

Dockton Water Association

Board Meeting

Monday, November 26, 2018

7:00 PM

Water Office: 9710 SW Windmill Street

Minutes

CALL TO ORDER:

- 7:01 1. Present: Darton, Kai, Sheila, Paul, Todd, Hooper Darton
Absent: Tanya
- 7:02 2. Met required number of Directors present for a quorum Darton

CONSENT ITEMS:

- 7:03 3. APPROVED contents and order of agenda Darton
- 7:04 4. APPROVED October 22, 2018 minutes Darton

UNFINISHED DISCUSSIONS ITEMS:

- 7:05 5. a. Summerhurst Main Extension: Kelly
- 1) Finish discussion on new alignment to serve Summerhurst area:
In order to provide adequate fire flow to existing and new developments, the Board **APPROVED** accelerating the upgrade of the existing 4" main on 94th and 2" main that extends from 94th to the NW corner of Share 319's lot. The Planning & Capital Improvements Committee will obtain bids and, in coordination with the Finance Committee, will recommend a project start date to the Board.
 - 2) Share 319 (Exceptions/Revisions to Directors' Policies)
 - i. Should DWA share in the cost of extending an 8" main from the exiting 2" main at the NW corner of Share 319's property to the furthest point of the property on Summerhurst?
The Board **APPROVED** covering all engineering and assembly costs associated with Share 319's main extension. The approval is contingent on Share 319 extending the main in conjunction with the main upgrade referenced in 5.a.1)
 - ii. Should DWA allow a member extending a main within an existing development to be able to select a contractor from a list of DWA pre-qualified contractors? Member would be responsible for negotiating and contracting (II.4):
The Board **APPROVED** revising the Directors' Policies. The revised policy will allow members to select a contractor of their choice (choice is not limited to list of DWA pre-qualified contractors), as long as the contractor meets DWA's qualifications. The pre-

determined qualification are documented and available to members.

- iii. Should we make an exception to allow 319 to delay commitment to her new main until we have a bid from a contractor for the cost (II.4)?

Exception is not necessary. Per the approvals in 5.a.1) and 5.a.2)i., DWA will obtain bids for the entire project and allocate a portion of the bid to Share 319 . Per approval in 5.a.2)ii., Share 319 can choose to contract directly with a contractor of her choice.

- iv. Should we adjust DWA's 10% handling charge?
No. The majority of the Board felt a 10% fee was reasonable for a non-profit organization.

b. New Operator/Manager Position

Hooper

- 1) Formation of Executive Committee:

Todd brought a motion, Paul second the motion, the Board **APPROVED**. Should the Shareholders form a standing Executive Committee which will include Officers and any other Board member who chooses to participate on the committee? The Executive Committee's primary function will be to manage the newly created Operator/Manager position.

Roles, Authority, Accountability

- 2) (Angie/Dave/LiquiVision/NWS):

Dave's job description has been finalized. A portion of the previous manager duties will flow to Angie which increases her monthly salary by \$550 (preliminary estimate). NWS will stay on retainer at \$130 a month, plus an hourly charge to fill in for Dave when he is on leave. Transferring the responsibility of cleaning the contact basin (~\$5K) from the Operator to LiquiVision is TBD. The costs is approximately \$5K per year. Responsibility for checking the Springs on weekends may also be removed, if DOH approves DWA's exemption request.

- 3) Financials:

Dave's annual salary of \$61,308 will begin on or before February 1 (sooner if Height's releases Dave prior to his resignation date). If Dave and Kelly's transition occurs on February 1, labor expenses are expected to be within the 2018-2019 budget. However, this personnel change is expected to amount to a \$12K increase in administration expenses beyond 2019. There is also an expectation that NWS will be hired to fill in for Dave when he is on leave.

Training:

- 4) Kelly will continue to train Dave through February 1, 2019. There was a short discussion regarding Kelly's availability to conduct training after February 1 and/or be available to answer questions.

- 5) Employment Offer:

Todd presented Dave with an employment offer. Letter will be modified to reflect a start date of on or before February 1, 2019. (*see attached*).

A few board members needed to leave early, so items c. and d. were held for the December agenda.

- c. Cleaning Contact Basin Kelly
- 1) Should we shift the responsibility of cleaning the contact basin from DWA's Operator to LiquiVision? Annual cost is shy of \$5K.
- d. Revision to Bylaws 1.10: Hooper
- 1) Should monthly meetings that fall on a national holiday be
 - 2) held on the next business day?
- Should the annual meeting be moved to a non-holiday weekend?

