

# Dockton Water Association

## BOARD MEETING

Saturday, March 23, 2019

10AM

Water Office 9710 SW Windmill Street

### Minutes (in Green)

#### CALL TO ORDER:

1. Welcome **Guests: Gary Anderson and Rick Mellen** Hooper
2. Quorum? **Present: Hooper, Darton, Tanya, Paul, Todd, & Kai: Quorum: Yes** Hooper

#### CONSENT ITEMS:

3. Approve contents and order of the agenda **Yes** Hooper
4. Approve minutes of the February 23, 2019 meeting **Yes** Hooper

#### INFORMATION ITEMS:

##### 5. **Dave's Report**

Dave

3 phase power to Sandy Shores well: need to bring 3 phase up from 99<sup>th</sup> Ave SW, replacing polls as needed. Cost estimate: \$70K to \$80K. Might need to borrow \$250K. Committed. Dave to negotiate with PSE because of our service to the community. Agreement to wait until we have tangible progress on filtration project before pursuing 3 phase power. New leak at Windmill and 99<sup>th</sup> Ave SW. Shock treatment started with more to follow. Kelly has been very helpful in transition. His hours of help diminishing. New trees planted and irrigation piping in place at Springs: \$2.2K Kai and Tanya to help Dave with Cross Connection Policy and Program.

##### 6. **President's Report**

Hooper

a. Status of work on the new office/boardroom Trace Baron not interested. Hooper to commit with Carlos for \$32K. All in favor: **Unanimous**.

b. Website analytics: available at: <https://docktonwaterorg.ipage.com/stats/> with login provided separately. More traffic than we had realized!

c. Member Feedback or Outreach: New addition to [docktonwater.org/whoweare.html](http://docktonwater.org/whoweare.html) page on website with new feedback portal with new mailbox forwarding to both Manager and President.

d. Sign email motions/decisions

Two emails detailing voting for matters needing decisions between meetings were signed and will be scanned by Hooper and added to minutes from previous meetings. This practice was strongly discouraged by all present. Suggested usage: **Emergency Only!** Board decisions are to be made at meetings and not by email.

## 7. Committee Reports

### a. Finance Committee

Todd

- 1). February Budget Report: See insert at end of this document.
- 2). Draft budget for 2019/2020. See insert at end of this document.

### b. Water Production Committee

Paul

- 1). Report on memorial bench: Bench is ready to be ordered by Dave.

### c. CIP and Planning Committee

Darton

Emergency water at the park project is more complicated and expensive (\$10K) than expected. Project needs more investigation – perhaps emergency access inside gate at Springs. Project needs leader.

## 8. Board Philosophy Dispute

Sheila

See No. 15 below.

## Carryover Items from February:

9. Report on Hooper's discussion with Duncan Greene: Duncan agreed to be lead person for both King County rental fee court case and King County Franchise Agreement. Duncan works pro bono for DWA, but his staff will charge us. Kelly to be available to help when/if needed.

10. Report on Contract Committee

Hooper

Contract Committee will meet tomorrow morning at 10:00 AM.

11. Recommended protocol and schedule for preparing for Annual Meeting

Dave

Dave has protocol and schedule and will take care of this project.

## DISCUSSION ITEMS:

12. What is DWA's Fire Flow policy and how does that affect share 319

Dave

Paul volunteered to be lead person on this matter.

13. Hire Kelly to negotiate with King County re: Franchise Agreement

Hooper

No. Duncan will be lead person with Kelly in support as needed.

14. Update Board Policies to document procedure for making Board decisions outside of meetings Bylaws 2.12

Hooper

Not to bother. Board decisions to be made at meetings whenever possible.

15. Purchasing decisions that are within the discretion of the Manager's authority and responsibility. (Think this morphed into a bigger discussion regarding professional vs. homespun model - does this model still make sense?)

Todd

Todd would add: The annual Shareholder-approved budget establishes the Manager's spending discretion, especially related to the Operations Fund budget. In practice, the Manager engages with the Board or individual Directors for larger, more exceptional expenses. The Manager works very closely with the Board for costs/investments, whether budgeted or unscheduled, for the System Replacement and System Improvement funds budgets. The Manager does not have authority to spend from the Contingency Fund.

