule Annual Board Retreat
17. Discussion of Agenda Planning Modifications
18. Re-Election of Officers
19. Employee Review of General Manager *Executive Session Expected RCW 42.30.110 Section 1(g)*

**HARTSTENE POINTE WATER-SEWER DISTRICT  
REGULAR MEETING of the BOARD OF COMMISSIONERS  
July 18, 2019  
District Office, 772 E Chesapeake Drive, Shelton, WA 98584**

**MINUTES**

**PRESENT:** President 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:** One subscribers present. Subscriber requested information regarding new well (#4) and presented information regarding the regional drought.

**CORRESPONDENCE:**

- Clerk noted that fourteen (14) late notices were sent out on 7/15/19
- GM noted correspondence with a customer working on his sewer line

**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 3, 2019 special 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 receiving archive files about Hartstene Pointe Water-Sewer District that he is reviewing to get up-to-speed
- Commissioner Swenson noted that the agenda for the next meeting should include an employee performance review of the GM, per his contract
- Commissioner Hospador presented information on arsenic

**Financial/Administrative Report:**

- Bills to Be Authorized:
  - Voucher 2019-18, in the amount of \$25,516.66, was presented. *Commissioner Swenson moved to approve voucher 2019-18 in the amount of \$25,516.66. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Bills Submitted for Review:
  - Voucher 2019-17, in the amount of \$4,117.40, was presented for review.
- Clerk presented the internal monthly financial report for June 2019.

**General Manager's Report**

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

**BUSINESS:**

*Approve RH2 Revised Pilot Study Amendment: Commissioner Swenson moved to approve contract amendment. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the amendment was approved.*

*Approve Quote from Evolution Controls for Services for Well #4 Ferric Install: Commissioner Swenson moved to approve costs. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the costs based on the quote from Evolution Controls are approved.*

*Commissioner Swenson moved to adjourn the meeting. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 2:30 pm.*

Respectfully Submitted By:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name and Title*

Approved at the Regular Meeting of the Board on: \_\_\_\_\_

**HARTSTENE POINTE WATER-SEWER DISTRICT**  
**General Manager's Report**  
**August 1, 2019**

**Main Objective: Sustainability**

**I. Sustainability through Asset Management:** “Asset management is a method of managing a utility's assets. Asset management will assist the utility with making good decisions on caring for the aging assets. The Environmental Protection Agency (EPA) defines asset management as a planning process that ensures that you get the most value from each of your assets and have the financial resources to rehabilitate and replace them when necessary. The goal of asset management is to ensure the long-term sustainability of the water and/or wastewater utility. By effectively managing the assets the utility will be able to maintain the desired level of service.” *Massachusetts Rural Water Authority (2016)*

**a. Assets:**

- i. What do you own? (Completed, 2018)
- ii. Where are the assets located? (Complete, 2018)
- iii. What is the condition? (In Progress)
- iv. What is the remaining useful life? (in Progress)
- v. What is the value? (In Progress)

**b. Service level:**

- i. What do your customers want?
  1. Clean drinking water, flushable toilets, and visually appealing utility facilities.
- ii. What are your customers willing to pay?
  1. Generally speaking, customers want to pay as little as is reasonably possible to maintain their services.
- iii. What are you able to provide?
  1. Excellent customer service
  2. Quality potable water
  3. Reliable sewer service
  4. Meeting regulatory demands
  5. Produce clean wastewater effluent
- iv. How will you measure your performance?
  1. By comparing HPWSD's performance to other utilities of like size and service area
  2. By establishing standard operating procedures (SOP's) specific to HPWSD's operation and maintenance (O&M) manuals and creating a performance comparison charts
  3. By comparing the capital improvement plan (CIP) to actual accomplishments throughout the year

**c. Criticality:**

- i. What is the probability of failure? (informal analysis only)
- ii. What is the consequence of failure? (informal analysis only)

- iii. Do you have backup equipment? (informal analysis only)
- iv. Can you increase energy efficiency? (informal analysis only)
  - 1. I have not yet assigned a criticality rating to the District's assets. As soon as well #4 is approved and online I plan to focus almost exclusively on completing this task.