INFORMATION ITEMS:

8:25 6. *PRESIDENT'S REPORT* Hooper

- a. Open action items
- 1) Add "wrapper" to the website financial report and email to Hooper (Todd): Completed
 - 2) Obtain estimate from Kathy's Corner to purchase and plant mitigation trees (Paul): Paul has identified two interested bidders. One on island, one off island. Kelly to provide Paul with planting map that was submitted with the permit.
The items below this point will be addressed at the December meeting.
 - 3) Include directive to complete Water Use Questionnaire on next invoice. Hooper to upload questionnaire to website first (Kelly/Hooper)
 - 4) Obtain itemized office remodel estimate from Carlos (Hooper)
 - 5) Obtain definitive answer from property owners re: Hake easement (Hooper)
 - 6) Set up Google Drive and upload maps (Darton)

7. *COMMITTEE REPORTS*

- a. Planning and Capital Improvements Darton
- 1) Status on updating CIP
- b. *FINANCE* Todd
- 1) Recap October budget report (*see attached*)
- c. *WATER PRODUCTION* Paul
- 1) Progress in bringing new well points on line
 - 2) Status of outstanding test results from NW

NEW DISCUSSION ITEMS:

8. a. Adjust BOD meeting time Kai/Paul

OTHER BUSINESS:

8:27 9. What did we decide? Darton

Kelly:

- Provide Paul with tree planting site plan
- Email Share 319 a recap of Board's discussion related to DWA's Bylaws and attach November's draft meeting minutes.

- Revise Directors' Policies II.4 and II.5 to reflect the Board's approval of 5.a.2)ii., allowing members to select and contract directly with a contractor of their choice.
- Craft language for the ballot seeking approval from the membership to create an Executive Committee.

Capital Improvement Committee / Finance Committee

- Obtain bids to upgrade the main on 94th and serve Share 319.
- Make recommendation on project start date

8:30 10. Next meeting: December 11, 2018

Darton

ADJOURN

| OCTOBER 2019 | | | | | | |
|-----------------------------|------------|------------|----------|--------------|--------------|----------|
| Operations | Month | | | Year-to-Date | | |
| | Actual | Budget | Variance | Actual | Budget | Variance |
| Beginning Balance | \$ 33,409 | \$ 19,034 | 76% | \$ 24,172 | \$ 23,000 | 5% |
| Income: | | | | | | |
| Payments Received | \$ 20,794 | \$ 19,050 | 9% | \$ 85,430 | \$ 78,720 | 9% |
| Costs: | | | | | | |
| Administrative Expenses | \$ (6,220) | \$ (4,471) | 39% | \$ (26,425) | \$ (26,217) | 1% |
| Operations Expenses | \$ (5,634) | \$ (6,942) | -19% | \$ (24,834) | \$ (27,767) | -11% |
| Taxes and Fees | \$ (857) | \$ (3,910) | -78% | \$ (4,350) | \$ (12,475) | -65% |
| Transfer to Capital Funds | \$ (4,167) | \$ (4,166) | 0% | \$ (16,668) | \$ (16,666) | 0% |
| Net Change | \$ 3,915 | \$ (438) | -993% | \$ 13,152 | \$ (4,404) | -399% |
| Ending Balance | \$ 37,324 | \$ 18,596 | 101% | \$ 37,324 | \$ 18,596 | 101% |
| Replacement Reserves | Month | | | YTD | Annual | % |
| | Actual | | | Actual | Budget | Complete |
| Beginning Balance | \$ 181,948 | | | \$ 265,140 | \$ 249,300 | |
| Income: | | | | | | |
| From Operations | \$ 4,167 | | | \$ 16,668 | \$ 50,000 | 33% |
| Costs: | | | | | | |
| Meter Replacement | \$ (1,652) | | | \$ (3,443) | \$ (3,000) | 115% |
| 97th & Windmill | \$ - | | | \$ (84,096) | \$ (60,000) | 140% |
| Hake to Manzanita | \$ (1,262) | | | \$ (1,262) | \$ (50,000) | 3% |
| Other Scheduled Projects | \$ - | | | \$ (5,068) | \$ (15,000) | 34% |
| Unscheduled Costs | \$ - | | | \$ (4,737) | \$ (9,000) | 53% |
| Total Costs | \$ (2,914) | | | \$ (98,607) | \$ (137,000) | 72% |
| Ending Balance | \$ 183,201 | | | \$ 183,201 | \$ 162,300 | 113% |
| Improvement Reserves | Month | | | YTD | Annual | % |
| | Actual | | | Actual | Budget | Complete |
| Beginning Balance | \$ 306,263 | | | \$ 290,137 | \$ 266,500 | 109% |
| Income: | | | | | | |
| Reserve Base Charges | \$ 1,300 | | | \$ 4,985 | \$ 15,600 | 32% |
| Capital Charges | \$ 5,719 | | | \$ 23,267 | \$ 69,400 | 34% |
| New Shares/Hookup | \$ - | | | \$ 3,576 | \$ - | |
| Costs: | | | | | | |
| State Loan Payments | \$ - | | | \$ - | \$ (32,000) | 0% |
| Service Connection (-Fee) | \$ (800) | | | \$ (800) | \$ - | |
| Sandy Shores Filtration | \$ - | | | \$ (869) | \$ (180,000) | 0% |
| Other Scheduled Projects | \$ - | | | \$ - | \$ (13,000) | 0% |
| Other Capital Outlays | \$ (8,913) | | | \$ (16,726) | \$ (3,000) | 558% |
| Total Costs | \$ (9,713) | | | \$ (18,394) | \$ (228,000) | 8% |
| Ending Balance | \$ 303,570 | | | \$ 303,570 | \$ 123,500 | 246% |

