

**MACKAYE HARBOR WATER DISTRICT
BOARD OF COMMISSIONERS
MINUTES
September 20, 2022**

CALL TO ORDER

The Board of Commissioners for MacKaye Harbor Water District met on September 20th 2022 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.

REGULAR BUSINESS

A. Approval of August 15 Minutes

Jennings moved, Krumbholz seconded to approve the August 15th meeting minutes with no additions. Olson requested that future minutes have more space between paragraphs for easier reading.

B. Approval of Vouchers and Payroll

A. Haeefe distributed the claims payment request form and payroll; she clarified that the payroll had been updated to include 2 additional hours for Olson and Krumbholz for preparation and delivery of the PFFAP funding request presentation. Olson moved to approve; Jennings seconded; payroll was approved unanimously in the amount of \$554.67.

The claim documents were reviewed; A. Haeefe explained that there were three separate claims to approve; WH&A's invoice was included early due to the EJCDC documents expense reimbursement, and True Bloom's invoice was processed early due to the expense reimbursement for the new computer. No objections were noted; Olson moved; Krumbholz seconded; the claim vouchers were approved in the amounts of \$506.26, \$3,883.26 and \$3,878.66 for a total of \$8,268.18.

Olson asked about the new computer; A. Haeefe reported that she had purchased a Dell Vostro with the best memory and operating system available during the Dell Labor Day sale after consulted W. Haeefe on his recommendation.

C. Financial Report

A. Haeefe distributed the general fund reports; she clarified why there were two different budgets; the County processes claims with different timing than they are approved and the expenditures end up being reconciled in two different months; because of this, a special budget needs to be created for the meetings in order to show all claims being approved for that time period, otherwise two budgets will need to be provided, one for each month. Commissioners unanimously agreed that a special budget should continue be provided for future meetings in order to make things less confusing.

The two distributed budgets showed a total of \$8,097.44 in water billings and standby fees deposited since last meeting; a total revenue of \$8,147.37 for the month; total revenue for the year of \$64,380.33; total expenditures for the month of \$8,268.18; a cash balance of \$19,120.11; and \$25,000 in the investment pool.

A. Haeefe reported that she had received all payments for the July billings and had contacted Helen Cosgrove about doing the bi-annual review; Cosgrove will complete the review as soon as A. Haeefe provides the necessary documents. Krumbholz asked if this audit was necessary; A. Haeefe responded that it was because it was something that the board had decided to do in response to the ^{state} audit, they require a second party looking at the financials.

Jennings stated that he didn't feel that all of the billing backup needed to be provided with the claims since it was too many pages for printing; A. Haeefe explained that she hadn't intended anyone to print out the documents, but had included all invoices with the claim forms so that commissioners could review them if they had a question about the claim; Krumbholz inquired if the backup was required to be provided to the County; A. Haeefe responded that the County does not need it but that MHWD needs to keep them in the company records. In future, A. Haeefe will include only copies of bills that are not monthly recurring expense; it will be up to commissioner's discretion what parts of the documents provided they would like to print for the meetings.

D. Manager's Report

W. Haeefe reported that he had received feedback from Dan Veckved about the OPALCO agreement; in response he had reworded some sections of the agreement that were ambiguous with regard to measurement and payment and sent it back to Veckved as a final copy with signature lines; he is expecting that we will be getting a signed agreement shortly.

Olson commented that he was frustrated with how long OPALCO has taken to review the contract; Krumbholz asked if Veckved had expressed any concern about the postponement of the project; W. Haeefe responded that he had seemed unworried and he thinks OPALCO has taken the position that it will happen when it happens; Olson requested that W. Haeefe find out from OPALCO if RockIsland is participating in the project through them. Krumbholz asked W. Haeefe to confirm that OPALCO is getting their own easements; he responded that they are and that those easements are specific to the party and the activity so it is unlikely to include RockIsland; A. Haeefe commented that USDA might ask for copies of OPALCO easements since they are part of the project.

W. Haeefe handed the filed Agate Beach Lane easement copy to Krumbholz to give to the Agate Beach Assoc. secretary, he had forgotten to bring it to the last meeting.

