

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
District Office
772 E Chesapeake Drive, Shelton, WA 98584
April 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 April 4, 2019 Regular Meeting

REPORTS:

7. Commissioner Reports
8. Financial/Administrative Report:
 - Bills to Be Authorized: Voucher 2019-09
9. General Manager's Report

BUSINESS:

10. Discuss/Approve inviting HPMA to a special meeting to approve the MOU which was delivered to them in February.
11. Revisit the 2019 Capital Improvement Plan.
12. Discuss the possibility restructuring our billing in 2020.
13. Set a date for the 2020 Budget Hearing.

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
April 4, 2019
District Office, 772 E Chesapeake Drive, Shelton, WA 98584**

MINUTES

PRESENT: Secretary A. Hospador, Commissioner D. McNabb, General Manager (GM) D. Carnahan, District Clerk (Clerk) J. Sartori. President R. Scarola scheduled approved absence.

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

SUBSCRIBER REMARKS: No subscribers present.

CORRESPONDENCE:

- Clerk noted email correspondence with Wittenberg CPA expressing appreciation of services provided by assigned accountant. Mr. Wittenberg's response thanked us for providing feedback.

PRESENT AGENDA:

- *Commissioner Hospador moved to adopt agenda as presented. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, the agenda was adopted as presented.*

MINUTES: The minutes of the March 21, 2019 regular meeting were presented. *Commissioner Hospador moved to approve the minutes as presented. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, the minutes were approved as presented.*

REPORTS:

Commissioner Reports:

- Commissioners noted an upcoming AWWA conference in Vancouver, WA.

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2019-08, in the amount of \$18,952.72, was presented. *Commissioner Hospador moved to approve voucher 2019-08 in the amount of \$18,952.72. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, the voucher was approved.*

General Manager's Report

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

BUSINESS:

Memorandum of Understanding (MoU) Follow Up: *Commissioner Hospador moved to authorize annual maintenance agreement contract with ES West Coast LLC and authorized GM to get an updated quote for a refurbished portable generator. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, the contract was approved.*

Commissioner Hospador moved to adjourn the meeting. Commissioner McNabb seconded. Hearing 2 aye votes and 0 nay votes, the meeting adjourned at 1:52 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

March 2019

	Beginning Balances	Payments & Transfers Out	Deposits & Transfers In	Ending Balances	Fund Balance Change
Reserve Funds					
030 - Ecology Reserve	39,481.30	-	72.10	39,553.40	72.10
050 - DWSRF Loan Reserve	34,617.14	-	7,049.48	41,666.62	7,049.48
060 - Bond Fund	0.00	(19,665.00)	19,665.00	0.00	-
070 - USDA Revenue Bond Reserve	25,848.59	-	374.55	26,223.14	374.55
Total Reserve Funds	99,947.03	(19,665.00)	27,161.13	107,443.16	7,496.13
Unreserved Funds					
EFT Account - Columbia Bank	32,015.24	(37,847.24)	38,556.94	32,724.94	709.70
Petty Cash Account	1,959.15	(1,132.54)	751.59	1,578.20	(380.95)
Xpress Deposit Account	2,387.55	(25,149.53)	26,343.94	3,581.96	1,194.41
010 - Operating Fund	50,000.00	-	-	50,000.00	-
Operating Investment Fund	87,638.25	(62,126.17)	49,708.99	75,221.07	(12,417.18)
010 - Operating Fund - Other	137,638.25	(62,126.17)	49,708.99	125,221.07	(12,417.18)
Total 010 - Operating Fund	0.00	-	-	0.00	-
065 - Capital Project Account	174,000.19	(126,255.48)	115,361.46	163,106.17	(10,894.02)
Total Unreserved Funds	30,540.00	-	-	30,540.00	-
Committed Funds					
020 - Water/Sewer Committed Fund	69,540.00	-	-	69,540.00	-
Asset Replacement Fund	50,879.91	-	-	44,375.35	(6,504.56)
Capital Improvement Fund	120,419.91	(6,504.56)	-	113,915.35	(6,504.56)
I&I Repair	122,171.92	-	475.17	122,647.09	475.17
Reservoir Repair	273,131.83	(6,504.56)	475.17	267,102.44	(6,029.39)
Total Capital Improvement Fund	273,131.83	(6,504.56)	475.17	267,102.44	(6,029.39)
Risk Management Fund	547,079.05	(152,425.04)	142,997.76	537,651.77	(9,427.28)
Total 020 - Water/Sewer Committed Fund	547,079.05	(152,425.04)	142,997.76	537,651.77	(9,427.28)
Total Committed Funds	547,079.05	(152,425.04)	142,997.76	537,651.77	(9,427.28)
Total Funds	547,079.05	(152,425.04)	142,997.76	537,651.77	(9,427.28)

