

**HARTSTONE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584
January 18, 2024 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the January 4, 2024 Regular Meeting (2-3)
7. Minutes of the January 9, 2024 Special Meeting (4)

REPORTS:

8. Project Update from Matt M. with Century West Engineering
9. Commissioner Repots
10. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2024-04
 - Bills to Be Reviewed:
 - Voucher 2024-03
11. General Manager's Report

BUSINESS:

12. Review District Funds Structure (5-6)

OLD BUSINESS

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
January 4, 2024
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

MINUTES

PRESENT: President E. J. Anderson, Commissioner C. Anderson, Secretary S. Swart, General Manager (GM) J. Palmer, Project & Accounts Manager (PM) J. Sartori

CALL TO ORDER: The meeting was called to order at 1:15 pm

SWEAR IN COMMISSIONER POSITION #1 FOR SIX-YEAR TERM: Commissioner C. Anderson was sworn in by Notary Public J. Sartori

SUBSCRIBER REMARKS: No Subscribers Present

CORRESPONDENCE:

- Commissioner Swart sent an email to the president of HPMAs Board of Directors to draw attention to a letter the District is sending to residents announcing the District’s stance on the need for residents to prepare for water and waste needs in a post-disaster scenario

PRESENT AGENDA: *Commissioner Swart moved to adopt the agenda. Commissioner C. Anderson seconded.* Commissioner Swart requested to add item #12, “Assign Commissioner Roles” to the agenda. *Hearing 3 aye votes and 0 nay votes, the agenda was adopted as amended.*

MINUTES: The minutes of the December 21, 2023 regular meeting were presented. *Commissioner Swart moved to approve the minutes. Commissioner E.J. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved.*

REPORTS:

Commissioner Reports:

- Commissioner Swart requested that the PM update 2024 rates on website
- Commissioner Swart registered for a free RCAC Emergency Planning Response training, scheduled January 25th
- Commissioner C. Anderson notified the Board that is on HPMAs Road Improvement committee

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2024-02 in the amount of \$ 15,268.29 was presented. *Commissioner E.J. Anderson moved to approve voucher 2024-02 in the amount of \$ 15,268.29. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Bills to Be Reviewed:
 - Voucher 2024-01 was presented by PM for review
- **Monthly Billing Report:** PM presented the monthly billing report for January 2024, which reflected rate increases

General Manager’s Report:

- GM presented his report on the current state of the District
- GM requested approval for expenses to attend an AWWA Utility Management training
 - *Commissioner C. Anderson made a motion to approve expenses up to \$2,000 for GM to attend training. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the expenses are approved*

BUSINESS:

Renew Annual Contract with Springbrook for Fiscal Year 2024: *Commissioner E.J. Anderson moved to approve the contract renewal. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the contract is renewed.*

Assign Commissioner Roles: *Commissioners E.J. and Swart will remain in their commissioner roles as President and Secretary respectively. Commissioner C. Anderson offered to fill the vacant Audit commissioner role.*

OLD BUSINESS

- Multi-factor authentication as an additional cybersecurity protection measure will be reviewed
- GM was asked to familiarize the new employee with the Zoleo emergency communications units

Commissioner Swart moved to adjourn the meeting. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 2:13 pm.

Respectfully Submitted By:

Signature

Stacy Swart, Secretary, Commissioner #3
Name and Title

Approved at the Regular Meeting of the Board on: 1-18-2024

**HARTSTENE POINTE WATER-SEWER DISTRICT
SPECIAL MEETING of the BOARD OF COMMISSIONERS
January 4, 2024
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

MINUTES

PRESENT: President E. J. Anderson, Audit Commissioner C. Anderson, Secretary S. Swart, General Manager (GM) J. Palmer, Project & Accounts Manager (PM) J. Sartori

CALL TO ORDER: The meeting was called to order at 10:00 am

SUBSCRIBER REMARKS: No Subscribers Present

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

BUSINESS:

Review and Approve “Water Quality Combined Financial Assistance Agreement” with the State of WA Department of Ecology: *Commissioner Swart moved to approve the agreement by adopting Resolution 2024-01. Commissioner C. Anderson seconded.* Commissioners discussed the terms of the agreement set forth by Ecology. Commissioners asked the GM about the District’s *Asset Management Plan*. Commissioners asked the GM about liaison contacts between the District, Ecology and Century West Engineering. Commissioners further discussed details as presented in the agreement. **Hearing 3 aye votes and 0 nay votes, the agreement is approved by adopting Resolution 2024-01.**

Commissioner C. Anderson moved to adjourn the meeting. Commissioner E.J. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 10:55 am.

