

Scatchet Head Water District

SCATCHET HEAD WATER DISTRICT (SHWD)
ISLAND COUNTY WASHINGTON

Minutes for June 12, 2023 – Special Meeting, 10:30AM

MEETING PLACE

Scatchet Head Community Club Building, 3742 Driftwood Drive, Clinton, WA
and, online through Zoom

IN ATTENDANCE:

Commissioner Lipoti
Commissioner Mach
Commissioner Mullins

ABSENT:

None

COMMUNITY MEMBERS IN ATTENDANCE

Tom Peterson,

The meeting was called to order at 10:40 AM by Commissioner Lipoti.

BUDGET

The special meeting was called to discuss the 5 year budget and to determine whether to apply for additional funding for the large construction project given that the cost projections provided by Wilson Engineering far exceed the estimated costs from the Preliminary Engineering Design.

Dave Mullins distributed a draft 5 year budget. Using 2022 actual budget and the projected expenditures for 2023 through 2027, SHWD has to prove that it will be able to afford the USDA loan payments starting in 2025. Additionally, USDA requires a reserve, which can be built up over 10 years, but the reserve payment must be budgeted from 2025 forward. The short term asset reserve must be replenished as it is used for maintaining the physical plant. Additionally, the Commissioners are considering applying for an additional loan from the State Public Works Board (PWB). The payment for that loan must be considered.

Since the water rates to customers was raised starting in July 2023, the annual payment for ratepayers would come to \$647 in 2023. It would increase to \$677 in 2024 since the rate increase would be charged for all 4 quarters. In 2026, a rate increase is budgeted bringing in \$707 annually from each customer. With these modest increases, the District can repay both the USDA and the projected (PWB) loans over their respective 40 year and 20 year repayment schedules.

Meeting minutes

Scatchet Head Water District

Repayment will impact the cash reserves of the SHWD, but the amounts seem manageable, and will be enough to deal with most emergencies that may arise.

The Commissioners approved the 5 year budget for submittal with the PWB loan application.

Construction Costs

Dave Mullins presented a summary of the Construction Costs. With the core of the piping being replaced, along with the wells and treatment, the cost is estimated at \$2.7M. The USDA loan of \$2.5M brings the SHWD equity to \$200K. However, if we are able to borrow an additional \$600K, the District can also redo the piping along Fidalgo and put in a loop on Mitford/Periwinkle that will enhance the resiliency of the system. The Commissioners agreed that we should go out to bid with the engineering drawings for all of those parts of the project.

The Commissioners considered the additional piping along Blakely Ave N and S, Guemes, Driftwood Drive E and W for an additional \$500K and decided that we could consider those projects as Bid Alternatives. If the bids come in low enough, we could get that work done. Otherwise, since the engineering is done, we could work down those projects with the District's reserves as we are able to do so.

The Commissioners considered the fact that the construction company would have already mobilized and would have the equipment to redo additional sections of pipe while they are on site. This advantage in cost and time needed to be balanced against borrowing the additional \$500K. With the customers of SHWD having problems making payments now, it was decided that any additional borrowing would not be affordable for some people in the District.

The Commissioners have been approached by Verizon representatives about putting a cell phone antenna on one of the water tanks. It was agreed that the District would seek additional information from Verizon while consulting with our attorney about an agreement. However, it would be nice to have an additional \$1500 per month from the cell phone antenna placement.

The Commissioners also agreed to explore solar panels at the George Drive well site. A site visit will be scheduled.

Extension of the Bond Anticipation Notes

The Commissioners approved Resolution 2023-6, amending Resolution 2022-4 relating to the District's Water Revenue Bond Anticipation note, 2022-Series 1 and Water Revenue Bond Anticipation Note, 2022-Series 2, to increase the interest rate and extend both Notes.


Commissioners signed all relevant documents, and Jill Lipoti took them to be notarized

Meeting minutes

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and signed by the Island County Treasurer.

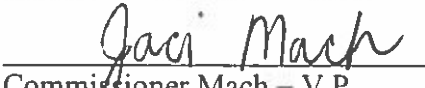
The meeting was adjourned at 11:50 AM.



Commissioner Mullins, Auditing Officer



Jill Lipoti - President



Commissioner Mach - V.P.