I hereby certify that the above statement is true.

District Clerk	Date	Audit Commissioner	Date
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12:41 PM
04/11/19
Cash Basis

Hartstene Pointe Water Sewer District
Profit & Loss
March 2019

	<u>Mar 19</u>
Ordinary Income/Expense	
Income	
Non-Operating Revenue	777.46
Operating Revenue	<u>44,887.58</u>
Total Income	45,665.04
Expense	
534 · Water Expenditures	30,674.64
535 · WW Treatment Expenditures	10,241.79
538 · Combined W/S Expenditures	<u>13,960.62</u>
Total Expense	<u>54,877.05</u>
Net Ordinary Income	<u>-9,212.01</u>
Net Income	<u><u>-9,212.01</u></u>

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

Ordinary Income/Expense	Jan - Mar 19 (25% of Yr)	Total 2019 Budget	\$ Over (Under) Budget	% of Total Budget
Income				
Non-Operating Revenue	7,099.18	10,466.00	(3,366.82)	67.83%
Operating Revenue	162,464.86	689,863.00	(527,398.14)	23.55%
Total Income	<u>169,564.04</u>	<u>700,329.00</u>	<u>(530,764.96)</u>	<u>24.21%</u>
Expense				
534 - Water Expenditures	74,529.47	396,054.00	(321,524.53)	18.82%
535 - WW Treatment Expenditures	32,383.94	259,429.00	(227,045.06)	12.48%
538 - Combined W/S Expenditures	51,649.46	199,699.00	(148,049.54)	25.86%
Total Expense	<u>158,562.87</u>	<u>855,182.00</u>	<u>(696,619.13)</u>	<u>18.54%</u>
Net Ordinary Income	<u>11,001.17</u>	<u>(154,853.00)</u>	<u>165,854.17</u>	<u>-7.1%</u>
Net Income	<u><u>11,001.17</u></u>	<u><u>(154,853.00)</u></u>	<u><u>165,854.17</u></u>	<u><u>-7.1%</u></u>

Hartstene Pointe Water-Sewer District

Balance Sheet 1st Quarter, 2019

ASSETS		3/31/2019
<u>CURRENT ASSETS</u>		
<u>Unreserved Funds</u>		
Operating Account		125,221
Capital Project Account		-
Electronic Funds Transfer Account		32,725
Xpress EFT Deposit Account		3,582
Petty Cash Account		1,532
Total Unreserved Funds		163,059
<u>Committed Funds</u>		
Asset Replacement Fund		30,540
Capital Improvement Fund		
I&I Repair	69,540	
Reservoir Repair	44,375	
Other Capital Improvements	-	
Total Capital Improvement Fund		113,915
Risk Management Fund		122,647
Total Committed Funds		267,102
<u>Reserve Funds</u>		
Ecology Reserve		39,553
DWSRF Loan Reserve		41,667
USDA Revenue Bond Reserve		26,223
Total Reserved Funds		107,443
TOTAL CURRENT ASSETS		\$ 537,605
<u>FIXED ASSETS</u>		
<u>Land and Improvements</u>		
Water		391,662
Wastewater/Sewer		1,679,875
<u>Equipment</u>		
Water		1,773,498
Wastewater/Sewer		1,403,580
TOTAL FIXED ASSETS		\$ 5,248,614
Total Assets		\$ 5,786,219
LIABILITIES AND EQUITIES		
<u>LIABILITIES</u>		
USDA Revenue Bond		440,395
DWSRF Loan		1,167,104
Dept. of Ecology Loan		319,670
TOTAL LIABILITIES		\$ 1,927,169
<u>EQUITY</u>		
Net Income for the Period		11,001
Equity		3,848,050
TOTAL EQUITY		\$ 3,859,051
Total Liabilities & Equity		\$ 5,786,219

