

**MACKAYE HARBOR WATER DISTRICT
BOARD OF COMMISSIONERS
MINUTES
January 17, 2022**

CALL TO ORDER

The Board of Commissioners for MacKaye Harbor Water District met on January 17th at the residence of San Olson. Chairman Olson called the meeting to order at 5:33 p.m. Present were commissioners San Olson, KC Jennings, and Walt Krumbholz; manager Wayne Haeefe; clerk Alice Haeefe; and guest Linda Noreen.

OATH OF OFFICE

The oath of office for the position of Commissioner 2 was administered to Krumbholz by Helen Cosgrove, a licensed notary, via telephone. Krumbholz repeated and signed the oath of office and was sworn in by consensus.

ELECTION OF CHAIR

Jennings nominated Olson for the duties of chair for the duration of 1 year. Krumbholz seconded and Olson abstained. The motion passed by majority.

REGULAR BUSINESS

A. Approval of December 20 Minutes

Olson commented that the minutes were readable and complete. Krumbholz moved to approve the minutes; Jennings seconded; the motion passed unanimously.

B. Approval of Vouchers and Payroll

A. Haeefe distributed the claims payment request forms and the payroll form. Olson moved, seconded by Jennings to approve payroll in the amount of \$384.00. The motion passed unanimously.

A. Haeefe explained that there are two claims payment request forms, both for tax year 2021. One for the DOR Public Utility Tax filing, which was required to be separate, and the other for all other 13th month accounts payable to be included in the 2021 tax year. No January 2022 claims payment request form was needed. A. Haeefe also noted that the OPALCO and CenturyLink bill amounts were estimated since the bills were not out yet before January 10th when the claims forms were due.

Olson asked if the True Boom Cooperative invoice amount of approximately \$2500 would be typical moving forward. A. Haeefe responded that she believed it would be, given that she will be working on the USDA grant application and also noted that billing backup was provided with the invoice detailing all work completed. Walt moved, Olson seconded, the motion passed unanimously to approve the claims payment request forms in the amounts of \$4,445.32 and \$3,053.47.

C. Financial Report

A. Haeefe distributed the general fund reports noting that there were two reports, one for the end of December 2021, and another for January 2022. Regarding the December 31, 2021 report, she informed

that there were \$17,247.81 total expenditures within December; \$25,000 remaining in the investment pool; a total of \$30,158.54 remaining in the expense budget; and bookkeeping was still overbudget by \$8000. There was not any amount budgeted for election services, however MHWD did incur a bill from San Juan County for election services and it was paid; W. Haeefele asked if the budget needed to be amended for 2021 as a result of this; A. Haeefele responded that she didn't think so because otherwise MHWD would have been required to amend the budget after going overbudget in certain categories such as bookkeeping. Jennings noted that he felt that the budget looked very close and that the financials look in good shape; Olson responded that he didn't think amending would be needed and Krumbholz concurred. A. Haeefele moved on to explain the January 2022 budget; the only item included on the January report was for the January payroll costs. Olson asked if anyone knew about the new deduction for retirement and nursing home care. Krumbholz stated that the commissioners were likely not subject to this deduction because their income is much below the threshold. Olson asked if there were any questions on the financials; none were brought up.

D. Manager's Report

W. Haeefele reported that he had updated the website with the November minutes but that he had waited on updating the latest water readings information because there were pending questions about the accuracy of the readings; he is waiting on confirmation from A&A Well Drilling. Krumbholz requested that the commissioner page of the website be updated because it is currently showing outdated information; W. Haeefele agreed that he would update it within the week.

W. Haeefele said that he had spoken with Stanley Arnott and that he had not cut out the section of exposed pipe, however he had drilled the holes that were originally requested and confirmed the pipe is currently empty. There was still a consensus among the commissioners to have the pipe cut out; W. Haeefele said that he would cut the pipe out himself.

W. Haeefele also reported that he had prepared the easement request letters to go out. He read the easement letter out loud; there was consensus that the letter sounded good and was ready to send out. Olson asked for Noreen's opinion as a customer; she had no comment. W. Haeefele said that if asked, he will inform the customers that they will likely never hear from us again about it after the project is complete, however the easement does give MHWD the right to access their property and dig along the line at any time in the future if needed; the easement also says that MHWD is responsible for fixing any damage done. Krumbholz pointed out that, although he isn't suggesting revising the letter, Rock Island had changed their mind in favor of participating in the project; he was pleasantly surprised about this considering that he had received no response to his past communication with them. It was agreed that the easements will be sent by certified mail.

W. Haeefele said that the only other topic he had to discuss is the USDA application; there are several items that will require his attention; the engineering report and the environmental report which will touch on things like habitat, species, and ecological resources; he is hoping that the report done by OPALCO can be used to cover at least some of what is needed; we may need to get a wildlife biologist to confirm there are no environmental issues at the work site.