Respectfully Submitted By:

Signature

Stacy Swart, Secretary, Commissioner #3

Name and Title

Approved at the Regular Meeting of the Board on: 1-18-2024

Hartstene Pointe Water-Sewer District

District Funds Policies

The District shall utilize “proprietary fund accounting” as the organizational structure for its financial activities. The following funds have been established with the Mason County Treasurer’s Office for budgeting and accounting purposes.

- **690-005-010 – General Operating Fund:** The General Operating Fund accounts for all financial resources and transactions, except those required to be accounted for in another fund. The minimum fund balance shall be targeted at 25% of the annual operating and maintenance budget. Projected variances from the 25% minimum target shall be disclosed during the annual budget process or during the current year if unanticipated circumstances occur that negatively impact current year revenue and/or expenditure projections. Fund balance targets may be modified during the annual budget process to reflect extraordinary circumstances (e.g., projected future extraordinary expenditure demands, projected revenue uncertainty, etc.). At least 20% of the annual operating and maintenance budget is to be invested in the State Investment Pool.
- **690-005-020 – Water/Sewer Committed Fund:** The Water/Sewer Committed Fund accounts for monies held for specified purposes but not designated for debt service. Use of monies held within this fund is subject to a vote of the District Commission. The Water/Sewer Committed Fund is divided into three sub-funds:
 - *Risk Management Fund:* For operating shortfalls due to unforeseen cost increases, unanticipated revenue losses, or unforeseen emergency expenditures. The minimum balance for this sub-fund shall be targeted at \$200,000 by 2025. The sub-fund must maintain no less than 12.5% of annual operating revenue in order to meet requirements set forth in the District’s DWSRF Loan contract.
 - *Capital Improvement Fund:* For the accrual of monies to fund capital projects laid out in the District’s six year Capital Improvement Plan.
 - *Inflow & Infiltration:* For future repairs to the district’s water and sewer mains/laterals. The District Commissioners purpose to allocate \$20,000 from each year’s budget to contribute to this reserve. “Metered Water Charges” will contribute to this fund and transfers will be swept into this fund from 010 Operating Fund monthly.
 - *Reservoir Fund:* For future repairs to reservoir. The target balance for this sub-fund shall be \$150,000 by 2027.
 - *Asset Replacement Fund:* For the replacement of short-lived equipment. This reserve receives a \$9,000 annual contribution from the General Operating Fund, per the District’s USDA Bond Covenants.
- **690-005-030 – Ecology Loan Reserve:** Used to hold in reserve an amount equal to one full year of debt service payments (\$38,111.40) for the District’s Department of Ecology Loan. The balance of this fund is invested in the State Investment Pool.

- **690-005-050 – DWSRF Loan Reserve:** The District shall make regular transfers from the General Operating Fund into this fund such that by September 30th of each year the fund balance equals the annual DWSRF loan debt service payment. The balance of this fund is to be invested in the State Investment Pool until withdrawn for disbursement for the annual debt service payment. All interest earned on funds held within this fund shall accrue and be applied toward reducing the amount of the Drinking Water State Revolving Fund loan. For the life of the loan, monthly transfers shall be made to the DWSRF Loan Reserve so that the annual payment amount is accrued by October of each year, in accordance with the loan contract.
- **690-005-060 – Hartstene Pointe Bond Fund:** Used to make semi-annual debt service payments of \$19,665. District must transfer the payment amount from the General Operating Fund into the Bond Fund at least 5 days prior to payment due dates (March 5 and September 5). The payment is electronically transferred from this fund to the USDA on the payment due date.
- **690-005-065 – Hartstene Pointe Capital Project Fund:** Used to accept construction loan funds and pay contractors for financed capital projects.
- **690-005-070 – Water Revenue Bond, 2012 Debt Service Reserve:** Used to hold one full year of USDA Bond debt service payments (\$39,330). Per bond covenants, monthly transfers of \$327.75 should be made from the General Operating Fund into this fund so that the balance is reached no later than September 2022. The balance of this fund is to be invested in the State Investment Pool.

For the purposes of annual financial reporting to the Washington State Auditor’s Office, all funds are rolled into one general fund, designated as fund 401.