

Dockton Water Association

BOARD MEETING

Saturday, March 28, 2020

10AM

Online via Zoom.us

Minutes

CALL TO ORDER:

1. Present: Hooper, Todd, Kai, Tanya, Paul, Darton, Sheila
2. Met required number of Directors present for quorum

CONSENT ITEMS:

3. APPROVED: contents and order of the agenda.
4. APPROVED: minutes of the February 22, 2020 meeting

INFORMATION ITEMS:

5. Guest speaker(s): None
6. Member comments: Meeting closed due to COVID-19. No written member comments were submitted. Board APPROVED Paul buying a Zoom subscription.

Dave's Report:

7. Serving Pt. Piner main and urban lots on Summerhurst Beach: No further discussions with interested neighbors. This project is currently first on the draft CIP, and is scheduled for the 2023 timeframe. The Sandy Shores filtration plant will require substantial funding between now and 2023.
8. Manzanita-Hake connection: Dave met with McGrory and Battison, showed them the easement path across their properties and discussed the challenges (e.g. topography, shoreline regs, drainage). Both property owners are digesting the information. Currently, this project is #9 on the draft CIP, however DWA has most of the materials to complete the job. The associated costs would be mainly permit, professional costs, rebuilding staircase and plantings.
9. New generator: Generator is installed. Waiting for electrician to finalize.
10. COVID-19 contingency plan: NW is DWA's system operator back-up. Dave and Angie have a plan in place to manage administrative duties, if either of them are incapacitated.
11. Update small system water plan, parts list and installation standards: Schematic needs to be added to the small system water plan. Darton to assist with drawings.

President's Report

12. Office remodel: Coming along nicely, however COVID-19 has stalled the project.
13. Deferred building maintenance: The building is in dire need of maintenance that has been deferred for too many years, such as fascia boards, gutters, skirting, and painting. Maintenance repairs will need to be on a phased approach. Dave to send Todd estimates, so he can work the most immediate (and logically phased) projects into the 2020-21 budget.

Committee Reports

14. Finance Committee

- a) February Budget: We had lower revenue than budgeted, but also lower Operating costs -- so less of a loss than budgeted. (A loss in low-water-use winter is

- expected.). On a year-to-date basis our Revenues are nearly exactly as budgeted (though summer months were higher and winter months lower than forecast.). Our total costs for Operations are well below budget -- much of this is due to not paying a Franchise Fee. However, some specific costs are much higher than expected (Software, Insurance, Water Quality Testing and Supplies/Parts) so we are clearly managing to keep other costs low. No surprise with the Capital budgets. Income (from Reserve Shares and the Capital Charge) are exactly as expected. Project costs are low -- so we have more money in the bank. However, we are starting to see costs pickup for the Office Remodel and related to the Sandy Shores Filtration. Overall -- we're doing fine. February financial report is at the end of this document.
- b) Budgeting for new filtration plant: Funding will likely be a combination of state/agency funding (long-term), and interim funding from a commercial source (short-term), such as 10 year term at 5.5% interest or line of credit.
 - c) 2020-21 Budget: Todd will refine the budget to include building maintenance. Maintenance will be funded from the System Replacement Fund. The Board will vote on the budget at the April meeting. Preliminary draft budget is at the end of this document.
15. **Water Production Committee**
- a) Emergency Contract: Terms have been agreed to, just need to execute the contract.
 - b) Five Wells: No additional information available to share.
16. **CIP and Planning Committee**
- a) Working on updating the CIP plan and associated estimates.

DISCUSSION ITEMS:

17. Share buy-back program: Board APPROVED changing share buy-back policy. Todd to draft language for the Directors' Policies to match DWA's current practice which is to allow members to sell back share to a new member (prior to DWA selling out of shares).
18. Potential Bylaw changes: Paul will do a cross-walk of our current Bylaws and Duncan's proposed Bylaws (updates required by state law) and present findings at next meeting.
19. Cross-connection program: Dave found the Cross-Connection Control Plan and Policy that Kelly created in 2016. With the help of Sheila, he will update both documents.
20. Customer concessions during coronavirus period: Board APPROVED waiving late fees for three months. Dave to put notice in the April bill.

OTHER BUSINESS:

21. What did we decide?
 - a) Board:
 - Approved waiving late charges for three months
 - Approved changing share buy-back policy to be in line with established practice.
 - Approved purchasing annual subscription to Zoom.us
 - b) Dave:
 - Send Todd building maintenance estimate
 - Send Sheila Cross Connection Control Plan and Policy
 - Work with Darton on creating a schematic for the Small Water System Plan
 - Advise members that DWA will not collect late fees for the next three months
 - c) Darton:
 - Work with Dave to create schematic for the Small Water System Plan
 - Send Todd estimated CIP costs
 - d) Sheila:

- Update Cross Connection Control Plan and Policy for Dave
- e) Paul:
- Paul to purchase subscription to Zoom
 - Execute emergency contract
- f) Todd
- Adjust budget to address building maintenance requirements and review estimated CIP expenses
 - Draft share buy-back language for Directors' Policies

22. Next Board meeting: Saturday, April 25, 2020

29-Feb-20

OPERATIONS FUND	Month	Year-to-Date		YTD
	Actual	Actual	Budget	Actl/Bdgt
Beginning Balance:		\$ 15,221	\$ 19,500	
Income	\$ 17,090	\$ 150,909	\$ 150,733	100%
Costs	\$ (14,134)	\$ (125,988)	\$ (132,037)	95%
Transfer to System Replacement	\$ (4,167)	\$ (33,336)	\$ (33,333)	100%
Operating Gain/(Loss)	\$ (1,211)	\$ (8,415)	\$ (14,637)	57%
Ending Balance		\$ 6,806	\$ 4,863	140%