Krumbholtz asked if there are any updates from the County about the new road; W. Haefele said no, he has not heard anything.

E. Commissioners Reports

Olson asked if anyone has a report to deliver; no reports were brought up.

F. Public Comment

Noreen stood to address unfinished business of concern to her; firstly she was glad to hear about the update regarding the exposed pipe because she had been noticing a lot more people going down the bank and more erosion as a result; she wanted to know that this issue is a priority; additionally, she felt that the sign at Agate Beach is in the wrong area and pointing the wrong way now; it used to be visible from the stairs; Krumbholz responded that he was the one that had set the sign up, but that it was too heavy for him to move and the best he could do was prop it up with rocks; Noreen agreed this was better than nothing but hoped that the sign could be moved to a better position soon.

Noreen requested the status of the resolution that was going to be written regarding watering the plants at Salmon Point Community area; Olson replied that that there was no formal resolution but that there was a discussion and an agreement; the water was provided from May–September and the charge was a typical fee prorated on a monthly basis plus volume; it was paid for in the grant for the project for one year; this year and next year it will be in Salmon Point's budget to pay it. Noreen stated that she felt there should have been a more formal process for this request; a written proposal should have been presented to the board to discuss and respond to; a start and end date of the project should have been announced in advance; additionally, both Noreen and Jennings felt that since Olson is part of both organizations (Friends of the San Juans and Salmon Point Community), someone else should have proposed the project to MHWD; Noreen stated that now would be a fitting time to put this agreement in writing and record the process.

Noreen also wanted to express some concern over government requests for water and how MHWD intends to handle it in future; she felt that there should be a process for making a decision. The recent request for water from the County by Shannon Wilbur brought up the issue that MHWD currently does not have a process for these types of requests; Noreen feels that a formal proposal should be made to MHWD that is discussed and then a decision made. A. Haefele asked if Noreen meant that this discussion needed to wait until the next board meeting or if it could be decided over the phone for requests that are more urgent; Noreen confirmed that over the phone would be fine if there was urgency but that otherwise it could wait until the next meeting. Olson clarified that there was urgency with Wilbur's request, but by the time he got back to her, she had already found a different solution; W. Haefele pointed out that this type of request probably wouldn't happen more than once every couple of years; this particular request was well documented but what wasn't documented was the decision about the request because another solution had been found before a formal decision could be determined. Noreen felt that in future, whoever gets the request first should immediately forward the request to the Clerk, Manager, and Commissioners so that everyone is aware.

Noreen requested the status of the January water billings; A. Haeefe responded that she is waiting on some information but that she will get them out in the next couple of days.

Noreen stated that she had an apology to the board for speaking out of turn at the last meeting. Olson said that he personally feels that her opinion and presence is valuable and he is glad for her to speak up.

G. Commissioners Additions to the Agenda

Jennings wanted to discuss the recent freezing weather; his neighbors had many hoses all over their property through the freeze that could have caused problems; Olson said that we will discuss storm issues later in the meeting.

UNFINISHED BUSINESS

A. Approval of November 9 & 16 Minutes

Olson stated that he felt the minutes were accurate and asked if everyone had read them; all were in favor of signing the minutes; Olson signed them.

B. Financing for Agate Beach Lane Project

A. Haeefe stated that she has some information about the USDA Loan application and her meeting with Darla; she wasn't sure how much was appropriate to discuss at the meeting versus sending an email with a list of questions, but she wanted to go over some of the points needed for the application if possible:

- Do we have a public Water System ID? – W. Haeefe confirmed yes. #129113
- Total miles of line? – W. Haeefe confirmed yes he can provide that.
- Do we have a water quality rating from the Department of Health? – W. Haeefe said No.
- Do we have fire hydrants – No
- What is our Water storage? – W. Haeefe confirmed that ground level concrete is correct
- They need a primary physical address, pump house or well location? – Olson said to put all addresses but put the pump house and storage tank as primary and the well location secondary.
- They need info on Land Rights regarding entire water system – Krumbholz confirmed we do not have any land ownership but we do have 2 easements that were gifted and we are not paying for the rights.
- Need Volume Flow – W. Haeefe said our maximum pumpage is 25 gallons per minute from the two wells combined.
- Do we have any customers that are Commercial rather than Single Family Home? – MacKaye Harbor Inn and Barlow's Landing
- Need the start and ending date estimates for the project – Krumbholz said this depends on when we are getting the funding; W. Haeefe proposed November of 2022; Olson was surprised because he thought we would start the project in the spring; W. Haeefe responded that if we want to break ground when spring comes around, we need to have it bidding now; we need a realistic estimate; there are only so many contractors that do this kind of work and they are filling their calendars now for projects going into the spring and summer, and if we don't bid for the project between now and the end of February we will miss the opportunity. Krumbholz explained that once we get USDA

funding approval then we can move forward getting commercial funding from one of the two commercial banks that have agreed to provide it; W. Haefele said that we can tell the USDA May/June timeframe and if bidding realities postpone the project, then they will have to accept this. It was agreed by consensus to propose May/June dates.