Suggested model for DWA would be the professional model vs. the homespun model. Board members expressed desire to decide policy matters and that those policy decisions would be passed down to the Manager who would then carry out policy with staff. No vote taken, but all members expressed desire for this "chain of command" approach. No dissent.

At 12:10 PM, we ran out of time so the following agenda items will be carried over to next month.

- 
- |   |        |
|---|--------|
| 16. Kelly's work vs Kelly's special projects: should they be separate                     | Hooper |
| 17. Board vacancies are out of sync - 2 this year, 5 next year                            | Hooper |
| 18. Shifting billing/meter reading cycle, aligning staff and freeing up Dave on weekends. | Sheila |
| 19. Water Purveyors' Group  | Hooper |
| 20. Grant money proposal  | Tanya  |

**ACTION ITEM:**

- |  |        |
|--|--------|
| 21. Adopt Darton's recommended new Capital Improvements Program.<br>Stress test? | Darton |
|--|--------|

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**OTHER BUSINESS:**

- |                         |        |
|-------------------------|--------|
| 22. What did we decide? | Hooper |
|-------------------------|--------|
1. Kai and Tanya to help Dave with crafting Cross Connection policy and program.
  2. Hooper to commit to Carlos for about \$32K.
  3. Hooper to process email voting record on two past decisions.
  4. Dave to order memorial bench for Steve Andrus.
  5. Who will lead Emergency Water Availability project?
  6. Duncan Greene will be lead in legal matters and negotiations with King County.
  7. No change to Bylaws 2.12.
  8. Professional model is more appropriate for DWA.
  9. Paul to be lead on Fire Flow/319 investigation

23. Next Board meeting: Saturday, April 27, 2019???

Both Darton and Kai will be unavailable for meeting on April 27<sup>th</sup> at 10 AM. Possible alternatives are April 20<sup>th</sup> and May 4<sup>th</sup>. Should we change meeting date or go with 27<sup>th</sup>?

**ADJOURN**

**Addendum: Financial Report**

FEBRUARY 2019						
Operations	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Beginning Balance</b>	\$ 26,036	\$ 12,005	117%	\$ 24,172	\$ 23,000	5%
<b>Income:</b>						
Payments Received	\$ 16,054	\$ 17,320	-7%	\$ 151,318	\$ 150,280	1%
<b>Costs:</b>						
Administrative Expenses	\$ (5,641)	\$ (4,471)	26%	\$ (50,923)	\$ (49,633)	3%
Operations Expenses	\$ (3,489)	\$ (6,942)	-50%	\$ (53,144)	\$ (55,533)	-4%
Taxes and Fees	\$ (861)	\$ (4,250)	-80%	\$ (10,154)	\$ (25,290)	-60%
Transfer to Capital Funds	\$ (4,169)	\$ (4,167)	0%	\$ (33,339)	\$ (33,333)	0%
<b>Net Change</b>	\$ 1,894	\$ (2,510)	-175%	\$ 3,758	\$ (13,510)	-128%
<b>Ending Balance</b>	\$ 27,930	\$ 9,495	194%	\$ 27,930	\$ 9,490	194%
<b>Replacement Reserves</b>	Month			YTD	Annual	%
	Actual			Actual	Budget	Complete
<b>Beginning Balance</b>	\$ 184,323			\$ 265,140	\$ 249,300	
<b>Income:</b>						
From Operations	\$ 4,168			\$ 33,337	\$ 50,000	67%
<b>Costs:</b>						
Meter Replacement	\$ -			\$ (3,443)	\$ (3,000)	115%
97th & Windmill	\$ -			\$ (91,505)	\$ (60,000)	153%
Hake to Manzanita	\$ -			\$ (4,351)	\$ (50,000)	9%
Other Scheduled Projects	\$ -			\$ (5,949)	\$ (15,000)	40%
Unscheduled Costs	\$ -			\$ (4,737)	\$ (9,000)	53%
<b>Total Costs</b>	\$ -			\$ (109,985)	\$ (137,000)	80%
<b>Ending Balance</b>	\$ 188,491			\$ 188,492	\$ 162,300	116%
<b>Improvement Reserves</b>						
<b>Beginning Balance</b>	\$ 294,067			\$ 290,137	\$ 266,500	
<b>Income:</b>						
Reserve Base Charges	\$ 1,452			\$ 11,456	\$ 15,600	73%
Capital Charges	\$ 5,640			\$ 45,874	\$ 69,400	66%
New Shares/ hookup	\$ -			\$ 3,576	\$ -	
<b>Costs:</b>						
State Loan Payments	\$ -			\$ (30,772)	\$ (32,000)	96%
Service Connections	\$ (1,772)			\$ (2,572)	\$ -	
97th & Windmill	\$ -			\$ (8,913)	\$ -	*
Sandy Shores Filtration	\$ (5,591)			\$ (7,177)	\$ (180,000)	4%
Other Scheduled Projects	\$ -			\$ -	\$ (13,000)	0%
Other Capital Outlays	\$ -			\$ (7,813)	\$ (3,000)	260%
<b>Total Costs</b>	\$ (7,363)			\$ (57,246)	\$ (228,000)	25%
<b>Ending Balance</b>	\$ 293,796			\$ 293,796	\$ 123,500	238%