CERTIFIED CORRECT	Date 4/17/2019	
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Joe Sartori, District Clerk

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

	<u>Jan - Mar 19</u> <u>(25% of Yr.)</u>	<u>Total 2019</u> <u>Budget</u>	<u>\$ Over (Under)</u> <u>Total Budget</u>	<u>% of Total</u> <u>Budget</u>
Income				
Non-Operating Revenue				
361.11 · Interest earned				
010	443.01	440.00	3.01	100.68%
020	1,554.63	1,885.00	(330.37)	82.47%
030	226.63	387.00	(160.37)	58.56%
050	229.96	246.00	(16.04)	93.48%
070	144.95	208.00	(63.05)	69.69%
Total 361.11 · Interest earned	<u>2,599.18</u>	<u>3,166.00</u>	<u>(566.82)</u>	<u>82.1%</u>
367.40 · Contributions - Nongov't - DW	1,800.00	3,490.00	(1,690.00)	51.58%
367.50 · Contributions - Nongov't - WW	2,700.00	3,810.00	(1,110.00)	70.87%
Total Non-Operating Revenue	<u>7,099.18</u>	<u>10,466.00</u>	<u>(3,366.82)</u>	<u>67.83%</u>
Operating Revenue				
343.40 · Water Sales and Services	82,239.42	356,144.00	(273,904.58)	23.09%
343.50 · Sewer Sales and Services	79,072.02	329,053.00	(249,980.98)	24.03%
359.90 · Penalties and Fees	1,153.42	4,666.00	(3,512.58)	24.72%
Total Operating Revenue	<u>162,464.86</u>	<u>689,863.00</u>	<u>(527,398.14)</u>	<u>23.55%</u>
Total Income	<u>169,564.04</u>	<u>700,329.00</u>	<u>(530,764.96)</u>	<u>24.21%</u>

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

	Jan - Mar 19 (25% of Yr.)	Total 2019 Budget	\$ Over (Under) Total Budget	% of Total Budget
Expense				
534 · Water Expenditures				
534.10 · Salaries - Water				
Water Distribution Manager	10,755.00	54,054.00	(43,299.00)	19.9%
Total 534.10 · Salaries - Water	10,755.00	54,054.00	(43,299.00)	19.9%
534.20 · Personnel Benefits, Payroll Tax	3,490.27	18,404.00	(14,913.73)	18.97%
534.30 · Supplies - Water	1,965.54	7,000.00	(5,034.46)	28.08%
534.40 · Services - Water				
Customer Refund - Water	91.70			
Intergov	4,614.53	18,701.00	(14,086.47)	24.68%
41 1050 · Lab Testing - Water	1,209.80	1,470.00	(260.20)	82.3%
48 1020 · SCADA - Water	2,469.00	2,500.00	(31.00)	98.76%
48 1030 · Repair & Maintenance - Water	962.54	4,000.00	(3,037.46)	24.06%
47 1010 · Electric - Water	2,792.35	9,544.00	(6,751.65)	29.26%
Total 534.40 · Services - Water	12,139.92	36,215.00	(24,075.08)	33.52%
594.34 · Capital Expenditures - Water				
Ferric Chloride Well 4 Install	-	30,000.00	(30,000.00)	0.0%
Generator	18,616.50	20,507.00	(1,890.50)	90.78%
Marina Line Shutoff Valve	-	5,000.00	(5,000.00)	0.0%
Well #1 Replacement	7,897.24	102,142.00	(94,244.76)	7.73%
Total 594.34 · Capital Expenditures - Water	26,513.74	157,649.00	(131,135.26)	16.82%
59X.34 · Debt Service - Water	19,665.00	122,732.00	(103,067.00)	16.02%
Total 534 · Water Expenditures	74,529.47	396,054.00	(321,524.53)	18.82%