- If the loan that we need is more than \$500,000 then we will need to get an interim construction loan, but otherwise we would not. A. Haefele to confirm this with Darla and let Darla know about OPALCO and Rock Island sharing costs.

5 MINUTE BREAK – 6:55pm

- Map of the Area required to be submitted in a program within the application – A. Haefele needs to look at this together with W. Haefele
- Easements – looking for voluntary easements that we don't need to pay for; A. Haefele suggested giving a date by which the customers need to respond to the easement request. W. Haefele to add this to his letter.
- Do we have an attorney for reviewing construction and permits? She wants to see attorney fees itemized in the engineering report – A. Haefele needs to request from Darla what the attorney scope is so we can request a quote to include in the report.
- Short lived assets should be in Engineering Report – include a reserve for short lived assets system wide. W. Haefele to take a look at what we really need to plan ahead for. Krumbholz pointed out that Darla is interested in what could happen from a repair or maintenance standpoint that could put the loan repayment in jeopardy.
- Need to detail the proposed operations and maintenance once the project is complete – Inform what the expectation of the project we are doing is going to be. Need to include even if \$0. Per Krumbholz the costs of the project will be passed on to the end users.
- Need to detail where the funding is coming from; the arrangement with OPALCO and Rock Island etc.
- Need a Notice of Intent to File application 10 days prior to regular meeting or special meeting. Journal of San Juans.
- Need to have a list of Commissioners phone numbers and addresses.
- Need a resolution stating that I have authority to sign the USDA Application form or to add someone else to the application. Krumbholz said will be more than happy to be a signer and review the application.

Olson declared that we would be cutting the meeting short for health reason so that Jennings could go home and rest. However, Jennings felt ok to continue.

C. Video of Nov 9 Special Meeting

Olson said the video was fine; Everyone received it; no discussion of the video needed right now.

NEW BUSINESS

A. Review of 2019–2020 Audit and Recommendations:

Olson explained that we get an audit every two years and they come up with recommendations.

A. Haefele said there were four main categories of recommendations:

1. Purchasing and Procurement – the suggestion was that we need to have a written policy governing our selection process. W. Haefele said that the state laws are clear; you can either advertise the project generally and accept statements of qualification, or you can limit it to a small number from your small works roster. W. Haefele is the only qualified professional engineer in the county currently, so it would be a waste of time to go through the entire qualifications-based process where applications would come in from far away. W. Haefele stated that if we do what they want, it will waste everyone's time. Krumbholz proposed reviewing this point again at the next meeting.
2. Billing/Receipting Controls – the Auditor wants to see that a second person has eyes on all of the documents to make sure that they are accurate. Helen Cosgrove offered to be the second pair of eyes and do a bi-annual review. Olson moved and Krumbholz seconded that an agreement should be reached with Helen Cosgrove to do a bi-annual review.
3. Meeting Minutes – the Auditor suggested that we need to have voucher warrant numbers included in the meeting minutes. Krumbholz suggested that we include the County report each month with the meeting minutes to satisfy this requirement since we do not issue vouchers ourselves.
4. Capital Assets – the Auditor recommended that we have a written policy establishing capitalization threshold. A. Haefele pointed out that, per Helen Cosgrove, MHWD hasn't had any capital asset expenditures yet. W. Haefele suggested that the threshold should be based on the IRS guide for capital assets and that this should be looked up. Krumbholz said that we are not a taxable entity so this shouldn't matter as much; A. Haefele suggested taking a closer look at the resources provided in the audit and revisiting this at the next meeting.

B. Discuss sending further information to customers about taking precautions for freezing weather

Noreen relayed her interaction with her neighbor over the cold spell; he was worried about a leak in his basement; she was able to find a hose that had a timing device that was spewing water and turn it off.

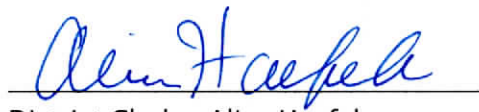
Krumbholz said we should send boiler plate articles with info about preparing for freezing conditions; W. Haefele stated that the issue is that MHWD has such a high number of absentee owners; Olson suggested that we send out information with the July billings; W. Haefele suggested sending out an email notification when weather is forecast to be freezing for an extended period.

ADJOURNMENT

Olson declared adjournment. The meeting was adjourned at 8:00 p.m.

A handwritten signature in black ink, appearing to read "San Olson", written over a horizontal line.

Commissioner – San Olson

A handwritten signature in blue ink, appearing to read "Alice Haefele", written over a horizontal line.

District Clerk – Alice Haefele