**February NOTES:**

- <sup>1</sup> YTD Revenues are right on plan
- <sup>2</sup> reflects increased payroll and transition costs, as expected
- <sup>3</sup> Feb Ops Exp. Artificially low due to insurance reimburs't
- <sup>4</sup> \$18k ahead of plan, most of this is unpaid Franchise Fee
- <sup>5</sup> Windmill a bit over original budget, this year was under budgeted
- <sup>6</sup> This budget will now not be spent
- <sup>7</sup> We did not budget a final bill for materials this year
- <sup>8</sup> Much of this is New Water Service that we rebill
- <sup>9</sup> High Balance is unspent funds for Filtration Plant
- <sup>10</sup>
- <sup>11</sup>
- <sup>12</sup>
- <sup>13</sup>
- <sup>14</sup> Outstanding checks and receivables collected

Current Fund Balance		28-Feb
Operations	\$ 27,930	
System Replacement	\$ 188,492	
Capital Improvement	\$ 293,796	
Contingency Reserve	\$ 78,400	
<b>Total Funds</b>	\$ 588,618	

Current Bank Balance		28-Feb
US Bank (on Vashon)	\$ 217,361	
Chase (on Vashon)	\$ 393,666	
Reconciliation	\$ (122,409)	<sup>14</sup>
<b>Total Funds</b>	\$ 588,618	

**Dockton Water Association**  
**Proposed OPERATING Budget - '19/'20**

*FIRST DRAFT -- 23 March 2019*

<b>OPERATING BUDGET</b>	Prior Year 2017-18 Actual	Current Year 2018-19 Budget	Current Year 2018-19 Fcast Actual	% Var from Bdgt	Proposed 2019-20 Budget	% Change from Fcast Actual
<b>BEGINNING OPERATING FUND BALANCE:</b>	20,655	23,000	24,172	5%	17,500	-28%
<b>Operating Income</b>	218,403	222,400	223,333	0%	226,100	1%
<b>TOTAL AVAILABLE FUNDS:</b>	<b>239,058</b>	<b>245,400</b>	<b>247,505</b>	<b>1%</b>	<b>243,600</b>	<b>-2%</b>
<b>Operating Expenses</b>						
Staffing	85,035	93,000	97,490	5%	93,000	-5%
Business Operations	21,160	23,550	33,929	44%	27,500	-19%
System Operations	32,977	38,000	33,330	-12%	39,500	19%
Taxes Licences and Fees	16,797	15,200	15,261	0%	15,500	2%
County Right of Way		24,000	-		12,000	100%
<b>Total Operating Expenses</b>	<b>155,969</b>	<b>193,750</b>	<b>180,010</b>	<b>-7%</b>	<b>187,500</b>	<b>4%</b>
Contributions to Capital Reserves	65,004	50,000	50,000	0%	50,000	0%
<b>TOTAL USE OF FUNDS:</b>	<b>220,973</b>	<b>243,750</b>	<b>230,010</b>	<b>-6%</b>	<b>237,500</b>	<b>3%</b>
<b>ENDING OPERATING FUND BALANCE:</b>	<b>18,085</b>	<b>1,650</b>	<b>17,495</b>	<b>960%</b>	<b>6,100</b>	<b>-65%</b>
Operating Profit (Loss):	(2,570)	(21,350)	(6,677)	-69%	(11,400)	71%