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

	Jan - Mar 19 (25% of Yr.)	Total 2019 Budget	\$ Over (Under) Total Budget	% of Total Budget
535 · WW Treatment Expenditures				
535.10 · Salaries/Wages-WWT				
Wastewater Treatment Plant Oper	15,529.50	66,830.00	(51,300.50)	23.24%
Total 535.10 · Salaries/Wages-WWT	15,529.50	66,830.00	(51,300.50)	23.24%
535.20 · Personnel Benefits - WW	3,677.52	20,863.00	(17,185.48)	17.63%
535.30 · Supplies - WW Treatment	1,756.58	4,000.00	(2,243.42)	43.92%
535.40 · Services - WW Treatment				
Customer Refund - Sewer	83.84			
Intergov	1,718.45	8,724.00	(7,005.55)	19.7%
41 3050 · Lab Testing - WW Treatment	1,967.65	7,500.00	(5,532.35)	26.24%
48 3010 · Biosolids Disposal	-	25,000.00	(25,000.00)	0.0%
48 3020 · SCADA - WW Treatment	2,468.99	6,800.00	(4,331.01)	36.31%
48 3030 · Repair & Maint. - WW Treatment	7.74	12,000.00	(11,992.26)	0.07%
47 3010 · Electric - WW Treatment	3,405.12	12,600.00	(9,194.88)	27.03%
Total 535.40 · Services - WW Treatment	9,651.79	72,624.00	(62,972.21)	13.29%
594.35 · Capital Expenditures - WWT				
Effluent Analyzer	1,768.55			
I&I Lateral Replacements	-	22,000.00	(22,000.00)	0.0%
Lift Station Generators	-	30,000.00	(30,000.00)	0.0%
Repair Leaking Manholes	-	1,000.00	(1,000.00)	0.0%
Upgrade WW SCADA Data Collect	-	4,000.00	(4,000.00)	0.0%
Total 594.35 · Capital Expenditures - WWT	1,768.55	57,000.00	(55,231.45)	3.1%
59X.35 · Debt Service - WW Treatment	-	38,112.00	(38,112.00)	0.0%
Total 535 · WW Treatment Expenditures	32,383.94	259,429.00	(227,045.06)	12.48%

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

	Jan - Mar 19 (25% of Yr.)	Total 2019 Budget	\$ Over (Under) Total Budget	% of Total Budget
538 · Combined W/S Expenditures				
538.10 · Salaries & Wages				
Elected Officials	3,245.00	11,676.00	(8,431.00)	27.79%
Clerk	9,828.00	31,200.00	(21,372.00)	31.5%
General Manager	15,416.66	62,500.00	(47,083.34)	24.67%
Total 538.10 · Salaries & Wages	28,489.66	105,376.00	(76,886.34)	27.04%
538.20 · Personnel Benefits, Payroll Tax	8,141.46	43,392.00	(35,250.54)	18.76%
538.30 · Supplies - Combined W/S				
Tools/Equip/Supplies	1,705.55	1,500.00	205.55	113.7%
31 4010 · Office Supplies	598.92	1,200.00	(601.08)	49.91%
Total 538.30 · Supplies - Combined W/S	2,304.47	2,700.00	(395.53)	85.35%
538.40 · Services - Combined W/S				
Intergov	14.78	6,504.00	(6,489.22)	0.23%
41 4020 · Acct & Admin Services	379.50			
Attorney Fees - Combined W/S	1,852.50	1,000.00	852.50	185.25%
Consultant Fees	952.43	3,120.00	(2,167.57)	30.53%
Information Technology	3,420.61	3,421.00	(0.39)	99.99%
Lockbox	118.08	730.00	(611.92)	16.18%
Online Payment System	455.30	1,675.00	(1,219.70)	27.18%
Rent	210.00	882.00	(672.00)	23.81%
Merchant Service Fees	493.56	1,800.00	(1,306.44)	27.42%
42 0010 · Postage	550.00	1,400.00	(850.00)	39.29%
42 0020 · Telephones	1,603.23	7,200.00	(5,596.77)	22.27%
44 0010 · Legal Notices & Publications	-	225.00	(225.00)	0.0%
46 0010 · Liability Insurance	-	9,651.00	(9,651.00)	0.0%
49 0010 · Professional Dues	246.80	1,733.00	(1,486.20)	14.24%
49 0020 · Printing to Subscribers	287.97	1,890.00	(1,602.03)	15.24%
Other Services - Combined W/S - Other	-	2,000.00	(2,000.00)	0.0%
43 · Travel/Mileage/Training	2,129.11	5,000.00	(2,870.89)	42.58%
Total 538.40 · Services - Combined W/S	12,713.87	48,231.00	(35,517.13)	26.36%
Total 538 · Combined W/S Expenditures	51,649.46	199,699.00	(148,049.54)	25.86%
Total Expense	158,562.87	855,182.00	(696,619.13)	18.54%
Net Income	11,001.17	(154,853.00)	165,854.17	-7.1%