SYSTEM REPLACEMENT FUND	Month	Total Year		Annual
	Actual	Actual	Budget	Actl/Bdgt
Beginning Balance:		\$ 201,939	\$ 202,000	
Costs	\$ (5,130)	\$ (8,878)	\$ (37,000)	24%
Transfer from Operations	\$ 4,167	\$ 33,336	\$ 50,000	67%
Ending Balance		\$ 226,397	\$ 215,000	105%

SYSTEM IMPROVEMENT FUND	Month	Total Year		Annual
	Actual	Actual	Budget	Actl/Bdgt
Beginning Balance:		\$ 322,231	\$ 316,000	
Income	\$ 7,356	\$ 57,056	\$ 85,080	67%
Sales of Shares	\$ -	\$ -	\$ -	
Costs	\$ (27,567)	\$ (94,898)	\$ (212,000)	45%
Ending Balance		\$ 284,389	\$ 189,080	150%

CONTINGENCY RESERVE Balance:		\$ 78,400	\$ 78,400	100%
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RECONCILIATION TO CASH	
Beginning Book Balance:	\$ 617,791
Change during year from:	
Operations Fund	\$ (8,415)
System Replacement Fund	\$ 24,458
System Improvement Fund	\$ (37,842)
Contingency Reserve	\$ -
Ending Book Balance:	\$ 595,992
Changes to Accrual Accounts:	
Accounts Receivable	\$ 12,367
Accounts Payable	\$ (2,418)
Credit Card	\$ 435
Est. Book Balance, Net of Accruals	\$ 606,376
Actual Bank Balances:	
USBank - Checking	\$ 33,111
USBank - Savings	\$ 180,370
Chase Bank - Savings	\$ 289,247
Chase Bank - CD	\$ 104,981
Actual Total Cash:	\$ 607,709
Reconciliation gap:	\$ 1,333

**Dockton Water Association
Proposed OPERATING Budget - '20/'21**



OPERATING BUDGET	Year 2017-18 Actual	Year 2018-19 Budget	Year 2018-19 Actual	2019-20 Budget	Current Year 2019-20 Fcast Actual ¹	Proposed 2020-21 Budget
Beginning Fund Balance:	20,655	23,000	24,172	19,500	15,221	10,000
Income:						
Water Sales	207,820	211,500	208,156	215,000	219,200	215,000
State Utility Excise Taxes	10,583	10,700	10,653	10,800	10,800	10,800
Other Income/Interest	-	200	375	300	150	300
Total Operating Income	218,403	222,400	229,184	226,100	229,950	226,100
Operating Expenses						
Total Staffing	85,035	93,000	96,730	103,000	102,964	103,000
Business Operations:						
Legal services	1,947	4,000	9,156	4,000	1,000	4,000
Accounting services	2,864	4,000	3,682	3,250	3,000	3,000
Communications & IT	2,961	4,300	6,779	5,000	6,500	5,000
Insurance	5,771	7,000	2,934	7,500	11,050	11,000
Office supplies and services	2,709	2,000	1,848	1,500	1,750	1,750
Postage (including meter rental)	3,195	4,000	4,000	3,500	3,750	3,750
Other Administrative costs (including training)	3,413	4,500	71	500	250	500
Total Business Operations	21,863	27,550	28,670	25,500	27,300	29,000
System Operations:						
Engineering services	6,500	500	746	2,000	1,000	1,000
Water Quality Testing	2,586	2,000	2,460	2,000	2,750	2,500
Electricity and Propane	10,146	11,000	13,430	11,500	10,850	11,000
Water Treatment Chemicals	950	1,500	1,410	1,500	1,250	1,500
Shop supplies and parts	4,757	3,500	5,835	4,000	7,100	8,500
Unscheduled Maintenance	6,863	15,000	8,450	15,000	15,000	15,000
Building and grounds maintenance	6,969	4,500	6,923	4,500	3,500	5,500
Total System Operations	32,977	38,000	39,254	40,500	41,450	45,000
Property taxes and filing fees	3,153	3,200	1,691	3,400	3,400	3,400
State Utility and Use taxes	8,437	8,500	8,856	8,600	9,080	9,000
Licenses and Fees	5,207	3,500	3,932	3,500	1,200	3,500
Taxes Licences and Fees	16,797	15,200	14,479	15,500	13,680	15,900
County Right of Way	-	24,000	-	12,000	-	12,000
Total Operating Expenses	155,969	193,750	179,133	196,500	185,394	204,900
Operating Profit (Loss):	62,434	28,650	41,057	29,600	44,556	21,200
Net Available Funds	83,089	51,650	65,229	49,100	59,777	31,200
Transfer to Capital Reserves	65,004	50,000	50,000	50,000	50,000	30,000
Ending Fund Balance:	18,085	1,650	15,229	(900)	9,777	1,200

Notes:

- ¹ Could start with \$10k, esp. if not Franchise fee paid out
- ² Income (Water Sales) budget no change
- ³ Anticipate some on-going KingCo legal costs
- ⁴ Increase in Business and System costs are, I believe, structural (permanent)
- ⁵ Maintaining \$12k "hedge" for current year Franchise Fee
- ⁶ One-time reduction of transfer to System Replacements fund
- ⁷ End year with a bit remaining of the beginning balance

Forecast based on Actuals through Feb 2020, Mar-Jun are estimated