

Scatchet Head Water District

SCATCHET HEAD WATER DISTRICT (SHWD)
ISLAND COUNTY WASHINGTON

Minutes for December 19, 2023
7pm

MEETING PLACE

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

IN ATTENDANCE:

Commissioner Lipoti
Commissioner Mach

ON ZOOM:

Commissioner Mullins

ABSENT:

None

ALSO PRESENT ON ZOOM:

Nathan Driscoll, Courtney Erickson, both of King Water

COMMUNITY MEMBERS IN ATTENDANCE

Tom Peterson
Alexandria and Jordan Boyer,

The meeting was called to order at 7:10 PM by Commissioner Lipoti. Commissioner Mach read the Land Acknowledgement.

Public Comment

None at this time.

Minutes

The October 17, 2023 minutes are still missing. They will be approved at the January meeting.

Approval of minutes from the November 21, 2023 were not received in time for adequate review and will be acted upon in January.

Approval of Vouchers

The vouchers for the month were received and Courtney Erickson gave the bookkeeper report. The payment of the Vouchers was \$9,535.13 and an EFT voucher for \$393.83 was moved by Dave Mullins and seconded by Jaci Mach. It was passed unanimously. The

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Construction vouchers totaled \$30,108.23. Moved by Dave Mullins, seconded by Jaci Mach, and passed unanimously.

Review of Financials

Operating account contains \$158,019.84. Investment Fund contains \$281,255.44. Short Term Asset Fund will contain \$2,761.86 once the Resolution 2023-11 is passed and the cost of the booster pump repair (\$31,864.83) is moved from the operating account to the Short Term Asset Fund. The Construction fund contains \$200.00.

Dave Mullins reviewed all the YTD financials. There were several months where there were construction costs but no offsetting income which distorts the bottom line. Normally that would not be a big deal, but now our financial statements are under scrutiny by the State and the USDA, so we need to make some adjustments. For the November statement, the Loan proceeds income needs to be adjusted. For the September statement \$4,585.50 and for the October statement \$12,937.36. There was also money spent by Jill and Dave for the permit payments. These are not "expenses" for the Commissioners, but costs for permits that should be reflected as Loan Proceeds Income and put them on the draw requests sent to Heritage Bank. They also need to be added to the total costs page. They are: Dave – 9/15 Island County Public Works, \$609.76 and Jill – 11/16 Island County Public Works \$973.35.

This will increase our November income by \$50,970.83 which will make a significant difference and will be the proper accounting for funds spent.

These financial statements cannot be approved until this is straightened out.

In the October statement there is a negative \$10,000 as income. That does not make sense. It will not pass the audit. This must be straightened out. Courtney says that the corrections were made and she will send the October statement.

Charge for Wilson for the permits for the Rights of Way is listed as \$973.35, but it is not a Wilson charge. It was paid by Jill to the County.

Accounts Receivable

Balance of \$66,502.61 because the bills were received late.

Review operating reports

Nate Driscoll reviewed the operating reports. There is excessive water loss due to the backwash (20%) and unidentified leaks (20%) in the system. It was agreed that the backwash will be further reduced, and that the water from the suspected leak can be monitored and tested for PAHs. Since meters were read in November, we have a very accurate account of the number of gallons used by customers. We have a pretty accurate account of the number of gallons used in backflushing since that is metered although the meters are old and could be inaccurate. We do not have a good account of the number of gallons used during flushing of the lines, but that should not affect the water balance of water pumped minus water usage plus water backwash. We are still losing 18% of the

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water due to backflush. It is essential that we get a better handle on the leakage, but we will be redoing some of the major distribution lines in the near future.

Old Business

Nathan reported that he will be getting additional certifications and that his staff will also be getting certified, so that the loss of Sandra Bodamer due to retirement will not affect the various certification requirements under the Department of Health.

PSE has denied the claim from SHWD for the power surge that caused the booster pumps to fail. SHWD again discussed whether to pursue this with an attorney, and Commissioner Mullins will ask our legal counsel about how much that might cost, and whether it would be cost effective to pursue. Meanwhile, Resolution 2023-11 will allow the Short Term Asset Fund to reimburse the Operating account for \$31,864.83.

With regard to the System Upgrade Project, the Public Works Board (PWB) underwriters have contacted SHWD and said that the current fee structure is insufficient to support the payback of the loan. See New Business, Resolution 2023-12. An additional \$80/year per rate payer will be necessary to support the loan. The next step with the PWB will be to approve the scope of work and sign the contract

The Easements for the project have been obtained and are being submitted to the County for approval in permits. An additional Shoreline permit is required and the necessary information has been delivered. In the Voucher list is the cost of the Shoreline permit and Courtney will deliver the check to the County so they can get started on this permit.

The cost of engineering has increased due to the need for additional work to approve the directional drilling for the distribution line under George on the SHCC property and the distribution line along Fidalgo. The cost has also increased due to the Shoreline permit.

Various forms for the USDA are in the process of being completed before a meeting with USDA is set up to approve moving forward to bid.

Action Items – see attached

Radio Drill Statistics – see attached.

Meters were read by the SHWD meter readers, Laura and Annie. According to Nathan, 70 meters were misread, but according to Laura and Annie, only about 10 meters were unable to be located. Various strategies to assist Laura and Annie with locating the meters and improving accuracy of meter reading were discussed.

New Business

The new bid from Brandon Zimmerman was discussed under Action Items.

Resolution 2023-11 was moved by Commissioner Mullins and seconded by Commissioner Mack to transfer \$31,864.83 from the short term asset fund to the operating fund. The motion was approved unanimously.

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Resolution 2024-12 was moved by Commissioner Mullins and seconded by Commissioner Mack to increase the quarterly base rate for water to \$190.00. A discussion about the motion occurred which included public comment from Jordan and Alexandria Boyer. They presented an option to the Commissioners to allow the ability to pay monthly to spread out the payment since it is billed quarterly, even if there was a small surcharge to cover the additional administrative costs.

Courtney Erickson said that this was certainly possible and that King Water could facilitate payment monthly. The Commissioners expressed their support for having this option, especially since there will be an option for paying bills on-line.

Commissioners again expressed sympathy for the rate-payers, but also noted that SHWD's rates are not higher than most of the other districts on the island. They also reiterated that the system is highly susceptible to failures and needs a large influx of money to repair and maintain the system. The Commissioners have borrowed money at the lowest rates available from federal and State sources to be able to make the investment necessary in the infrastructure.

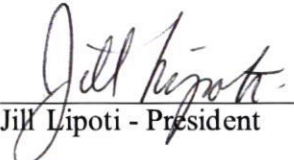
Commissioners Lipoti and Mach plan to attend the WASWD meeting January 27, 2023, and Commissioner Mullins regrets that he cannot attend. Since 2 of the 3 Commissioners will be attending the same meeting, it will be advertised as an open public meeting with no business taking place. The purpose of attending the WASWD meeting is to learn the latest developments for water systems such as ours so that we can benefit from their experience.

The meeting was adjourned at 9:00PM.

Commissioner Mullins, Treasurer



Commissioner Mach – V.P.



Jill Lipoti - President