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

Human Resources

The staff is continuing to work diligently on spring cleaning and keeping up with day to day maintenance. In addition, Miceal has been a huge help in tackling important, time sensitive, tasks in Joe's absence.

Asset Management

At this point in time our system has been digitally mapped through google maps and the bulk of our inventory has been uploaded into our Asset Management spreadsheet. I've been able to use this data to make some preliminary estimates of the total replacement costs of most of HPWSD's combined facilities and infrastructure. This information will allow HPWSD to determine how much capital it needs to set aside each year to replace these assets once they've reached the end of their useful life.

The next steps in this process are to identify asset criticality, the likelihood of failure and the impact of failure, and then to implement a maintenance schedule. I will be working on this over the next year and a half with a goal of completing this plan by 2020.

Water Distribution

Usage is still holding steady at around 40 and 60,000 gallons/day. We have not seen a significant increase in demand yet, though we do expect that increase to take place towards the end of May.

We completed the CCR (Consumer Confidence Report) for 2018 and have posted it on our board at the plant and plan to put it up on the website as well. We will also include a link to the CCR on the next billing.

Well 2

I have nothing new to report at this time as we do not yet have well 4 approved by DOH.

Well 3

I have nothing new to report at this time as we do not yet have well 4 approved by DOH.

Well 4

We were able to complete the third pilot study run for well 4. The results showed that we were getting removal at or below the MCL for arsenic and results have been sent to RH2. Once RH2 is

done with their report they will be in contact with DOH who has the final say in whether or not well 4's existing treatment will be sufficient to meet the current state requirements for arsenic removal.

Emergency Preparedness

I have been working with Anne McDonald on Code Red for the past few weeks and she now has what she needs to update the data base per our agreement with them.

I requested an updated proposal from Energy Systems to service our in plant generator and the generator at well 4. I have not received this yet, but will follow up with them early next week if don't hear anything by Friday.

Waste Water Management

Right now we're averaging between 30 and 60,000 gal/day. We expect to see this decrease even more as we approach the summer months. Otherwise we are continuing to identify the heaviest sources of our influent flow, and uploading that data into our GIS.

Customer Service

We had a sewer line back up at 173 and 175 Nantucket on Thursday of last. This was a result of root infiltration. Thankfully Jeff and I were able to clear the bulk of the blockage from the line. We will still need to dig up this line and repair a small section of it so that the problem doesn't reoccur. We plan to make these repairs ourselves in the next few weeks.

General District Business

Legislative session update from the Washington Association of Sewer and Water Districts: *"Sweet Success! The bill to allow small districts to offer Commissioners health care benefits passed the House last week. It is off to the Governor for signature. Only one of the bills WASWD has been tracking died at the April 3 cutoff, HB 1747 noted in the report. All of the bills that needed to pass out of Appropriations Committee or Ways and Means Committee by April 9 have done so, with the exception of 2SSB 5327. With these deadlines passed, the legislative session is in the home stretch. Activity in coming weeks will center around getting a budget passed. Of course, both houses will be voting on bills that have survived the cutoff dates."*

For more information in regard to this update visit www.waswd.org.

Submitted by David Carnahan, General Manager