**Dockton Water Association**  
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*FIRST DRAFT -- 23 March 2019*

OPERATING BUDGET	Prior Year 2017- 18 <i>Actual</i>	Current Year 2018- 19 <i>Budget</i>	Current Year 2018- 19 <i>Fest Actual</i>	% Var from <i>Bdgt</i>	Proposed 2019-20 <i>Budget</i>	% Change from <i>Fest Actual</i>
<b>BEGINNING OPERATING FUND BALANCE:</b>	20,655	23,000	24,172	5%	17,500	-28%
Water Sales	207,820	211,500	212,358	0%	215,000	1%
State Utility Excise Taxes	10,583	10,700	10,684	0%	10,800	1%
Hook-up Inspection Fees	-	200	291	46%	300	100%
<b>Operating Income</b>	218,403	222,400	223,333	0%	226,100	1%
<b>TOTAL AVAILABLE FUNDS:</b>	<b>239,058</b>	<b>245,400</b>	<b>247,505</b>	<b>1%</b>	<b>243,600</b>	<b>-2%</b>
<b>Operating Expenses</b>						
Admin Salaries	36,358	38,000	57,112	50%	61,500	8%
Payroll taxes	11,393	12,000	-	-100%	-	-
Operations Salaries	28,776	33,000	40,378	22%	31,500	-22%
Payroll taxes	8,508	10,000	-	-100%	-	-
Staffing	85,035	93,000	97,490	5%	93,000	-5%
Contracted Services			4,000			
Legal services	1,947	3,000	7,571	152%	5,000	-34%
Accounting services	2,864	4,000	4,484	12%	3,500	-22%
Communications & IT	2,961	2,800	5,820	108%	5,000	-14%
Insurance	6,771	7,000	6,300	-1%	7,500	9%
Office supplies and services	2,703	2,000	1,563	-22%	2,000	28%
Postage (including meter rental)	3,571	4,000	3,198	-20%	3,500	9%
Other Administrative costs (including training)	343	750	393	-48%	1,000	154%
Business Operations	21,160	23,550	33,929	44%	27,500	-19%
Engineering services	625	500	2,246	349%	2,000	-11%
Water Quality Testing	2,586	2,000	2,052	3%	2,000	-3%
Electricity and Propane	10,146	11,000	13,002	18%	11,000	-15%
Water treatment chemicals	999	1,500	1,585	6%	1,500	-5%
Shop supplies and parts	4,789	3,500	4,277	22%	4,000	-6%
Unscheduled System maintenance	6,863	15,000	6,269	-58%	15,000	139%
Building and grounds maintenance	6,969	4,500	3,899	-13%	4,000	3%
System Operations	32,977	38,000	33,330	-12%	39,500	19%
Property taxes and filing fees	3,153	3,200	3,200	0%	3,400	6%
State Utility and Use taxes	8,437	8,500	8,659	2%	8,600	-1%
Licenses and Fees	5,207	3,500	3,402	-3%	3,500	3%
Taxes Licences and Fees	16,797	15,200	15,261	0%	15,500	2%
County Right of Way		24,000	-		12,000	100%
<b>Total Operating Expenses</b>	<b>155,969</b>	<b>193,750</b>	<b>180,010</b>	<b>-7%</b>	<b>187,500</b>	<b>4%</b>
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