He said he had inquired with Arnott if the problem at the pump house with the pump not shutting off had been fixed; Arnott had explained that they had taken apart the pump and realized that the impeller was the wrong size, 5 inch instead of 6 inch, so they replaced it and it is working now; the pump had come off the shelf with the wrong sized impeller. W. Haeefe also asked Arnott to schedule cleaning of the outside of the

tank, Arnott responded that it is also time to clean the inside of the tank so he will do both tasks at the same time.

W. Haeefele also reported that he had asked Arnott if changing the check valve on the pump had resolved the issue with the combined meter not matching the sum of the two wells; Arnott said he couldn't answer that yet because he had just read the meters; A. Haeefele pointed out that the meter readings sheet she had just received said the readings were taken on September 1st, making this explanation confusing; however the question can be answered after she updates the readings spreadsheet which she will do as soon as possible and send to W. Haeefele.

Jennings asked about the recent OPALCO power outage and how the system fared during it; was there air in the lines or any problems? W. Haeefele responded that he was not aware of any problems and there were no complaints; he believes since the scheduled outage began late at night and turned back on early in the morning, there were no issues because the pumps hadn't needed to come on during that time.

A. Haeefele asked how long a power outage needs to be before the generator trailer needs to be hooked up and taken between the wells; W. Haeefele responded that if the outage is during the day, then it needs to be done right away. W. Haeefele noted that during the power outage last year, he started the generator and it seemed to work but then once he threw the switch it started smoking; it turned out that the generator was not actually getting up to voltage because it was running too slow. Krumbholz asked if the new generators we plan to install will be hooked up in a way that they will come on automatically; W. Haeefele answered yes.

Olson declared that at this point it is clear that we won't break ground on any projects until spring; he asked what happens if we have a substantial storm and our active water line is exposed; W. Haeefele responded that emergency measures will have to be employed such as laying down pipe above ground; he said that for immediately dealing with the emergency of people being out of water, there would be no issue raised with laying pipe in the ditch. Jennings asked if it might be to our advantage to wait for this emergency anyway since we could go to FEMA. Olson asked how to keep the above ground pipes from freezing; W. Haeefele responded that they could ask a person at the end of the line to let the faucets drip and/or put straw over the pipeline.

A. Commissioners Reports

Jennings reported that he has spoken with a woman who was working on the dock and beach restoration project, and he had gotten the name of a person who lives on Decatur Island and does archeological work; he said it won't be hard to get her contact information from Bill Kim or Buffum Brothers.

Olson said he spoke with David Saylor about helping us with controls; he will have time in October to speak with us; we will schedule a workshop meeting.

F. Public Comment

Noreen suggested that A. Haefele fully spell out organization names in the agenda instead of using abbreviations in order to help the public understand what is being discussed at the meetings; A. Haefele responded that she will try that next time and see if it fits and looks ok.

G. Commissioners Additions to the Agenda

None

UNFINISHED BUSINESS

A. Financing for Agate Beach Lane Project:

A. Haefele said there isn't an update on USDA as we are still waiting on the OPALCO contract; She has not heard back from O'Connor about that last submittal of the engineering report but will send her an email for an update; the only thing left to do is to finalize and upload the OPALCO agreement and then run through the application with O'Connor.

Krumbholz said he reached out the Matt Martinson update on EPA timing; Martinson said they have been meeting weekly and making progress but are still having challenges with staffing; they currently do not have an estimated date for the release of official rules and guidelines for the application process. Martinson alerted him that there was a Sept 8th webinar we didn't know about; he sent the slide deck and there will be a recording that will be made available. The seminar covered community grants in Region 10 and what can be done to prepare now; Krumbholz reported that there was minimal information provided; we are in the pre-application and planning stage. According to the seminar slide deck, we can start identifying project information to support the environmental review process, prepare our project summary scope and implementation plan, describe the known environmental impacts, and outline project details including construction details and costs. He will send the information to everyone and we need to get on their list again and establish who is the primary point of contact or if we can add multiple contacts.

Krumbholz recounted the trip he took to Friday Harbor with Olson to present to the County Council on our request for PFFAP funding. He reported that they were last of all other applicants presenting to a panel of people who were selected to score, deliberate and make recommendations to the council for final decision; included in this panel was someone from the SJ County Court, the County Auditor, and three others. Councilmember Christine Minney was present and was supportive when she spoke to them. Krumbholz listed some of the other applicants that presented, including SJ County Economic Development Council with 4 presentations; San Juan Community Theater; San Juan Island Parks and Fair; Orcas Center for Performing Arts; and Town of Friday Harbor.

