

**HARTSTENE POINTE WATER-SEWER DISTRICT  
BUDGET HEARING of the BOARD OF COMMISSIONERS  
November 10, 2018  
HPMA Clubhouse, 202 E Pointes Drive East, Shelton, WA 98584**

**MINUTES**

**PRESENT:** President R. Scarola, Commissioner D. McNabb, General Manager (GM) D. Carnahan, Accounting and Administrative Services Manager (AAS) M. Carnahan, District Clerk J. Sartori. Commissioner Hospador excused absence. Mont Jeffreys, Water Treatment Operator and Jeffery Palmer, Wastewater Treatment Plant Operator present.

**CALL TO ORDER:** The meeting was called to order at 10:03 am.

**SUBSCRIBER REMARKS:** 18 subscribers present.

**CORRESPONDENCE:** No Correspondence

**PRESENT AGENDA:** No agenda.

**MINUTES:** No minutes.

**REPORTS:**

**Commissioner Reports:**

- No commissioner reports.

**Financial/Administrative Report:**

- No financial/administrative reports.

**General Manager's Report:** No general manager report.

**2019 Budget Presentation:** The general manager gave his 2019 Budget Proposal presentation.

Subscriber asked about contract labor being replaced by employees and how this would affect operations. GM addressed this in his presentation.

Jeffery Palmer informed subscribers of district's Inflow and Infiltration (I&I) issues.

Subscriber asked about how sewer lines will be fixed or replaced. GM informed subscribers that sewer lines will be fixed on a case by case basis, ideally addressing most critical lines first.

Subscriber asked if worst places were identified for I&I. GM responded that district already has investigated the worst leaks with camera equipment owned by the district.

Subscriber asked if some lines were incorrectly plumbed initially. GM responded that a smoke study found problems with clean-out caps, which were fixed.

GM concluded his presentation

Commissioner Scarola opened the meeting for additional questions and comments from subscribers.

Subscriber asked about district's loans and when they will be paid. Miceal gave these figures:

- Department of Ecology loan to install outflow pipe into Puget Sound, loan to be paid off in 2022 at \$38,000/year (principal plus interest)
- USDA loan to install booster pumps and meters, loan to be paid off in 2032 at \$40,000/year at 2.57% interest
- DWSRF loan to upgrade treatment facilities, to be paid off in 2036 at \$83,000/year at 1.5% interest
- Total loans are 24% of annual revenue.

Subscriber asked what percentage of lots were full-time residents. Miceal responded that an estimated 30% of residents are full-time. Subscriber asked if district should charge based on water usage. GM responded that the districts costs are fixed, regardless of usage or time-frame of residency. Commissioner Scarola and Miceal also added that 95% of the costs associated with managing the infrastructure are not changed because of usage. Another subscriber added that both full-time and part-time residents need the infrastructure in place. Another subscriber indicated she was a summer resident and said she would rather be billed based on usage.

Subscriber asked about the San Juan water table drop. Mont responded that our island water table does not fluctuate. Subscriber asked about other utility lines in trenches when sewer lines are being fixed. GM responded that locates and camera equipment will prevent damage to existing underground resources.

Subscriber suggested we approve budget as presented.

Subscriber asked where revenues match proposed budget. Miceal responded that some of the budget is provided for by existing reserves.

Subscriber asked how this was sustainable. Miceal pointed out that the Capital Improvement Plan (CIP) set aside funds for one-time major projects.

Subscriber asked what the total CIP reserves. Miceal informed:

- There are sub funds and committed funds. \$9,000 is set aside for asset replacement, per USDA requirement.
- There is a sub fund for repairs related to I&I.
- \$70,000 is earmarked for CIP equipment to address I&I and leak repairs.
- Funds for repairing reservoir were re-allocated, as repairs are no longer anticipated until 2023.
- Risk management fund for emergencies, expected to be at \$200,000 by 2025.

Subscriber asked why we don't have excavation equipment if we plan to repair/replace sewer lines. GM noted that such equipment is included in the budget as part of the CIP.

Subscriber asked if there is an impact on the district's need for space to accommodate the additional staff and equipment. GM responded that the district is looking at the space at the reservoir for storing equipment and that the highest priority is dealing with the needs expressed. He also indicated that the district is looking at the space needs moving forward.

*Commissioner McNabb moved to adjourn meeting. Commissioner Scarola seconded. Hearing 2 aye votes and 0 nay votes, the meeting adjourned at 11:40 am.*

Respectfully Submitted By:

  
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Signature

Robert Scarola  
President, Board of Commissioners  
\_\_\_\_\_  
Name and Title

Approved at the Regular Meeting of the Board on: 11-15-18