

Dockton Water Association

SHAREHOLDER MEETING

Saturday, June 22th, 2019 @ 10:00 AM

Water Office: 9710 SW Windmill Street

Minutes

CALL TO ORDER:

1. Welcome: Present – Hooper, Darton, Paul, Kai, Todd.
2. Also attending: Dave and Angie (Staff), 15 (approx) shareholders
3. Quorum: Yes (70 returned ballots)

CONSENT ITEMS:

4. APPROVED Darton and Todd re-elected to serve as board directors.
5. APPROVED Operating and Capital Budget for 2019/2020 fiscal year.
6. APPROVED Bylaw change to allow annual meeting to be held on any Saturday in June.

INFORMATION ITEMS:

7. President's Report

- a. Highlights of year: Kelly Robinson retired. Dave Stoltz promoted to include Manager role, Angie Kelly's hours expanded for Billing and Bookkeeping. Special callout to Dave (who's been Operator of Record) for the excellent job he's been doing more before and since the role expansion. DWA now has a contractor for the long-planned office renovation with expectations to see new progress, soon. Some important changes in business operations, especially a transition of our bookkeeping system and Angie's expanded role. Progress with Accounts Receivable (that Dave will address.)

8. Dave's Report

- a. Excited with new role as Manager. DWA had to plant 48 Western Red Cedars as mitigation for trees taken down.
- b. Springs are doing well, pumping constantly, maintaining well points and our production level. Paul added that we've continued to work on 5 wellpoints to get them back into production and expect a report next week on their fitness – we are optimistic. We'd like these well-points to get us to production level of 90 gal/minute, currently in the 70's.
- c. We expect to break ground soon for the Filtration Plant for the Sandy Shores well. Darton added that we'll have the plan out to bid, soon, probably a few years to complete the project.
- d. We'll be installing an emergency, gravity-fed access point below the springs.
- e. We also have a new generator supporting the booster pump – important to maintain the minimum of 32 p.s.i. in the water system.
- f. Dave and Kai are working to improve information for cross-connection, ensuring compliance as required by law. Kai emphasized the need to be aware of the potential for contaminated water to back up through a hose to the DWA water system. When needed we can help a shareholder get a back-flow assembly installed at their meter, or address other considerations re: cross-connections. Dave confirmed that he personally follows up with shareholders who have not reported their cross-connect risk profile.

- g. Dave is actively working on the Accounts Receivable backlog. He appreciates the new DWA policies that help him with enforcement. We are making progress but we also take into consideration hardship cases and do our best to provide a path to getting current without having water turned off.
- h. Question was raised re: water loss. Dave reported that this past year we have reduced water loss to 6.3% -- as significant improvement. Much of this improvement is through measurement and reporting of our own, operational use of water – such as flushing the system, testing hydrants, etc...
- i. We are still struggling to get the Vashon Fire Department to begin using our hydrants for firefighting.
- j. Question was raised re: plans for Hake Road. Dave confirmed that we'll replace the main with an 8" line, but we are focused on the Filtration Plant and do not have plans or timeline for Hake at this time.
- k. Other guest questions and follow-up discussion concerned: recent chemical taste in water, posting sign when flushing the system, number of shares available for system expansion.
- l. Friday Letter: Dave continues to have issues sending the Friday letter from his home computer. Paul's email address has been corrected.

9. Budget Presentation

- a. Todd presented estimated actual financial results for the year, and budget proposed for the coming year. Todd explained that we will have over \$630,000 in reserves that we track across 4 funds. Operations – which is break-even with little to no ending balance. Replacement and Improvement funds that are used for upgrading existing and building out new (such as the Filtration Plant). And, a "rainy day" fund that has been collateral for our state loan. Our budget calls for drawing down on reserves (to \$480,000) in the coming year as we build the Filtration system for the Sandy Shores well.