Krumbholz said that during their presentation, he made it clear that this was a piece of our overall funding plan and that we do have anticipated federal funding; there were several panel members who wondered why we couldn't borrow the rest of the funds, Krumbholz explained to them that MHWD had done everything they were supposed to do to become a District so that they could have access to these types of funds and pointed out that this question should also apply to all other applicants as well; he thinks we will get a favorable recommendation from at least a couple of the panel members.

B. Washington 811 Water & Sewer Ballot

A. Haefele reported that she had done more research on the candidate and could not find a posted bio or any information about her on LinkedIn or on the organization's website. It was decided unanimously that the commissioners would abstain from voting due to lack of information provided.

NEW BUSINESS

A. 2023 Budget

A. Haefele had previously provided the draft budget via email; she explained that she had begun to figure out how to represent the incoming federal funds; Amy Cadwell from the County had recently inquired about the status of anticipated funding shown on the 2022 budget; A. Haefele had updated her on the status of our USDA application as well as the EPA earmark funds.

A. Haefele said she assumed that none of this money would come in during the 2022 fiscal year so she included it in the draft budget for the 2023 fiscal year. Krumbholz requested for her to double check the USDA numbers because the draft budget numbers do not seem to match what he had used in his calculations (\$216,000).

W. Haefele suggested including the OPALCO amount as a contra-revenue towards the full amount of the loan on the budget so that it doesn't appear we are getting more money than we are; A. Haefele agreed to correct this.

A. Haefele advised that she had forgotten to highlight the USDA Loan Surcharge income and expense lines on the budget; these calculations had been done previously by herself and W. Haefele for the annual repayment needs; it was agreed that these numbers need to be recalculated based on updated interest rate, confirmed loan duration, and a confirmed agreed upon talking number for the loan amount; A. Haefele will look into getting these answers before the next meeting.

W. Haefele said that based on his experience, disbursements will go to the County and then be available to submit claims against for the contractor expenses. Olson and Krumbholz expressed concern over the timeliness of payments with this process; W. Haefele said that in his experience USDA disbursements had been prompt.

Krumbholz brought up the concern that taking out the full USDA loan amount including OPALCO's share would increase the customer monthly surcharge unfairly; A. Haefele asked if we could request OPALCO to give us the money upfront so we don't have to get a loan for the full amount of the project; Krumbholz said he did not think OPALCO would be receptive to that.

W. Haefele said that according to the contract he prepared, OPALCO will be billed the amount of expenses as they come in and they will pay the bill but there will be a lag; W. Haefele suggested using our investment account funds to act as a bank for OPALCO, Krumbholz responded he doesn't believe we would have enough to cover it.

A. Haefele asked if an interim loan would solve our problem because we would have more control over making timely payments and then our USDA loan wouldn't end up being as much; Krumbholz said he

thinks it would cost us more than it is worth with the interest; he feels we need to calculate the numbers of the loan for accurately so we have a better idea of what actual surcharge difference we are talking about.

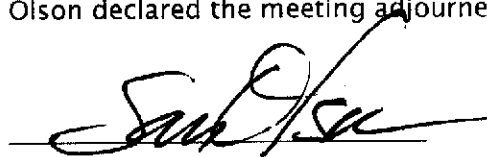
Additionally, A. Haeefele noted several changes she made the budget; she bumped up investment interest to \$200 from \$50 based on this year's investment income; she increased office supplies to \$500 because of the new Box subscription for cloud storage service which was needed to accommodate the file size of recorded zoom sessions; she bumped up the bookkeeping services by \$2450 because of new projects coming up, she ballparked \$15,000 for engineering expenses but requested that W. Haeefele give an official estimate of these costs for all projects.

B. SOQ Review

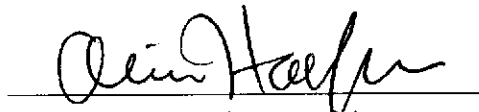
W. Haeefele said he needs to send the commissioners his proposal to review along with the rest of them. It was agreed that discussion of the proposals will be postponed until next meeting.

ADJOURNMENT

Olson declared the meeting adjourned at 7:34 p.m.



Commissioner – San Olson



District Clerk – Alice Haeefele