d. **Lifecycle:**

- i. What is the life expectancy of your assets? (Investigation and research phase)
- ii. What are the operation and maintenance costs? (Investigation and research phase)
- iii. What will it cost to replace them? (Investigation and research phase)
- iv. How do you know when to repair or rehabilitate and when to replace? (Investigation and research phase)

e. **Funding:**

- i. Where will you get the money for operation and maintenance?
  - 1. The bulk of the District's funding for O&M comes by way of ratepayers.
    - a. "Over the years the vast majority of water and wastewater purveyors have not purposed to set aside sufficient reserves for repair and replacement (R&R). This has allowed the industry as a whole to *artificially* keep their rates lower than other utilities, such as power and telecommunications. However, the downside to this short-sided approach to managing rates is it has left water and wastewater utilities with an overwhelming amount of deferred maintenance, in addition to a lack of funds for replacement, upgrade, and repair... This is the unfortunate, yet inevitable, result of a failure in long-range strategic planning and the employment of proper budgeting techniques." *Carnahan, D (2019) Asset Management: The Key To Sustainability*
- ii. Where will you get the money for asset replacement?
  - 1. In the past this has happened through a combination of rates and low interest loans.
  - 2. Another possible source of funding is to lease the District's reservoir to cellular service providers. This could generate a sizable amount of revenue for the District.
  - 3. A third option is to adopt a tiered rate structure and allocate the additional revenue towards asset replacement.
- iii. Where will you get the money for increasing energy efficiency?
  - 1. This will likely need to happen through grants from government sources. *The District currently has no funds earmarked for energy efficiency.*

2. **Sustainability Through Operator Redundancy**
  - a. David Carnahan, WDM2, WTPO2, CCCS
  - b. Mont Jeffreys, WDM2, WTPO1, CCCS
  - c. Jeffrey Palmer, WDM2, WTPO1, CCCS, WW2
  - d. Joe Sartori, CCCS
3. **Sustainability Through Conservation**
  - a. Consumption
  - b. Leak monitoring
  - c. Monthly vs bi-monthly meter reads
  - d. Wastewater effluent monitoring
4. **Sustainability Through Proactivity**
  - a. **Compliance and Consumer Demand:**
    - i. Well#4 Ferric Chloride installation:
      1. Engineering: (In Progress)
      2. Electrical...: (Friday, July 26)
      3. Equipment...: (Installed, July 23)
      4. Evo. Cont...: (Tuesday, July 30)
      5. Pilot study...: (August 12<sup>th</sup>-23<sup>rd</sup>)
      6. RH2 Review: (August 26<sup>th</sup>-30th)
      7. DOH Review: (September 2<sup>nd</sup>-30th)
      8. Well#4 Startup: (October 1st)
  - b. **Maintenance:**
    - i. SBR#2
      1. July 30th
    - ii. Well #2
    - iii. Well#4 Fence
      1. In progress, Joe is compiling information and pricing
    - iv. Water Leak Repair
      1. 326 PDE
    - v. Sewer line repair and maintenance
      1. Root X
      2. 537 PDW
    - vi. Website Upgrade
  - 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 partnerships**
  - a. Washington Association of Sewer Water Districts
  - b. Hartstene Pointe Maintenance Association
  - c. PUD#3
  - d. Evergreen Rural Water of Washington
  - e. Infrastructure Assistance and Coordination Council

*Submitted by David Carnahan, General Manager*

# Billing Cost Breakdown / Comparison

	Per Cycle	Yearly Cost if:		Yearly Cost if:		(Difference)
		Bi-Monthly	Monthly	Bi-Monthly	Monthly	
Xpress Transactions	\$ 125.00	\$ 750.00	\$ 1,500.00	\$ 1,770.00	\$ 3,540.00	\$ (1,770.00)
Chase Transactions	\$ 170.00	\$ 1,020.00	\$ 2,040.00	\$ 2,826.00	\$ 5,652.00	\$ (2,826.00)
USPS Envelopes/Postage	\$ 268.00	\$ 1,608.00	\$ 3,216.00	\$ 4,176.00	\$ 8,352.00	\$ (4,176.00)
Remittance Envelopes	\$ 138.00	\$ 828.00	\$ 1,656.00			
Perforated Paper	\$ 65.00	\$ 390.00	\$ 780.00			
Labor for Bill Preparations	\$ 232.00	\$ 1,392.00	\$ 2,784.00			
Labor for Meter Reading	\$ 464.00	\$ 2,784.00	\$ 5,568.00			
<b>Grand Total</b>	<b>\$ 1,462.00</b>	<b>\$ 8,772.00</b>	<b>\$ 17,544.00</b>			<b>\$ (8,772.00)</b>

Notes:

1. Transaction fees for vendors do not include monthly/yearly base costs of service, as they do not fluctuate depending on billing frequency
2. Supply costs based on product purchases in 2019; costs (such as postage) may rise in 2020
3. Labor costs are estimated based on 8 hours of bill preparations and 8-16 hours of meter reading (totals err on upper-end of range)
4. Not estimated is the cost of newsletter production, which may still recur bi-monthly, even if billing is monthly
5. Rough figures estimate cost of billing for transactions, supplies/postage and labor cost each bill user \$3.18/cycle
6. Monthly billing would increase rate by ~1.02%

(7)