10. Ballot Results

- a. Dave presented the vote counts from the shareholder ballots.
 - i. Darton and Todd re-elected as directors
 - ii. Budget passed as presented
 - iii. By-law changes passed as presented

ADJOURN

APRIL 2019						
Operations	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Beginning Balance	\$ 26,019	\$ 6,469	302%	\$ 24,172	\$ 23,000	
Income:						
Billed Revenues	\$ 17,364	\$ 17,850	-3%	\$ 184,975	\$ 185,430	-0%
Costs:						
Staffing and Contract Svcs	\$ (9,417)	\$ (7,750)	22%	\$ (79,990)	\$ (77,500)	3%
Business Operations	\$ (663)	\$ (496)	34%	\$ (21,135)	\$ (19,892)	6%
System Operations	\$ (2,335)	\$ (3,167)	-26%	\$ (29,538)	\$ (31,667)	-7%
Taxes and Fees	\$ (2,387)	\$ (3,280)	-27%	\$ (12,400)	\$ (32,245)	-62%
Transfer to Capital Funds	\$ (4,167)	\$ (4,166)	0%	\$ (41,670)	\$ (41,666)	0%
Net Change	\$ (1,605)	\$ (1,009)	59%	\$ 242	\$ (17,539)	-101%
Ending Balance	\$ 24,414	\$ 5,461	347%	\$ 24,414	\$ 5,461	347%
Replacement Reserves				YTD Actual	Annual Budget	% Complete
Beginning Balance	\$ 192,531			\$ 265,140	\$ 249,300	
Income:						
From Operations	\$ 4,167			\$ 41,671	\$ 50,000	83%
Costs:						
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	\$ (1)			\$ (6,077)	\$ (15,000)	41%
Unscheduled Costs	\$ -			\$ (4,737)	\$ (9,000)	53%
Total Costs	\$ (1)			\$ (110,113)	\$ (137,000)	80%
Ending Balance	\$ 196,697			\$ 196,698	\$ 162,300	121%
Improvement Reserves						
Beginning Balance	\$ 300,279			\$ 290,137	\$ 266,500	
Income:						
Reserve Base Charges	\$ 1,438			\$ 14,376	\$ 15,600	92%
Capital Charges	\$ 5,640			\$ 57,154	\$ 69,400	82%
New Shares/Hookup	\$ -			\$ 6,289	\$ -	
Costs:						
State Loan Payments	\$ -			\$ (30,772)	\$ (32,000)	96%
Service Connections	\$ -			\$ (4,489)	\$ -	
97th & Windmill	\$ -			\$ (8,913)	\$ -	*
Sandy Shores Filtration	\$ (4,964)			\$ (13,576)	\$ (180,000)	8%
Other Scheduled Projects	\$ -			\$ -	\$ (13,000)	0%
Other Capital Outlays	\$ -			\$ (7,813)	\$ (3,000)	260%
Total Costs	\$ (4,964)			\$ (65,562)	\$ (228,000)	29%
Ending Balance	\$ 302,393			\$ 302,393	\$ 123,500	245%

APRIL NOTES:

- ¹ Revenues are on track for year.
- ² Higher staffing cost, as planned. YTD OK.
- ³ Over YTD budget is due to Franchise Fee battle
- ⁴ YTD Difference is KingCo Franchise tax
- ⁵ Higher payroll offset by budgeted Franchise Fee
- ⁶ Ahead by the amount of Franchise Fee
- ⁷ Replacement Reserve will increase thru EOY
- ⁸ Had not budgeted for more materials
- ⁹ Fund balance likely increase thru EOY
- ¹⁰
- ¹¹
- ¹²
- ¹³
- ¹⁴ Outstanding checks & change in Receivables/Payables

Current Fund Balances		30-Apr
Operations	\$	24,414
System Replacement	\$	196,698
Capital Improvement	\$	302,393
Contingency Reserve	\$	78,400
Total Funds	\$	601,905

Current Bank Balances		30-Apr
US Bank (on Vashon)	\$	221,225
Chase (on Vashon)	\$	393,692
Reconciliation	\$	(13,013) ¹⁴
Total Funds	\$	601,905