OCTOBER NOTES:

- ¹ Receipts of payments for Water Sales are running a bit ahead of plan
- ² Oct Admin Exp. High due to bills expected in September, YTD at plan
- ³ Operations nicely under plan, 11% on YTD basis
- ⁴ Variance reflects no Franchise payment to KingCo (yet)
- ⁵ Higher Revs, lower costs, no KingCo tax puts us \$17k ahead of plan
- ⁶ Carrying bigger cash balance from Operations than budgeted
- ⁷ Did not budget for cost overrun
- ⁸ Unscheduled costs running high at 50% of annual budget
- ⁹ Unbudgeted capital improvements -- high but manageable
- ¹⁰ Improvements funds are there to get Filtration started
- ¹¹
- ¹²
- ¹³
- ¹⁴ Checking reconciliation

| Current Fund Balances | | 31-Oct |
|-----------------------|----|----------------|
| Operations | \$ | 37,324 |
| System Replacement | \$ | 183,201 |
| Capital Improvement | \$ | 303,570 |
| Contingency Reserve | \$ | 78,400 |
| Total Funds | \$ | 602,495 |

| Current Bank Balances | | 31-Oct |
|-----------------------|----|----------------|
| US Bank (on Vashon) | \$ | 209,441 |
| Chase (on Vashon) | \$ | 393,609 |
| Reconciliation | \$ | (555) |
| Total Funds | \$ | 602,495 |

David A. Stoltz, Jr.
12112 SW Cemetery RD
Vashon, WA 98070

Dear Dave,

Congratulations! It is my pleasure to extend this offer of promotion to you for the position of Manager/Operator of Record for the Dockton Water Association (aka "the Association"). I extend this offer, and the opportunity it represents, with great confidence in your abilities.

Your start date will be February 1, 2019 and you will report to the Executive Committee of the Board of Directors for the Association. Your annual starting salary, based on a forty (40) hour work week, will be \$61,308. Your position is classified as salaried/exempt. Your duties will be as described in discussions with Kelly and will be further outlined on a forthcoming job description.

As discussed, this offer is contingent on your maintaining the minimum state certifications for the job of Water System Manager II and Cross Connection Control Specialist, and you will work toward additional certification as Water Treatment Plant Operator I on a schedule that will be completed in time to operate the proposed filtration plant on the Sandy Shores well.

The Association will provide a cell phone for business use or reimburse you for cell phone usage for Association business. The Association will maintain a charge account for gas purchased for work related drives and will pay for a ferry card for transportation to Association related travel.

Although your employment will be at-will and this offer does not create a contract of employment or employment for a specified term, it is our hope that your acceptance of our offer will be just the continuation of a mutually beneficial relationship with the Association.

We hope you will find your work in this new role to be satisfying and rewarding where you can utilize your skills in a manner that will enable us both to achieve our goals. We look forward to working with you.

Congratulations,

John (Hooper) Havekotte
President